THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Lifestyle International Holdings Limited**, you should at once hand this Composite Document together with the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the provisions of which form part of the terms and conditions of the Offer contained herein.

Lifestyle International Holdings Ltd.
利福國際集團有限公司

SYNERGY SMART INVESTMENTS LIMITED

(Incorporated in the British Virgin Islands with limited liability)

LIFESTYLE INTERNATIONAL HOLDINGS LIMITED
利福國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1212)

COMPOSITE OFFER DOCUMENT RELATING TO THE MANDATORY UNCONDITIONAL GENERAL CASH OFFER BY BNP PARIBAS SECURITIES (ASIA) LIMITED FOR AND ON BEHALF OF SYNERGY SMART INVESTMENTS LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN LIFESTYLE INTERNATIONAL HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR, UNITED GOAL RESOURCES LIMITED, MR. LAU LUEN HUNG, THOMAS AND PARTIES ACTING IN CONCERT OR PRESUMED TO BE ACTING IN CONCERT WITH ANY OF THEM)

Financial Adviser to the Offeror

BNP PARIBAS

Independent Financial Adviser to the Independent Board Committee

八方金融有限公司
OCTAL Capital Limited

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

A letter from BNPP Securities (Asia) containing, among other things, the terms of the Offer, is set out on pages 8 to 22 of this Composite Document.

A letter from the Board is set out on pages 23 to 30 of this Composite Document.

A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 31 to 32 of this Composite Document.

A letter from Octal Capital containing its advice on the Offer to the Independent Board Committee is set out on pages 33 to 53 of this Composite Document.

The procedures for acceptance of the Offer and other related information are set out on pages I-1 to I-8 in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptance of the Offer should be received by the Registrar by no later than 4:00 p.m. on Friday, 30 January 2015, 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.

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 Hong Kong, should read the details in this regard which are contained in the subparagraph headed "Overseas Shareholders" under the paragraph headed "Mandatory Unconditional General Cash Offer" in the "Letter from BNPP Securities (Asia)" on pages 8 to 22 of this Composite Document and in the paragraph headed "Important note to the Shareholder(s) outside Hong Kong" of Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself 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 or any registration and/or filing which may be required and the compliance with all other necessary formalities and/or legal requirements and payment of any transfer or other taxes due by such Overseas Shareholder in respect of such jurisdiction. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

This Composite Document will remain on the websites of the Stock Exchange at http://www.hkex.com.hk and the Company at http://www.lifestylehk.com.hk as long as the Offer remains open.

9 January 2015

CONTENTS

The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate. Unless otherwise specified, all times and dates refer to Hong Kong local time and dates.

	2015
Despatch date of this Composite Document and the accompanying Form of Acceptance and commencement date of the Offer *(Note 1)*	Friday, 9 January
Latest time and date for acceptance of the Offer *(Notes 2 and 4)*	no later than 4:00 p.m. on Friday, 30 January
Closing Date *(Note 1)*	Friday, 30 January
Announcement of the results of the Offer to be published on the website of the Stock Exchange *(Note 2)*	no later than 7:00 p.m. on Friday, 30 January
Latest date for posting of remittances for the amount due under the Offer in respect of valid acceptances received under the Offer *(Notes 3 and 4)*	Tuesday, 10 February

Notes:

(1) The Offer, which is unconditional in all respect, is made on the date of posting of this Composite Document, and is capable of acceptance on and from Friday, 9 January 2015 until the Closing Date. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the section headed "Right of Withdrawal" in Appendix I to this Composite Document.

(2) In accordance with the Takeovers Code, the Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Document was posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Friday, 30 January 2015. An announcement will be issued through the website of the Stock Exchange by 7:00 p.m. on Friday, 30 January 2015 stating the results of the Offer and whether the Offer has been extended, revised or expired. In the event that the Offeror decides to extend the Offer and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

(3) Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in the case for tendered Shares) payable for the Shares tendered under the Offer will be despatched to the accepting holders of the Offer Shares by ordinary post at their own risk as soon as possible but in any event within 7 Business Days from the date of receipt of a duly completed acceptance in accordance with the Takeovers Code.

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

(a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the posting of remittances will remain at 4:00 p.m. on the same Business Day; or

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

Save as mentioned above, if the latest time for the acceptance of the Offer and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

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

"acting in concert"	has the meaning ascribed thereto in the Takeovers Code
"Asia Prime"	Asia Prime Assets Limited, a company incorporated in the BVI with limited liability, which is wholly-owned by Mr. Thomas Lau
"associate(s)"	has the meaning ascribed thereto in the Takeovers Code
"BNP Paribas"	BNP Paribas, being the parent company of BNP Paribas group
"BNPP Securities (Asia)"	BNP Paribas Securities (Asia) Limited, the financial adviser to the Offeror in respect of the Offer, and is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities
"Board"	the board of Directors
"Business Day"	a day on which the Stock Exchange is open for the transaction of business
"BVI"	British Virgin Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Closing Date"	Friday, 30 January 2015, being the closing date of the Offer or if the Offer is revised or extended, the closing date of the Offer as revised or extended by the Offeror in accordance with the Takeovers Code
"Company"	Lifestyle International Holdings Limited (利福國際集團有限公司), a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the main board of the Stock Exchange (stock code: 1212)

"Composite Document"	this composite offer and response document jointly issued by the Offeror and the Company, which sets out, among other things, details of the Offer in accordance with the Takeovers Code
"CTF"	Chow Tai Fook Enterprises Limited (周大福企業有限公司), a company incorporated in Hong Kong with limited liability, which, through its wholly-owned subsidiary, Go Create, had 50% indirect equity interest in Real Reward as at the date of this Composite Document
"CTF Funding"	(i) deposit of cash and facility with an aggregate amount of HK$2,516,000,000 maintained by CTF with BNP Paribas Wealth Management Hong Kong Branch (which is ultimately held by BNP Paribas) and (ii) a facility of HK$800,000,000 to Chow Tai Fook (Holding) Limited (which is the holding company of CTF) from BNP Paribas Wealth Management Hong Kong Branch, which, in accordance with the letter of irrevocable instructions given by CTF and Chow Tai Fook (Holding) Limited dated 18 December 2014, shall be used for the sole purpose of financing the Offeror in respect of its financial obligations under the Offer after the Facility has been fully utilized to pay for the Shares which have been tendered for acceptance under the Offer
"CTF Group"	CTF and its subsidiaries
"Director(s)"	director(s) of the Company
"DTZ"	DTZ Debenham Tie Leung Limited, an independent qualified professional property valuer
"Dynamic Castle"	Dynamic Castle Limited, a company incorporated in the BVI with limited liability, which is wholly-owned by Mr. Thomas Lau
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
"Facility"	a loan facility of up to HK$3,271,326,000 granted to the Offeror upon and subject to the terms and conditions of the facility agreement dated 22 December 2014 entered into between the Offeror and BNP Paribas, acting through its Hong Kong Branch, as original lender, arranger, facility agent and security agent

"First Sale and Purchase Agreement"	the sale and purchase agreement dated 22 December 2014 entered into by Real Reward as vendor and United Goal as purchaser in respect of the sale by Real Reward of the First Sale Shares to United Goal
"First Sale Shares"	the 425,000,000 Shares sold by Real Reward to United Goal under the First Sale and Purchase Agreement
"Form of Acceptance"	the form of acceptance and transfer of Share(s) in respect of the Offer accompanying this Composite Document
"Fourth Sale and Purchase Agreement"	the sale and purchase agreement dated 22 December 2014 entered into by Real Reward as vendor, CTF as vendor's guarantor and the Investor as purchaser in respect of the sale by Real Reward of the Fourth Sale Shares to the Investor
"Fourth Sale Shares"	the 46,875,343 Shares sold by Real Reward to the Investor under the Fourth Sale and Purchase Agreement
"Go Create"	Go Create Limited, a company incorporated in the BVI with limited liability, which holds a 50% equity interest in Real Reward and is wholly-owned by CTF
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board comprising all four independent non-executive Directors, namely, Mr. Lam Siu Lun, Simon, The Hon. Shek Lai Him, Abraham, Mr. Hui Chiu Chung, Stephen and Mr. Ip Yuk Keung which has been established by the Company to make recommendation to the Independent Shareholders in respect of the Offer
"Independent Financial Adviser" or "Octal Capital"	Octal Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, who has been appointed as an independent financial adviser to the Independent Board Committee in relation to the Offer

"Independent Shareholder(s)"	Shareholders other than the Offeror, United Goal, Mr. Thomas Lau and parties acting in concert or presumed to be acting in concert with any of them
"Investor"	Bellshill Investment Company, a company incorporated in the Cayman Islands with limited liability which is wholly owned by Qatar Holding LLC
"Investor Agreement"	the share sale agreement dated 19 October 2014 entered into by Real Reward, CTF and the Investor pursuant to which Real Reward agreed to sell and the Investor agreed to purchase 324,247,615 Shares at a price of HK$14.75 per Share. Completion of such sale and purchase took place on 21 October 2014
"Joint Announcement"	the joint announcement of the Offeror and the Company dated 23 December 2014 in relation to, among other things, the Transactions and the Offer
"Last Trading Day"	17 December 2014, being the last full trading day for the Shares prior to the trading halt in the Shares on the Main Board of the Stock Exchange on 18 December 2014 pending the release of the Joint Announcement
"Latest Practicable Date"	6 January 2015, being the latest practicable date prior to printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document
"Lau Family Group"	means Mr. Thomas Lau, his close relatives, related trusts and companies controlled by him, his close relatives or related trusts
"Lifestyle Properties"	Lifestyle Properties Development Limited (利福地產發展有限公司), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange (Stock Code: 2183) and which is owned as to approximately 59.56% by the Company as at the Latest Practicable Date
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Thomas Lau"	Mr. Lau Luen Hung, Thomas, an executive Director and the chief executive officer of the Company

"Offer"	the mandatory unconditional general cash offer made by BNPP Securities (Asia) for and on behalf of the Offeror to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror, United Goal, Mr. Thomas Lau and parties acting in concert or presumed to be acting in concert with any of them) at the Offer Price in accordance with the Takeovers Code
"Offer Period"	the period commencing on the date of the Joint Announcement up to and including the Closing Date
"Offer Price"	the cash amount of HK$14.75 for each Offer Share
"Offer Shares"	Share(s) in respect of which the Offer is made, other than the Shares already owned or agreed to be acquired by the Offeror, United Goal, Mr. Thomas Lau and parties acting in concert or presumed to be acting in concert with any of them
"Offeror"	Synergy Smart Investments Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. Thomas Lau
"Overseas Shareholder(s)"	Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
"PRC"	The People's Republic of China which, for the purpose of this Composite Document, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Real Reward"	Real Reward Limited, a company incorporated in the Cayman Islands with limited liability and owned as to 50% by United Goal and 50% by Go Create as at the Latest Practicable Date
"Registrar"	Computershare Hong Kong Investor Services Limited, being the Hong Kong share registrar and transfer office of the Company whose address is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
"Relevant Period"	the period commencing on 23 June 2014 (being the date falling six months preceding the date of the Joint Announcement), up to and including the Latest Practicable Date

"Sale and Purchase Agreements"	the First Sale and Purchase Agreement, the Second Sale and Purchase Agreement, the Third Sale and Purchase Agreement and the Fourth Sale and Purchase Agreement collectively
"Second Sale and Purchase Agreement"	the sale and purchase agreement dated 22 December 2014 entered into by Real Reward as vendor and Mr. Thomas Lau as purchaser in respect of the sale by Real Reward of the Second Sale Shares to Mr. Thomas Lau
"Second Sale Shares"	the 53,877,041 Shares sold by Real Reward to Mr. Thomas Lau under the Second Sale and Purchase Agreement
"SFC"	Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.005 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Share Charge"	the share charge dated 7 January 2015 entered into between BNP Paribas, acting through its Hong Kong Branch, United Goal, the Offeror and Dynamic Castle whereby the 540,000,000 Shares legally and beneficially owned by United Goal, the Offer Shares to be acquired by the Offeror through the Offer and the 50,000,000 Shares legally and beneficially owned by Dynamic Castle were charged to BNP Paribas, acting through its Hong Kong Branch, as security for the Facility
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers as in force and as amended from time to time
"Third Sale and Purchase Agreement"	the sale and purchase agreement dated 22 December 2014 entered into by Real Reward as vendor and Go Create as purchaser in respect of the sale by Real Reward of the Third Sale Share to Go Create
"Third Sale Share"	the one Share sold by Real Reward to Go Create under the Third Sale and Purchase Agreement

"Transactions"	(i) the purchase of the First Sale Shares by United Goal under the First Sale and Purchase Agreement; (ii) the purchase of the Second Sale Shares by Mr. Thomas Lau under the Second Sale and Purchase Agreement; (iii) the purchase of the Third Sale Share by Go Create under the Third Sale and Purchase Agreement and (iv) the purchase of the Fourth Sale Shares by the Investor under the Fourth Sale and Purchase Agreement, or any one or more of the aforesaid purchase transactions as the context may require
"United Goal"	United Goal Resources Limited, a company incorporated in the BVI with limited liability, which directly holds a 50% equity interest in Real Reward and is ultimately owned as to 80% by Mr. Thomas Lau and as to 20% by a family trust of which Mr. Lau Luen Hung, Joseph and certain of his family members are eligible beneficiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent

BNP PARIBAS SECURITIES (ASIA) LIMITED
59/F–63/F, Two International Finance Centre,
8 Finance Street, Central, Hong Kong

9 January 2015

To the Independent Shareholders

Dear Sir or Madam,

THE MANDATORY UNCONDITIONAL GENERAL CASH OFFER BY BNP PARIBAS SECURITIES (ASIA) LIMITED FOR AND ON BEHALF OF SYNERGY SMART INVESTMENTS LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN LIFESTYLE INTERNATIONAL HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR, UNITED GOAL RESOURCES LIMITED, MR. LAU LUEN HUNG, THOMAS AND PARTIES ACTING IN CONCERT OR PRESUMED TO BE ACTING IN CONCERT WITH ANY OF THEM)

INTRODUCTION

Reference is made to (i) the Joint Announcement in relation to, among other things, the Sale and Purchase Agreements and the mandatory unconditional general cash offer to be made by BNPP Securities (Asia) for all the issued Shares other than those already owned or agreed to be acquired by the Offeror, United Goal, Mr. Thomas Lau and parties acting in concert or presumed to be acting in concert with any of them. Terms used in this letter shall have the same meanings as defined in this Composite Document unless the context otherwise requires.

This letter forms part of this Composite Document and sets out, among other things, the details of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. Further details on the terms and procedures for acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

The Independent Shareholders are strongly advised to consider carefully the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from Octal Capital" as set out in this Composite Document and to consult their professional advisers if in doubt.

ACQUISITION OF SHARES

On 22 December 2014, (i) Real Reward and United Goal entered into the First Sale and Purchase Agreement, (ii) Real Reward and Mr. Thomas Lau entered into the Second Sale and Purchase Agreement, (iii) Real Reward and Go Create entered into the Third Sale and Purchase Agreement and (iv) Real Reward and the Investor entered into the Fourth Sale and Purchase Agreement. Details of the Sale and Purchase Agreements are set out below:

The First Sale and Purchase Agreement

Date: 22 December 2014

Parties: (i) Real Reward as the vendor;

(ii) United Goal as the purchaser

First Sale Shares and the consideration

Pursuant to the terms of the First Sale and Purchase Agreement, Real Reward agreed to sell and United Goal agreed to acquire the First Sale Shares, being 425,000,000 Shares, free from all encumbrances and together with all rights and benefits attaching or accruing thereto as at the date of such agreement, including all dividends and distributions declared, made or paid on or after the date of such agreement. The First Sale Shares represent approximately 26.08% of the entire issued share capital of the Company as at the date of such agreement.

The consideration for the First Sale Shares pursuant to the First Sale and Purchase Agreement is HK$6,268,750,000, equivalent to HK$14.75 per First Sale Share, which was determined following arm's length negotiations between Real Reward and United Goal, and has been satisfied by United Goal issuing a promissory note of a principal amount equal to such consideration amount (the "**UG Promissory Note**") to Real Reward upon completion. The UG Promissory Note was non-interest bearing and payable on demand.

The Second Sale and Purchase Agreement

Date: 22 December 2014

Parties: (i) Real Reward as the vendor;

(ii) Mr. Thomas Lau as the purchaser

Second Sale Shares and the consideration

Pursuant to the terms of the Second Sale and Purchase Agreement, Real Reward agreed to sell and Mr. Thomas Lau agreed to acquire the Second Sale Shares, being 53,877,041 Shares, free from all encumbrances and together with all rights and benefits attaching or accruing thereto as at the date of such agreement, including all dividends and distributions declared, made or paid on or after the date of such agreement. The Second Sale Shares represent approximately 3.31% of the entire issued share capital of the Company as at the date of such agreement.

The consideration for the Second Sale Shares pursuant to the Second Sale and Purchase Agreement is HK$794,686,354.75, equivalent to HK$14.75 per Second Sale Share, which was determined following arm's length negotiations between Real Reward and Mr. Thomas Lau, and has been satisfied by Mr. Thomas Lau issuing a promissory note of a principal amount equal to such consideration amount (the "**TL Promissory Note**") to Real Reward upon completion. The TL Promissory Note is non-interest bearing and payable on 12 February 2015.

The Third Sale and Purchase Agreement

Date: 22 December 2014

Parties: (i) Real Reward as the vendor;

(ii) Go Create as the purchaser

Third Sale Share and the consideration

Pursuant to the terms of the Third Sale and Purchase Agreement, Real Reward agreed to sell and Go Create agreed to acquire the Third Sale Share, being one Share, free from all encumbrances and together with all rights and benefits attaching or accruing thereto as at the date of such agreement, including all dividends and distributions declared, made or paid on or after the date of such agreement.

The consideration for the Third Sale Share pursuant to the Third Sale and Purchase Agreement is HK$14.75, which was determined following arm's length negotiations between Real Reward and Go Create and has been satisfied in cash payment by Go Create to Real Reward upon completion.

The Fourth Sale and Purchase Agreement

Date: 22 December 2014

Parties: (i) Real Reward as the vendor;

(ii) CTF as the vendor's guarantor;

(iii) the Investor as the purchaser

Fourth Sale Shares and the consideration

Pursuant to the terms of the Fourth Sale and Purchase Agreement, Real Reward agreed to sell and the Investor agreed to acquire the Fourth Sale Shares, being 46,875,343 Shares, free from encumbrances and together with all rights attaching to them as at completion, including the right to receive all dividends or distributions declared, made or paid on or after completion. The Fourth Sale Shares represent approximately 2.88% of the entire issued share capital of the Company as at the date of such agreement.

The consideration for the Fourth Sale Shares pursuant to the Fourth Sale and Purchase Agreement is HK$691,411,309.25, equivalent to HK$14.75 per Fourth Sale Share, which was determined following arm's length negotiations between Real Reward and the Investor and has been satisfied by the Investor issuing a promissory note of a principal amount equal to such consideration amount (the "**Investor Promissory Note**") to Real Reward upon completion. The Investor Promissory Note is non-interest bearing and payable on 12 February 2015.

Completion of the Sale and Purchase Agreements

Completion of the Sale and Purchase Agreements took place on 22 December 2014, being the same date of signing of such Sale and Purchase Agreements.

After completion of the Transactions, Real Reward declared and paid a special interim dividend of a total amount of HK$12,537,500,000 to its two existing shareholders, namely United Goal and Go Create, in equal shares, of which the 50% share of the special interim dividend payable to United Goal (being HK$6,268,750,000) was satisfied by set-off and cancellation of the UG Promissory Note of the same principal amount held by Real Reward against United Goal whilst the 50% share of the special interim dividend payable to Go Create (being HK$6,268,750,000) was satisfied partly by way of the endorsement and transfer of the TL Promissory Note and the Investor Promissory Note to Go Create and partly by cash payment to Go Create.

MANDATORY UNCONDITIONAL GENERAL CASH OFFER

Prior to completion of the First Sale and Purchase Agreement and the Second Sale and Purchase Agreement, (a) the Lau Family Group (which includes United Goal) held a total of 335,815,460 Shares, representing approximately 20.61% of the entire issued share capital of the Company; and (b) Real Reward, which is owned as to 50% by the Lau Family Group, held 525,752,385 Shares, representing approximately 32.27% of the entire issued share capital of the Company.

After completion of the First Sale and Purchase Agreement and the Second Sale and Purchase Agreement, the number of Shares held by the Lau Family Group (which includes United Goal) increased from 335,815,460 (representing approximately 20.61% of the total issued share capital of the Company) to 814,692,501 (representing just over 50% of the total issued share capital of the Company).

As a result of completion of the First Sale and Purchase Agreement and the Second Sale and Purchase Agreement, the Lau Family Group is required to make a mandatory unconditional general cash offer for all the issued Shares (other than those Shares already owned by or agreed to be acquired by the Offeror, United Goal, Mr. Thomas

Lau and parties acting in concert or presumed to be acting in concert with any of them) pursuant to Rule 26.1 of the Takeovers Code. The Offeror, as a member of the Lau Family Group, therefore makes the Offer for such purpose.

Principal terms of the Offer

BNPP Securities (Asia), for and on behalf of the Offeror and in compliance with the Takeovers Code, hereby makes the Offer on the terms set out in this Composite Document in accordance with the Takeovers Code on the following basis:

For each Offer Share accepted
Under the Offer... HK$14.75 in cash

The Offer Price of HK$14.75 per Share is equivalent to the sale price per Share paid by United Goal and Mr. Thomas Lau under the First Sale and Purchase Agreement and the Second Sale and Purchase Agreement, respectively.

The Offer extends to all Shares in issue on the date on which the Offer is made, other than those Shares already owned or agreed to be acquired by the Offeror, United Goal, Mr. Thomas Lau and parties acting in concert or presumed to be acting in concert with any of them (which include (i) Go Create, a member of the CTF Group and a party presumed to be acting in concert with the Lau Family Group; (ii) the Investor, which is a party presumed to be acting in concert with United Goal (a member of the Lau Family Group) as United Goal and the Investor are associated companies of the Company under the Takeovers Code by virtue of each of them holding more than 20% of the issued share capital of the Company after completion of the Transactions).

Save for the interests of Mr. Thomas Lau, United Goal, Dynamic Castle, Go Create and the Investor which are parties acting in concert or presumed to be acting in concert with the Offeror together holding a total of 1,185,815,460 Shares (representing approximately 72.78% of the issued share capital of the Company as at the Latest Practicable Date) as disclosed in the paragraph headed "Shareholding Structure of the Company" below and save for the rights of BNP Paribas (a party presumed to be acting in concert with the Offeror) over those Shares charged under the Share Charge, neither the Offeror nor any party acting in concert or presumed to be acting in concert with the Offeror (save for those entities controlling, controlled by or under the same control as BNPP Securities (Asia) that are exempt principal traders or exempt fund managers) was interested in or owned or had control or direction over any voting rights or rights over any Shares, derivatives, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange, into Shares.

Comparison of value

The Offer Price of HK$14.75 is equivalent to the sale price per Share paid by United Goal and Mr. Thomas Lau under the First Sale and Purchase Agreement and the Second Sale and Purchase Agreement respectively and represents:

(i) a discount of approximately 3.09% to the closing price of approximately HK$15.22 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 2.51% to the average closing price of approximately HK$15.13 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;

(iii) a premium of approximately 0.20% over the average closing price of approximately HK$14.72 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;

(iv) a premium of approximately 1.51% over the average closing price of approximately HK$14.53 per Share as quoted on the Stock Exchange for the 90 consecutive trading days immediately prior to and including the Last Trading Day; and

(v) a discount of approximately 10.28% to the closing price of approximately HK$16.44 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Highest and lowest Share price

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK$16.70 per Share on 5 January 2015 and HK$13.86 per Share on 19 August 2014 respectively.

Total consideration for the Offer

As at the Latest Practicable Date, the Company has 1,629,385,000 Shares in issue. Excluding the Shares already owned or agreed to be acquired by the Offeror, United Goal, Mr. Thomas Lau and parties acting in concert or presumed to be acting in concert with any of them (which include (i) Go Create, a member of the CTF Group and a party presumed to be acting in concert with the Lau Family Group; and (ii) the Investor, which is a party presumed to be acting in concert with United Goal (a member of the Lau Family Group) as United Goal and the Investor are associated companies of the Company under the Takeovers Code by virtue of each of them holding more than 20% of the issued share capital of the Company after completion of the Transactions), and assuming that the Offer is accepted in full by all other Shareholders, the total consideration payable by the Offeror under the Offer will be HK$6,542,650,715 based on the Offer Price.

Financial resources available to the Offeror

The Offeror intends to finance the consideration payable by the Offeror under the Offer firstly from the Facility and with the balance from the CTF Funding. The Offeror does not intend that the payment of interest on, repayment of or security for any liability will depend to any significant extent on the business of the Group.

We, BNPP Securities (Asia), the financial adviser to the Offeror, are satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer as described above.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven business days (as defined under the Takeovers Code) of the date on which the relevant documents of title are received by the Offeror to render each such acceptance complete and valid.

Effect of accepting the Offer

By accepting the Offer, Shareholders will sell their Shares free from any liens, charges and encumbrance and with all rights attached to the Offer Shares on the date of despatch of this Composite Document or which may at any time thereafter become attached to them including all dividends and distributions recommended, declared, made or paid in respect of them on or after the date on which the Offer is made, which is the date of this Composite Document.

Acceptance of the Offer by any Shareholder will be deemed to constitute a warranty by such person that all Shares sold by such person under the Offer are free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and distributions recommended, declared, made or paid, if any, on or after the date of despatch of this Composite Document. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong stamp duty

Seller's Hong Kong ad valorem stamp duty on acceptances of the Offer, which is calculated at the rate of 0.1% (HK$1.00 for every HK$1,000 (or part thereof)) of (i) the consideration payable in respect of the relevant acceptance by the Shareholders or (ii) the market value of the Shares, whichever is higher, will be deducted from the amount payable to Shareholders who accept the Offer. The Offeror will bear the buyer's Hong Kong ad valorem stamp duty as purchaser of the Shares and will arrange for the payment of the stamp duty in connection with such sales and purchases in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Dealings in the Company's securities

Save for the sale by Real Reward of 324,247,615 Shares to the Investor at a price of HK$14.75 per Share pursuant to the Investor Agreement on 21 October 2014 and the transactions contemplated under the Sale and Purchase Agreements, none of the Offeror, United Goal, Mr. Thomas Lau and parties acting in concert or presumed to be acting in concert with any of them (save for those entities controlling, controlled by or under the same control as BNPP Securities (Asia) that are exempt principal traders or exempt fund managers) had dealt in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period.

Other arrangements

The Offeror confirms that as at the Latest Practicable Date:

(i) the Offeror, United Goal, Mr. Thomas Lau and/or parties acting in concert with any of them have not received any irrevocable commitment to accept the Offer;

(ii) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror, United Goal, Mr. Thomas Lau and/or any person acting in concert with any of them (save for those entities controlling, controlled by or under the same control as BNPP Securities (Asia) that are exempt principal traders or exempt fund managers);

(iii) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which may be material to the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code) save and except for the Share Charge;

(iv) there is no agreement or arrangement to which the Offeror, United Goal, Mr. Thomas Lau and/or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer; and

(v) there is no other relevant security (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, United Goal, Mr. Thomas Lau and/or any person acting in concert with any of them (save for those entities controlling, controlled by or under the same control as BNPP Securities (Asia) that are exempt principal traders or exempt fund managers) has borrowed or lent.

Overseas Shareholders

The Offer is made in respect of securities of a company incorporated in the Cayman Islands and is subject to the statutory procedural and disclosure requirements of Hong Kong, which may be different from those of other jurisdictions. The Offeror intends to make the Offer available to all Shareholders, including those with registered addresses, as shown in the register of members of the Company, outside Hong Kong. The availability of the Offer to persons not resident in Hong Kong and the ability of Shareholders outside Hong Kong to participate in the Offer will however be subject to, and may be limited by, the laws and regulations of their respective jurisdictions.

The making of the Offer to persons with a registered address in jurisdiction outside Hong Kong may be prohibited or limited by the laws of the relevant jurisdiction. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the applicable laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

Compulsory Acquisition

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

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (a) immediately before completion of the Transactions, (b) immediately after completion of the Transactions but before the Offer and (c) as at the Latest Practicable Date:

	Immediately before completion of the Transactions		Immediately after completion of the Transactions but before the Offer		As at the Latest Practicable Date	
Shareholders	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
(a) Offeror and parties acting in concert or presumed to be acting in concert with it						
The Offeror	—	—	—	—	—	—
Dynamic Castle *(Note 1)*#	154,764,000	9.50	154,764,000	9.50	154,764,000	9.50
United Goal *(Note 2)*#	115,000,000	7.06	540,000,000	33.14	540,000,000	33.14
Mr. Thomas Lau#	66,051,460	4.05	119,928,501	7.36	119,928,501	7.36
Sub-total for the Lau Family Group	335,815,460	20.61	814,692,501	50.00	814,692,501	50.00
Real Reward *(Note 3)*	525,752,385	32.27	—	—	—	—
Go Create *(Note 4)*#	—	—	1	less than 0.0001	1	less than 0.0001
The Investor#	324,247,615	19.90	371,122,958	22.78	371,122,958	22.78
Sub-total for Offeror and parties acting in concert or presumed to be acting in concert with it	1,185,815,460	72.78	1,185,815,460	72.78	1,185,815,460	72.78
(b) Certain directors of subsidiaries of the Company *(Note 5)*	2,288,000	0.14	2,288,000	0.14	2,288,000	0.14
(c) Public Shareholders	441,281,540	27.08	441,281,540	27.08	441,281,540	27.08
Total	1,629,385,000	100.00	1,629,385,000	100.00	1,629,385,000	100.00

Notes:

1. Dynamic Castle is wholly owned by Mr. Thomas Lau.

2. United Goal is ultimately owned as to 80% by Mr. Thomas Lau and as to 20% by a family trust of which Mr. Lau Luen Hung, Joseph and certain of his family members are eligible beneficiaries.

3. Real Reward is jointly owned by United Goal and Go Create in equal shares.

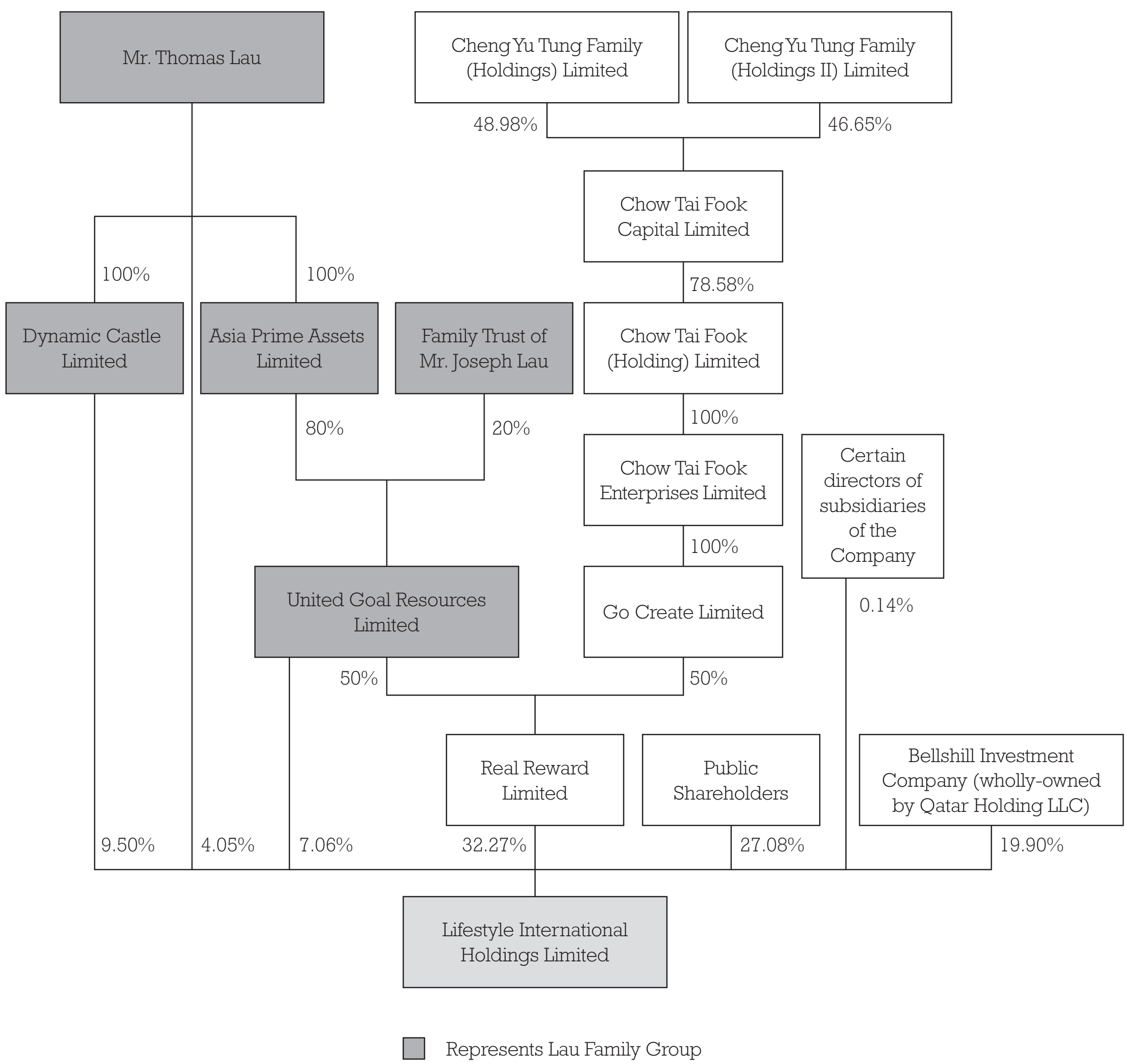
4. Go Create is wholly owned by CTF.

5. These 2,288,000 Shares are held by certain directors of subsidiaries of the Company. As they are core connected persons of the Company, their shareholdings are not counted as "public" under the Listing Rules.

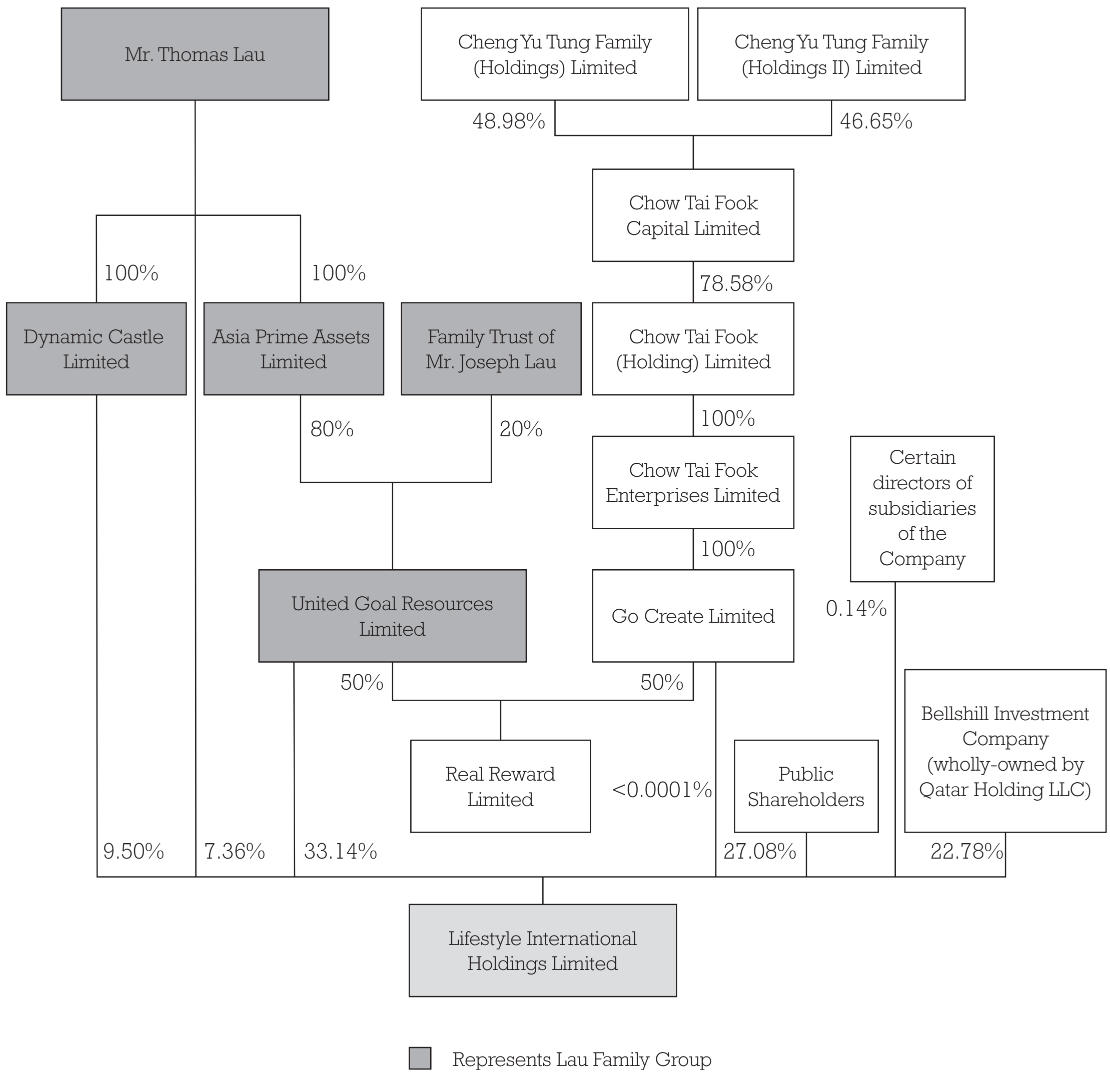
\# These Shares are not subject to the Offer.

Shareholding structure of the Company

The following diagram illustrates the shareholding structure of the Company immediately before completion of the Transactions:



The following diagram illustrates the shareholding structure of the Company immediately after completion of the Transactions but before the Offer:



INFORMATION ON THE OFFEROR

The Offeror was incorporated in the BVI with limited liability and is beneficially and wholly-owned by Mr. Thomas Lau. The principal activity of the Offeror is investment holding and it is formed for the purpose of undertaking the Offer.

Mr. Thomas Lau is the sole shareholder and sole director of the Offeror. He is also an executive Director and the chief executive officer of the Company.

INFORMATION ON THE COMPANY

The Company is a company incorporated in the Cayman Islands with limited liability and the Shares have been listed on the main board of the Stock Exchange since 15 April 2004. The principal activities of the Group are operation of lifestyle department stores and ownership of retailing properties in Hong Kong and the PRC.

The following table sets out a summary of certain audited financial information of the Group for the two years ended 31 December 2012 and 31 December 2013 and unaudited financial information of the Group for the six months ended 30 June 2014, respectively:

	Six months ended 30 June 2014	**Year ended 31 December 2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	(Audited)	(Audited)
Turnover	2,876,966	5,955,335	5,523,443
Gross Profit	1,735,747	3,560,526	3,267,097
Profit before taxation	1,332,499	3,150,477	2,754,961
Profit for the year/period attributable to owners of the Company	1,017,784	2,448,247	2,057,461

	As at 30 June 2014	**As at 31 December 2013**	**2012**
Consolidated net asset value attributable to owners of the Company	10,409,431	10,464,565	9,548,551

OFFEROR'S INTENTION ON THE GROUP

It is the intention of the Offeror that the Group will continue its existing principal business. The Offeror does not intend to introduce any major changes to the existing operation and business of the Group or re-deploy the fixed assets or the employees of the Group by reason only of the Offer. As at the Latest Practicable Date, the Offeror has no intention or plan for any acquisition or disposal of assets and/or business by the Group.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer. The Offeror has undertaken to the Stock Exchange that if after the close of the Offer the public float of the Company falls below 25%, the Offeror will take appropriate steps to ensure that the minimum public float of not less than 25% of the issued Shares as required under the Listing Rules will be restored or maintained (as applicable) following the close of the Offer.

Please note that the Stock Exchange may exercise its discretion to suspend trading in the Shares if, upon the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market.

PROCEDURES FOR ACCEPTANCE AND SETTLEMENT

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

TAX IMPLICATIONS

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the tax implications of their acceptance of the Offer. It is emphasised that none of the Offeror, United Goal, Mr. Thomas Lau and parties acting in concert or presumed to be acting in concert with any of them, the Company and their ultimate beneficial owners, BNPP Securities (Asia), Octal Capital, DTZ, the Registrar or any of their respective directors or associates or professional advisers or any other party involved in the Offer or any of their respective agents is in a position to advise the Independent Shareholders on their individual tax implications nor accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offer.

GENERAL

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

All documents and remittances to the Independent Shareholders will be sent by ordinary post or courier. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members or, in the case of joint Independent Shareholders, to the Independent Shareholder whose name appears first in the register of members. None of the Offeror, United Goal, Mr. Thomas Lau and parties acting in concert or presumed to be acting in concert with any of them, the Company, BNPP Securities (Asia), Octal Capital, DTZ, the

Registrar or any of their respective directors or associates or professional advisers or any other party 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.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document which form part of this Composite Document. You are reminded to carefully read the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from Octal Capital" and other information about the Group which are set out in this Composite Document before deciding whether or not to accept the Offer.

Yours faithfully,
For and on behalf of
BNP Paribas Securities (Asia) Limited
Isadora Li
Managing Director

LIFESTYLE INTERNATIONAL HOLDINGS LIMITED
利福國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1212)

Executive Directors:
Mr. Lau Luen Hung, Thomas *(Chief Executive Officer)*
Mr. Doo Wai Hoi, William

Non-executive Directors:
Dato' Dr. Cheng Yu Tung *(Chairman)*
Dr. Cheng Kar Shun, Henry
Ms. Lau Yuk Wai, Amy

Independent Non-executive Directors:
Mr. Lam Siu Lun, Simon
The Hon. Shek Lai Him, Abraham
Mr. Hui Chiu Chung, Stephen
Mr. Ip Yuk Keung

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business:
20th Floor, East Point Centre
555 Hennessy Road
Causeway Bay
Hong Kong

9 January 2015

To the Independent Shareholders

Dear Sir or Madam,

MANDATORY UNCONDITIONAL GENERAL CASH OFFER BY BNP PARIBAS SECURITIES (ASIA) LIMITED FOR AND ON BEHALF OF SYNERGY SMART INVESTMENTS LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN LIFESTYLE INTERNATIONAL HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR, UNITED GOAL RESOURCES LIMITED, MR. LAU LUEN HUNG, THOMAS AND PARTIES ACTING IN CONCERT OR PRESUMED TO BE ACTING IN CONCERT WITH ANY OF THEM)

INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the Transactions and the mandatory unconditional general cash offer made by BNPP Securities (Asia) for and on behalf of the Offeror to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror, United Goal, Mr. Thomas Lau and parties acting in concert or presumed to be acting in concert with any of them).

As disclosed in the Joint Announcement, immediately following completion of the First Sale and Purchase Agreement and the Second Sale and Purchase Agreement, the number of Shares held by the Lau Family Group (which includes United Goal) increased from 335,815,460 (representing approximately 20.61% of the total issued share capital of the Company) to 814,692,501 (representing just over 50% of the total issued share capital of the Company). As a result of completion of the First Sale and Purchase Agreement and the Second Sale and Purchase Agreement, the Lau Family Group is required to make a mandatory unconditional general cash offer for all the issued Shares (other than those Shares already owned by or agreed to be acquired by the Offeror, United Goal, Mr. Thomas Lau and parties acting in concert or presumed to be acting in concert with any of them) pursuant to Rule 26.1 of the Takeovers Code. The Offeror, as a member of the Lau Family Group, therefore makes the Offer for such purpose.

The purpose of this letter is to provide you with, among other things, information relating to the Group, the Offer, and the recommendations and advice of the Independent Board Committee to the Independent Shareholders in relation to the Offer, and the recommendation and advice of the Independent Financial Adviser to the Independent Board Committee in respect of the Offer.

THE OFFER

Principal terms of the Offer

BNPP Securities (Asia), for and on behalf of the Offeror and in compliance with the Takeovers Code, hereby makes the Offer on the terms set out in this Composite Document in accordance with the Takeovers Code on the following basis:

For each Offer Share accepted under the Offer . . . . HK$14.75 in cash

The Offer Price of HK$14.75 per Share is equivalent to the sale price per Share paid by United Goal and Mr. Thomas Lau under the First Sale and Purchase Agreement and the Second Sale and Purchase Agreement, respectively.

The Offer extends to all Shares in issue on the date on which the Offer is made, other than those Shares already owned or agreed to be acquired by the Offeror, United Goal, Mr. Thomas Lau and parties acting in concert or presumed to be acting in concert with any of them (which include (i) Go Create, a member of the CTF Group and a party presumed to be acting in concert with the Lau Family Group; and (ii) the Investor, which is a party presumed to be acting in concert with United Goal (a member of the Lau Family Group) as United Goal and the Investor are associated companies of the Company under the Takeovers Code by virtue of each of them holding more than 20% of the issued share capital of the Company after completion of the Transactions).

Further details of the Offer

Further details of the Offer including, among others, the terms and procedures for acceptance of the Offer, settlement and acceptance period are set out in the "Letter from BNPP Securities (Asia)" contained in this Composite Document, Appendix I to this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability on 29 December 2003 and its Shares have been listed on the Main Board of the Stock Exchange since 15 April 2004. As at the Latest Practicable Date, the principal activities of the Group are operation of lifestyle department stores and ownership of retailing properties in Hong Kong and the PRC.

The following table sets out a summary of certain audited financial information of the Group for the two years ended 31 December 2012 and 31 December 2013 and unaudited financial information of the Group for the six months ended 30 June 2014, respectively:

	Six months ended 30 June	**Year ended 31 December**	
	2014	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	(Audited)	(Audited)
Turnover	2,876,966	5,955,335	5,523,443
Gross Profit	1,735,747	3,560,526	3,267,097
Profit before taxation	1,332,499	3,150,477	2,754,961
Profit for the year/period attributable to owners of the Company	1,017,784	2,448,247	2,057,461

	As at 30 June	**As at 31 December**	
	2014	**2013**	**2012**
Consolidated net asset value attributable to owners of the Company	10,409,431	10,464,565	9,548,551

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (a) immediately before completion of the Transactions, (b) immediately after completion of the Transactions but before the Offer and (c) as at the Latest Practicable Date:

Shareholders	Immediately before completion of the Transactions		Immediately after completion of the Transactions but before the Offer		As at the Latest Practicable Date	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
(a) Offeror and parties acting in concert or presumed to be acting in concert with it						
The Offeror	—	—	—	—	—	—
Dynamic Castle*(Note 1)*#	154,764,000	9.50	154,764,000	9.50	154,764,000	9.50
United Goal*(Note 2)*#	115,000,000	7.06	540,000,000	33.14	540,000,000	33.14
Mr. Thomas Lau#	66,051,460	4.05	119,928,501	7.36	119,928,501	7.36
Sub-total for the Lau Family Group	335,815,460	20.61	814,692,501	50.00	814,692,501	50.00
Real Reward*(Note 3)*	525,752,385	32.27	—	—	—	—
Go Create*(Note 4)*#	—	—	1	less than 0.0001	1	less than 0.0001
The Investor#	324,247,615	19.90	371,122,958	22.78	371,122,958	22.78
Sub-total for Offeror and parties acting in concert or presumed to be acting in concert with it	1,185,815,460	72.78	1,185,815,460	72.78	1,185,815,460	72.78
(b) Certain directors of subsidiaries of the Company*(Note 5)*	2,288,000	0.14	2,288,000	0.14	2,288,000	0.14
(c) Public Shareholders	441,281,540	27.08	441,281,540	27.08	441,281,540	27.08
Total	1,629,385,000	100.00	1,629,385,000	100.00	1,629,385,000	100.00

Notes:

1. Dynamic Castle is wholly owned by Mr. Thomas Lau.

2. United Goal is ultimately owned as to 80% by Mr. Thomas Lau and as to 20% by a family trust of which Mr. Lau Luen Hung, Joseph and certain of his family members are eligible beneficiaries.

3. Real Reward is jointly owned by United Goal and Go Create in equal shares.

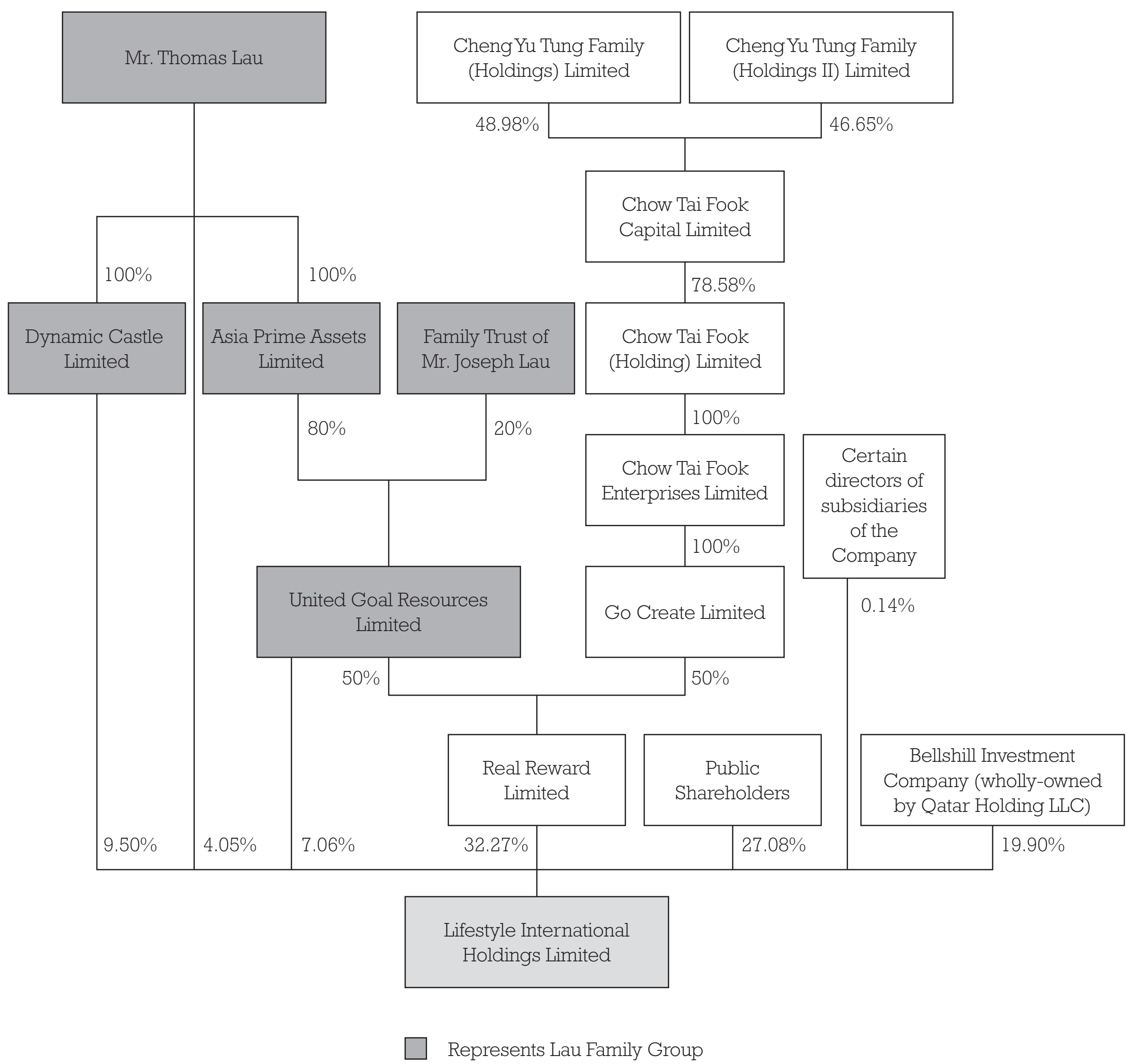
4. Go Create is wholly owned by CTF.

5. These 2,288,000 Shares are held by certain directors of subsidiaries of the Company. As they are core connected persons of the Company, their shareholdings are not counted as "public" under the Listing Rules.

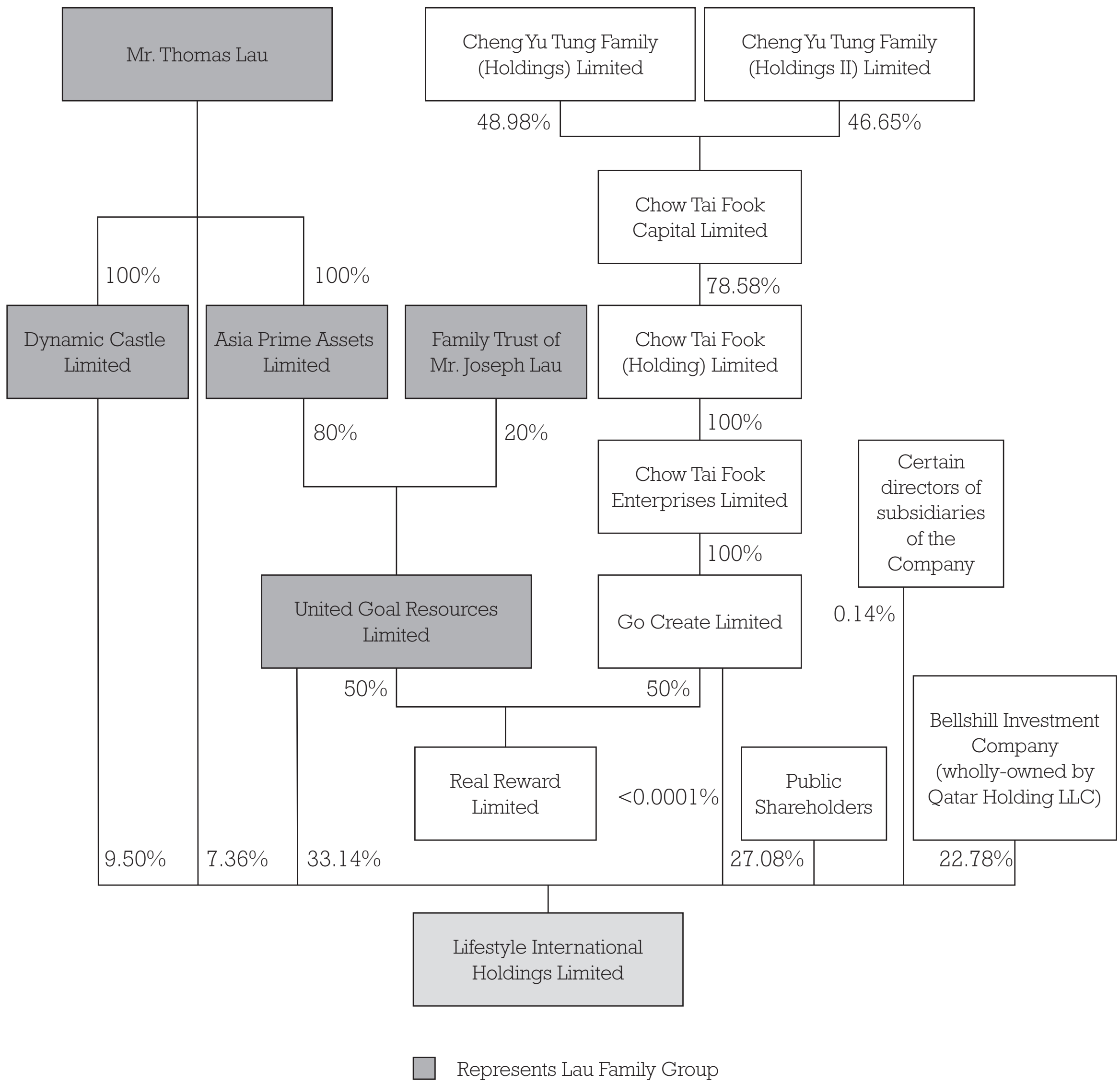
These Shares are not subject to the Offer.

Shareholding structure of the Company

The following diagram illustrates the shareholding structure of the Company immediately before completion of the Transactions:



The following diagram illustrates the shareholding structure of the Company immediately after completion of the Transactions but before the Offer:



INFORMATION ON THE OFFEROR

Please refer to the section headed "Information on the Offeror" in the "Letter from BNPP Securities (Asia)" as set out on pages 8 to 22 of this Composite Document for information on the Offeror.

OFFEROR'S INTENTION ON THE GROUP

Your attention is drawn to the section headed "Offeror's intention on the Group" in the "Letter from BNPP Securities (Asia)" contained in this Composite Document. The Board is aware of the intention of the Offeror in respect of the Group and is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Board (i) had not entered, and did not have any intention to enter, into any agreement, arrangement, understanding or negotiation about any acquisition of assets or business (whether concluded or not) which is material to the Group as a whole; and (ii) had no assets or business injections agreed or under negotiations.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror and the parties acting in concert with it intend to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

The Offeror has undertaken to the Stock Exchange that if the public float of the Company falls below 25% after completion of the Offer, the Offeror will take appropriate steps to ensure that the minimum public float of not less than 25% of the issued Shares as required under the Listing Rules will be restored or maintained (as applicable) following the close of the Offer.

Please note that the Stock Exchange may exercise its discretion to suspend trading in the Shares if, upon the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market.

COMPULSORY ACQUISITION

The Offeror indicates that it does not intend to avail itself of any powers of compulsory acquisition.

ADVICE AND RECOMMENDATION

Pursuant to Rules 2.1 and 2.8 of the Takeovers Code, the Independent Board Committee has been established to make recommendations to the Independent Shareholders as to whether the Offer is fair and reasonable and as to acceptance of the Offer. Real Reward, which is a party to the Sale and Purchase Agreements, is 50% owned by Go Create which in turn is wholly owned by CTF. Dato' Dr. Cheng Yu Tung and Dr. Cheng Kar Shun, Henry, being non-executive Directors, are directors of CTF. Ms. Lau Yuk Wai, Amy, being an non-executive Director, is a sister of Mr. Thomas Lau. In view of their respective relationship with Real Reward and Mr. Thomas Lau, Dato' Dr. Cheng Yu Tung, Dr. Cheng Kar Shun, Henry and Ms. Lau Yuk Wai, Amy do not form part of the Independent Board Committee. Octal Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Offer and in particular as to whether the Offer is fair and reasonable and as to acceptance of the Offer.

Your attention is drawn to the "Letter from the Independent Board Committee" and the "Letter from Octal Capital" as set out in this Composite Document containing their advice and recommendation to the Independent Board Committee and the Independent Shareholders respectively in respect of the Offer, and the principal factors and reasons they have considered before arriving at their respective advice.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer. In considering what action to take in connection with the Offer, you should consider your own tax or financial position and if you are in any doubt, you should consult your professional advisers.

Yours faithfully,
For and on behalf of the Board
Lifestyle International Holdings Limited
Lau Yuk Wai, Amy
Non-executive Director

LIFESTYLE INTERNATIONAL HOLDINGS LIMITED
利福國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1212)

9 January 2015

To the Independent Shareholders

Dear Sir or Madam,

MANDATORY UNCONDITIONAL GENERAL CASH OFFER BY BNP PARIBAS SECURITIES (ASIA) LIMITED FOR AND ON BEHALF OF SYNERGY SMART INVESTMENTS LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN LIFESTYLE INTERNATIONAL HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR, UNITED GOAL RESOURCES LIMITED, MR. LAU LUEN HUNG, THOMAS AND PARTIES ACTING IN CONCERT OR PRESUMED TO BE ACTING IN CONCERT WITH ANY OF THEM)

INTRODUCTION

We refer to the composite offer and response document dated 9 January 2015 jointly issued by the Offeror and the Company (the "Composite Document") of which this letter forms part. Terms used in this letter shall have the meanings as defined in the Composite Document unless the context requires otherwise.

We have been appointed to form the Independent Board Committee to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to the acceptance of the Offer.

Octal Capital has been appointed as the Independent Financial Adviser to advise us in respect of the terms of the Offer and as to the acceptance of the Offer. Details of the advice and recommendation and the principal factors and reasons taken into consideration in arriving at its recommendations are set out in the Letter from Octal Capital" ("IFA Letter") on pages 33 to 53 of the Composite Document.

We also wish to draw your attention to the "Letter from BNPP Securities (Asia)", the "Letter from the Board" and the additional information set out in the appendices to the Composite Document.

ADVICE AND RECOMMENDATION

Having taken into account the terms of the Offer, the advice and recommendations of the Independent Financial Adviser contained in the IFA letter and the principal factors and reasons taken into consideration by it in arriving at its opinion, we are of the opinion that the terms of the Offer are not fair and reasonable so far as the Independent Shareholders are concerned and recommend the Independent Shareholders not to accept the Offer. Independent Shareholders are recommended to read the full text of the IFA Letter set out in the Composite Document.

Yours faithfully,
For and on behalf of
the Independent Board Committee of
Lifestyle International Holdings Limited

Mr. Lam Siu Lun, Simon **The Hon. Shek Lai Him, Abraham**
Mr. Hui Chiu Chung, Stephen **Mr. Ip Yuk Keung**

Independent Non-executive Directors

八方金融有限公司
OCTAL Capital Limited

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To the Independent Board Committee

9 January 2015

Dear Sirs,

MANDATORY UNCONDITIONAL GENERAL CASH OFFER

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee in respect of the terms of the Offer, particulars of which are set out in a composite document (the "**Composite Document**") despatched to the Independent Shareholders dated 9 January 2015, in which this letter is reproduced. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as ascribed to them in the Composite Document.

The Offeror and the Company jointly announced that on 22 December 2014:

(i) Real Reward and United Goal entered into the First Sale and Purchase Agreement, pursuant to which Real Reward agreed to sell and United Goal agreed to acquire 425,000,000 Shares, representing approximately 26.08% of the existing issued share capital of the Company at a price of HK$14.75 per Share;

(ii) Real Reward and Mr. Thomas Lau entered into the Second Sale and Purchase Agreement, pursuant to which Real Reward agreed to sell and Mr. Thomas Lau agreed to acquire 53,877,041 Shares, representing approximately 3.31% of the existing issued share capital of the Company at a price of HK$14.75 per Share;

(iii) Real Reward and Go Create entered into the Third Sale and Purchase Agreement, pursuant to which Real Reward agreed to sell and Go Create agreed to acquire 1 Share at a price of HK$14.75; and

(iv) Real Reward and the Investor entered into the Fourth Sale and Purchase Agreement, pursuant to which Real Reward agreed to sell and the Investor agreed to acquire 46,875,343 Shares, representing approximately 2.88% of the existing issued share capital of the Company at a price of HK$14.75 per Share.

Completion of the Sale and Purchase Agreements also took place on 22 December 2014.

Prior to completion of the First Sale and Purchase Agreement and the Second Sale and Purchase Agreement, (a) the Lau Family Group (which includes United Goal) held a total of 335,815,460 Shares, representing approximately 20.61% of the entire issued share capital of the Company; and (b) Real Reward, which is owned as to 50% by the Lau Family Group, held 525,752,385 Shares, representing approximately 32.27% of the entire issued share capital of the Company. After completion of the First Sale and Purchase Agreement and the Second Sale and Purchase Agreement, the number of Shares held by the Lau Family Group (which includes United Goal) increased from 335,815,460 (representing approximately 20.61% of the total issued share capital of the Company) to 814,692,501 (representing just over 50% of the total issued share capital of the Company). As a result of completion of the First Sale and Purchase Agreement and the Second Sale and Purchase Agreement, the Lau Family Group is required to make a mandatory unconditional general cash offer for all the issued Shares (other than those Shares already owned by or agreed to be acquired by the Offeror, United Goal, Mr. Thomas Lau and parties acting in concert or presumed to be acting in concert with any of them) pursuant to Rule 26.1 of the Takeovers Code. The Offeror, as a member of the Lau Family Group, will therefore make the Offer for such purpose.

BNPP Securities (Asia) for and on behalf of the Offeror and in compliance with the Takeovers Code, hereby makes the Offer on the terms set out in the Composite Document in accordance with the Takeovers Code on the following basis:

For each Offer Share accepted under the Offer .... HK$14.75 in cash

Further details of the terms and conditions of the Offer, including the procedures for acceptance of the Offer, are set out in the Composite Document.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all four independent non-executive Directors namely Mr. Lam Siu Lun, Simon, The Hon. Shek Lai Him, Abraham, Mr. Hui Chiu Chung, Stephen and Mr. Ip Yuk Keung, has been formed by the Company to advise the Independent Shareholders as to whether the terms of Offer are fair and reasonable and as to the acceptance of the Offer. We, Octal Capital Limited, have been appointed, with approval of the Independent Board Committee, as the independent financial adviser to the Independent Board Committee in respect of the Offer.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Composite Document and have assumed that all information and representations made or referred to in the Composite Document as provided by the management of the Group, the executive Directors, and/or the Offeror were true at the time they were made and continue to be true as at the date of the Composite Document. We have also relied on our discussion with the management of the Group and the executive Directors regarding the Group and the Offer, including the information and representations contained in the Composite Document. We have also assumed that all statements of belief, opinion and intention made by the management of the Group, the executive Directors and the Offeror respectively in the Composite

Document were reasonably made after due enquiry. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Composite Document nor to doubt the truth, accuracy and completeness of the information and representations provided by the management of the Group, the executive Directors and the Offeror. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Group, the Offeror and their respective associates nor have we carried out any independent verification of the information supplied.

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

PRINCIPAL FACTORS AND REASONS CONSIDERED ON THE OFFER

In arriving at our opinion regarding the terms of the Offer, we have considered the following principal factors and reasons:

(i) Review of financial position/performance of the Group

The Group is principally engaged in the operation of department stores and other retailing format and property holding. In September 2013, the Company completed the spin-off and separately listed its Hong Kong and Mainland China property investment and development company, namely Lifestyle Properties Development Limited ("**Lifestyle Properties**", stock code: 2183) on the Main Board of Hong Kong Stock Exchange. The Company holds 59.56% equity interest in Lifestyle Properties as at the Last Trading Day.

The Group mainly operates its stores under the brand names of SOGO in Hong Kong and Jiuguang in various cities across Mainland China, including Shanghai, Suzhou, Dalian and Shenyang. Summary of department stores operated by the Group is as below:

Store name	Year opening	Owned/Leased
SOGO:		
Causeway Bay	1985	Owned
Tsim Sha Tsui (new)	2014	Leased
Tsim Sha Tsui (old)	2005	Leased (closed in 2014)
JIUGUANG:		
Shanghai	2005	50% owned through joint venture
Suzhou	2009	Owned
Dalian	2009	Owned
Shenyang	2013	Owned

The Group has been profit making and attained 12.2% of compound annual growth rate in total revenue from 2009 to 2013. For the six months ended 30 June 2014, the Group recorded a total comprehensive income of approximately HK$878.8 million which was primarily attributed to the direct sales of goods and income from concessionaire sales of the Company. We summarise the audited/unaudited consolidated results of the Group for the most recent three financial years and the most recent two interim periods as follows:

	Year ended 31 December			Six months ended 30 June	
Expressed in HK$'000	**2011**	**2012**	**2013**	**2013**	**2014**
	(audited)	*(audited)*	*(audited)*	*(unaudited)*	*(unaudited)*
By business:					
Sale of goods — direct sales	2,871,430	3,059,477	3,268,622	1,563,025	1,564,392
Income from concessionaire sales	2,046,443	2,219,242	2,442,305	1,169,153	1,193,914
Service income	112,410	121,681	123,728	61,487	57,578
Rental income	101,667	123,043	120,680	57,479	61,082
Total turnover	5,131,950	5,523,443	5,955,335	2,851,144	2,876,966
By geographical location:					
Hong Kong	4,091,393	4,392,649	4,725,027	2,248,222	2,250,797
Mainland China	1,040,557	1,130,794	1,230,308	602,922	626,169
Total turnover	5,131,950	5,523,443	5,955,335	2,851,144	2,876,966
Profit for the year	2,040,119	2,257,129	2,670,229	1,204,578	1,112,233
Profit attributable to owners of the Company	1,867,170	2,057,461	2,448,247	1,096,931	1,017,784
Total comprehensive income for the year/period	2,253,996	2,344,848	2,878,156	1,288,192	878,822

Source: Annual and interim reports of the Company

For the year ended 31 December 2012

As disclosed in the annual report of the Company for the year ended 31 December 2012, uncertainties hanging over the global economy and deceleration of growth in China economy weakened the consumer sentiment in Hong Kong and Mainland China. During the year ended 31 December 2012, revenue from direct sales and concessionaire sales segments steadily increased by approximately 6.5% and 8.4% respectively as compared to the previous year. The operations in Hong Kong continued to prove to be the most valuable sector of the Company with the combined turnover, accounted for 79.5% of the Company's total turnover. The consolidated profit attributable to the owners of the Company for the year was approximately HK$2,057.5 million, representing an increase of approximately 10.2%

as compared to the year ended 31 December 2011 of approximately HK$1,867.2 million. The modest increase was primarily due to (1) the stable profit increment of the direct sales and the concessionaire sales segments in Hong Kong; (2) a 11.4% growth in sales under inverse market condition; (3) the relatively tight monetary policy measures in China and the slowdown of economic growth in Hong Kong; and (4) the exceptionally high comparative base due to the robust performance in the previous year. The Company achieved a profit for the year and total comprehensive income of approximately HK$2,257.1 million and HK$2,344.8 million respectively during the year ended 31 December 2012. In line with the previous years, the Company declared cash dividend of HK cents 49.4 per share, representing, around 40% payout on earnings.

For the year ended 31 December 2013

As disclosed in the annual report of the Company for the year ended 31 December 2013, the world economy was on a comparatively firm path of recovery. The PRC recorded of a steady growth of 7.7% in GDP. The U.S. was detected a notable improvement in economy while the Euro zone is slowly getting out of the debt crisis. However, the effort of the China central government to crack down on extravagancy and corruption has negatively impact the consumer sentiment both in Hong Kong and Mainland China. As mentioned in the annual report of the Company for the year ended 31 December 2013, the Company launched its first standalone Freshmart store in Shanghai with a view to consummate the Company's endeavors in the Mainland China Market. In mid-October 2013, the Company's fourth Jiuguang department store was soft-opened in Shenyang. Besides of the outperforming Hong Kong sector, the Company's operation in Mainland China also delivered continuous performance improvement in turnover and profit margin.

During the year ended 31 December 2013, revenue from direct sales and concessionaire sales segments respectively increased by approximately 6.84% and 10.05% as compared to the previous year. The turnover from the Company's Hong Kong sector and China sector respectively accounted for 79.3% and 20.7% of the total turnover. The Company managed to gain a substantial profit attributable to owners of the company of approximately HK$2,448.2 million, representing an increase of approximately 19.0% from the year ended 31 December 2012 of approximately HK$2,057.5 million. The increase was primarily due to (1) the rise in profit of the direct sales and the concessionaire sales segments; (2) the continuously growing profitability of the associate company, namely the Beiren Group; (3) the thriving inbound shoppers from across the border; and (4) an substantial improvement in net profit margin due to increase in net investment and interest income and lower finance charge. The Company's strategic investment in Beiren Group outperformed with an increase in sales revenue of 15.6%. The Company recorded a profit for the year and total comprehensive income of approximately HK$2,670.2 million and HK$2,878.2 million respectively during the year ended 31 December 2013. In consistence with its dividend payout ratio of approximately 40% in previous years, the Company declared cash dividend of HK cents 59.1 per share.

For the six months ended 30 June 2014

As disclosed in the interim report of the Company for the six months ended 30 June 2014, while the global economy is on the track of recovery, the slowdown of growth in China led to both weak tourist spending and local demand in the retailing industry. The Company continued to face the challenges from uncertainties of business environments and weakening consumer sentiment. The sector in Hong Kong is still the most valuable revenue generator of the Company with the combined turnover accounted for 78.2% of the Company's total turnover. During the six months ended 30 June 2014, revenue from direct sales and concessionaire sales segments respectively increased by approximately 0.1% and 2.1% as compared to the previous period. The profit attributable to the owners of the Company for the period dropped 7.2% to approximately HK$1,017.8 million from the six months ended 30 June 2013 of approximately HK$1,096.9 million. The decrease was primarily due to (1) the closure of one of the Sogo Hong Kong flagship store in Tsim Sha Tsui in February 2014 for relocation purpose; (2) the negative growth in Shanghai Jiuguang and Dalian Jiuguang department stores caused by sluggish local demand and fierce competition; (3) the absence in this year of a realized gain of HK$107.7 million upon disposal of a subsidiary that owned an investment property in Tianjin as recorded in the first half of 2013. The Company recorded a profit for the period and total comprehensive income of approximately HK$1,112.2 million and HK$878.8 million respectively during the six months ended 30 June 2014. The Company declared the interim cash dividend of HK cents 24.8 per share representing 40% payout on earnings.

Pursuant to the announcement of the Company dated 20 October 2014, Real Reward, entered into an agreement with Bellshill Investment Company. Real Reward has agreed to sell and Bellshill Investment Company has agreed to purchase 324,247,615 shares (representing approximately 19.9% of the Company's issued share capital as at 20 October 2014) at a price of HK$14.75 per Share. Bellshill Investment Company is a wholly-owned subsidiary of Qatar Holding LLC, which in turn is wholly owned by Qatar Investment Authority, a global investment institution. According to its website, Qatar Investment Authority was founded by the State of Qatar in 2005 with diversified investment portfolio in department store and retailing sectors including Harrods Group and Tiffany & Co. etc.

We further summarise below the audited/unaudited consolidated balance sheets of the Company as at 31 December 2013 and as at 30 June 2014:

Expressed in HK$'000	As at 31 December 2013 (audited)	As at 30 June 2014 (unaudited)
Non-current assets	13,637,344	13,651,309
Current assets	13,078,654	14,105,919
Non-current liabilities	9,376,243	9,123,273
Current liabilities	5,075,985	6,364,374
Net assets	12,263,770	12,269,581

Source: Annual and interim reports of the Company

The total assets of the Company amounted to approximately HK$26,716.0 million (audited) and HK$27,757.2 million (unaudited) as at 31 December 2013 and 30 June 2014 respectively. As at 31 December 2013, property, plant and equipment, prepaid lease payments and cash and cash equivalents were the major assets of the Company, which together accounted for approximately 69.1% of the total assets of the Company. As at 30 June 2014, property, plant and equipment, prepaid lease payments and cash and cash equivalents were the major assets of the Company, which together accounted for approximately 71.0% of the total assets of the Company. The total liabilities of the Company amounted to approximately HK$14,452.2 million (audited) and HK$15,487.6 million (unaudited) as at 31 December 2013 and 30 June 2014 respectively. As at 31 December 2013 and 30 June 2014, trade and other payables, bank borrowings and bonds were the major items of liabilities of the Company, accounting for approximately 93.6% and 93.7% respectively of total liabilities of the Company. The net asset value of the Company amounted to approximately HK$12,263.8 million (audited) and HK$12,269.6 million (unaudited) as at 31 December 2013 and 30 June 2014 respectively.

(ii) Business outlook and prospects of the Group

Amidst the softened export growth together with relatively weak domestic demand, China saw its GDP growth decrease to an 18-month low of 7.4% in the first quarter of the year of 2014. At the same time, the central bank's fresh effort to loosen the monetary policy during the review period began to show its effect in the second quarter, arresting a cool-down in activity such that the GDP growth rate edged up slightly to 7.5% in second quarter. Growth in the retail market during 2014 has been undermined by the weakening sentiment though the situation did not seem to deteriorate further and there is hope of bottoming out. The impact on demand was especially obvious on luxury retail sales, from fashion garments to watches. The retail sector grew by 12.0% in the first quarter of 2014, compared with 12.4% for the same period in 2013. In the second quarter of 2014, growth accelerated at about the same pace as the economy, with retail sales showing sequential improvement towards the end of the first half of 2014. May and June of 2014 logged growth of 12.5% and 12.4%, respectively, in comparison to 11.8% for the first two months of 2014. Overall, the retail sector in Mainland China grew 12.1% in the first half of 2014 and showed signs of stabilisation. Despite the relatively fragile recovery of the world economy, the management of the Group believes the reforms and policies implemented by the new Chinese leadership will benefit the country's economy in the mid-to-long term.

Although contribution from the stores in Mainland China was on the rise, the Company's operations in Hong Kong continued to be the main revenue generator, accounting for 79.34% of revenue in 2013. With regard to the research in "Relative Importance of Inbound Tourism to Retail Sales" published in "Hong Kong 2012 Economic Background and 2013 Prospects", it is observed that the proportion of visitor spending, mostly the Chinese visitor spending, in retail sales has been on a steady rise over years from approximately 12% in 2001 to approximately 33% in the first half of 2012. The Chinese visitors respectively accounted for 67%, 72% and 75% of the total visitors to Hong Kong in 2011, 2012 and 2013. The performance of the Hong Kong retail trade industry was substantially contributed by the fast growth in inbound tourism, with Chinese visitor arrivals increasing at a compound annual growth rate ("**CAGR**") of 12.77% in comparison to 9.55% of the total visitor arrivals CAGR over the past ten years. Despite of long term robust growth from 2010 to the mid-2013, the Hong Kong retailing industry slowed down on recent monthly retail sales in the first half year of 2014. The influx of the inbound tourists will continue to be the key contributor to the growth of Hong Kong's retailing industry.

Thus, outlook on the retail sector for the coming year, in particular in terms of discretionary consumer products in Hong Kong and Mainland China, is largely positive. Nevertheless, the Group shall remain prudent and cautious in light of the current relatively weaker consumer sentiment in greater China area. Nonetheless, the management of the Group will remain committed to striving for profitability and the Group's long-term growth, deploying well thought business and marketing strategies so as to stay on a growth trajectory. The Group's Jiuguang Department Store and retail complex in Zhabei district, Shanghai which is currently under construction, is expected to be in operation in 2018 together with its Jiuguang Department Store in Shenyang opened in October 2013, we consider the growth potential from the Group's PRC operation, which are currently underperforming relative to their Hong Kong counterparts should not be underestimated. The Group will also remain open to lucrative business opportunities, so long as they demonstrate high potential for further expanding business and solidifying foundation.

(iii) The Offer Price per Share

The Offer Price of HK$14.75 is equivalent to the sale price per Share paid by United Goal and Mr. Thomas Lau under the First Sale and Purchase Agreement and the Second Sale and Purchase Agreement respectively and represents:

(i) a discount of approximately 3.09% to the closing price of approximately HK$15.22 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 2.51% to the average closing price of approximately HK$15.13 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;

(iii) a premium of approximately 0.20% over the average closing price of approximately HK$14.72 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;

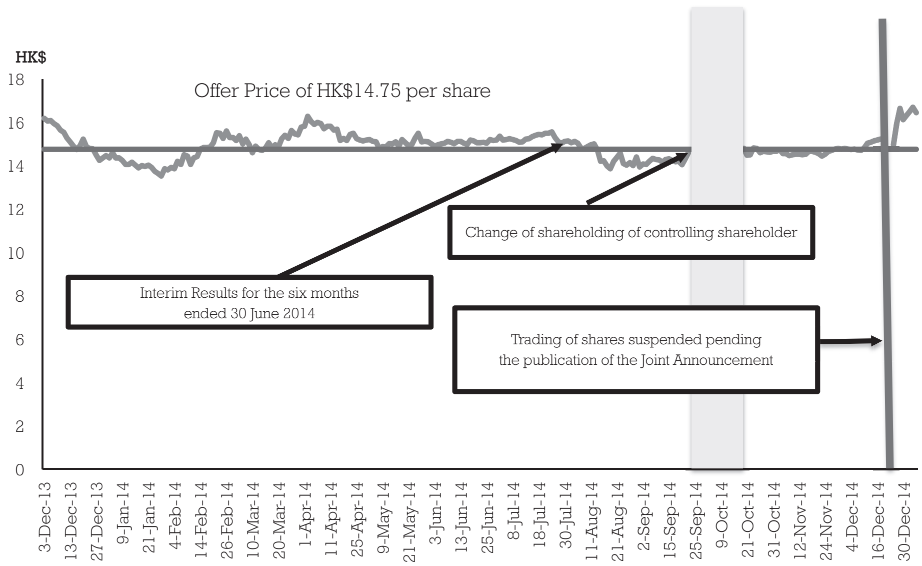
(iv) a premium of approximately 1.51% over the average closing price of approximately HK$14.53 per Share as quoted on the Stock Exchange for the 90 consecutive trading days immediately prior to and including the Last Trading Day;.

(v) a premium of approximately 95.88% against the unaudited consolidated net asset value of approximately HK$7.53 per Share as at 30 June 2014 and approximately 98.52% to the audited consolidated net assets value of the Company of approximately HK$7.43 per Share as at 31 December 2013; and

(vi) a discount of approximately 10.28% to the closing price of approximately HK$16.44 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Historical Share price performance

For the purpose of further comparing the Offer Price of HK$14.75 per Share with the market price of the Shares, we plot the closing price level of the Shares traded on the Stock Exchange from 3 January 2014 to 17 December 2014 (being the Last Trading Day) and further up to the Latest Practicable Date (the "**Review Period**") as follows:



Source: HKEX

Note: Trading of Shares was suspended from 18 December 2014 (at 9:00 a.m.) to 22 December 2014, pending the release of the Joint Announcement.

With reference to the above chart, the closing prices of the Shares during the Review Period fluctuated in between the range of HK$13.52 and HK$16.28. The highest and lowest closing prices of the Shares during the period from 2 January 2014 to the Last Trading Day before the publication of the Joint Announcement, i.e. 17 December 2014 (the "**Pre-Announcement Period**"), were HK$16.28 per Share on 2 April 2014 and HK$13.52 on 27 Jan 2014 respectively. The Offer Price therefore represents a premium of approximately 9.1% over the lowest closing price of the Shares and a discount of approximately 9.4% over the highest closing price of the Shares during the Pre-Announcement Period.

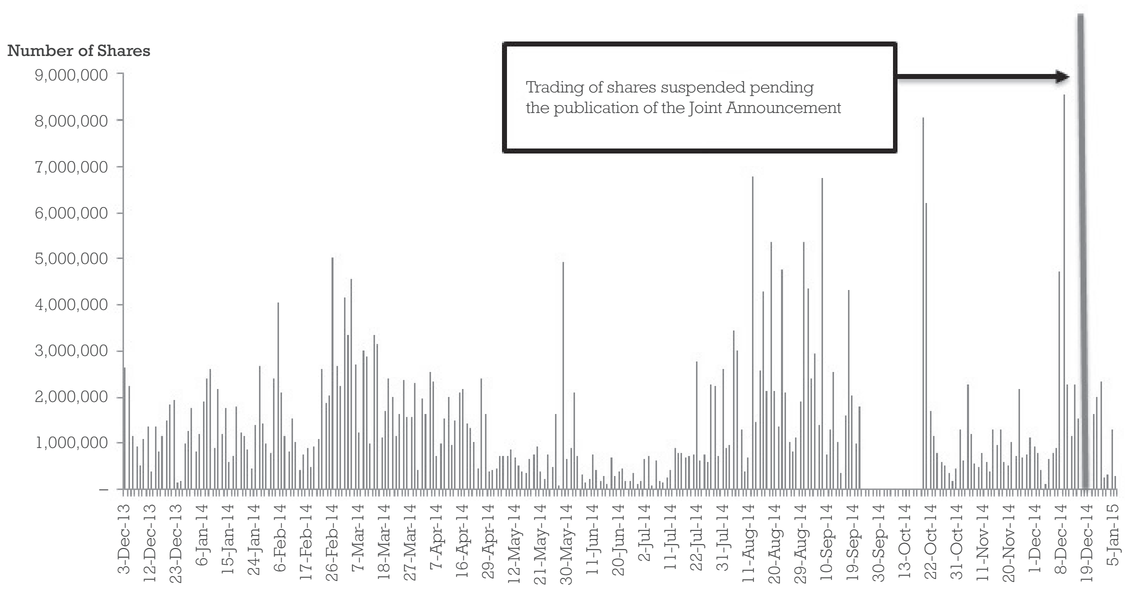
Trading in Shares was suspended since 18 December 2014 pending for the release of the Joint Announcement. Following the publication of the Joint Announcement on 23 December 2014, the closing price of the Shares increased to HK$14.96. The closing price of the Shares during the period from 23 December 2014, being the first trading day after the Joint Announcement was published, to Latest Practicable Date (the "**Post-Announcement Period**") ranged from the lowest HK$14.96 per Share on 23 December 2014 to the highest of HK$16.70 per Share on 5 January 2015. The Offer Price represents a discount of approximately 1.4% to the lowest closing price of the Shares and a discount of approximately

11.68% to the highest closing price of the Shares during the Post-Announcement Period. The Offer Price had been equal or below to the closing prices of the Shares on 93 trading days out of the total 250 trading days (representing approximately 37.2% of the total number of trading days) in the entire Review Period.

Notwithstanding that the Share price has increased following the publication of the Joint Announcement, we believe the surge of the closing price of the Share since the release of the Joint Announcement is likely to be attributable to the market reaction to the publication of the Joint Announcement and the Offer, and the sustainability of the current Share price level could be, therefore, uncertain. Independent Shareholders are reminded to closely monitor the market price of the Shares during the period for the acceptance of the Offer.

(a) Liquidity

The following chart shows the daily trading volume of the Shares during the Review Period:



Source: HKEX

For reference purpose, the average daily trading volume of the Shares, the percentages of average daily trading volume of the Shares as compared to the total number of issued Shares and the Shares held by the Independent Shareholders during the Review Period are shown in table below:

Month	Highest daily turnover *(number of Shares)*	Average daily turnover *(number of Shares)* *(Note 1)*	Number of trading days with no turnover *(days)*	Percentage of average daily turnover to total number of Shares in issue *(%)* *(Note 2)*	Percentage of average daily turnover to total number of Shares held by Independent Shareholders *(%)* *(Note 3)*
2014					
January	2,685,000	1,387,617	0	0.085%	0.313%
February	5,033,500	1,801,555	0	0.111%	0.406%
March	4,553,000	2,271,645	0	0.139%	0.512%
April	2,537,500	1,481,325	0	0.091%	0.334%
May	4,941,000	851,198	0	0.052%	0.192%
June	2,093,600	456,255	0	0.028%	0.103%
July	2,780,000	927,854	0	0.057%	0.209%
August	6,760,600	2,312,730	0	0.142%	0.521%
September	6,749,700	2,500,577	0	0.153%	0.564%
October	8,057,027	2,011,406	0	0.123%	0.454%
November	2,260,290	969,697	0	0.060%	0.219%
December					
— up to and including the Last Trading Day *(Note 4)*	8,546,500	1,934,927	0	0.119%	0.436%
— after the Last Trading Day *(Note 4)*	2,339,000	1,541,957	0	0.095%	0.348%
2015					
January (up to and including the Latest Practicable Date)	1,290,000	633,233	0	0.039%	0.143%

Source: HKEX

Notes:

1. Average daily trading volume is calculated by diving the total trading volume for the month/period by the number of trading days during the month/period which exclude any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.

2. Based on the total number of issued Shares at the end of the respective month/ period.

3. Based on the total number of Shares held by the Independent Shareholders at the end of the respective month/period.

4. Trading of the Shares on the Stock Exchange was suspended from 18 to 23 December 2014 (both days inclusive). During the Review Period, there are no trading days without trading of the Shares on the Stock Exchange, which exclude any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole day.

As illustrated in the table above, the average daily trading volume from January 2014 to December 2014 was within the range of 456,255 Shares and 2,500,577 Shares, representing approximately 0.028% and 0.153% of total number of Shares in issue and approximately 0.103% and 0.564% of total number of Shares held by Independent Shareholders and we consider the trading volume of the Shares during the most of the Review Period has been thin.

Save and except for the two trading suspension periods from 24 September to 17 October 2014 and from 18 to 23 December 2014, we noted that the corresponding daily average trading volume of the Share remained at a higher level, (i) in March and August 2014 when the Company published its annual results for the year ended 31 December 2013 and its interim results for the six months ended 30 June 2014 respectively; (ii) in October 2014 when the share acquisition by Qatar Holding LLC as mentioned above was announced; and (iii) in December 2014 when the new SOGO Tsim Sha Tsui store was open to replace the old store at nearby location. Trading volume in other months during the Review Period was relatively lower and we therefore consider there is no assurance that such high level of trading volume can be maintained in a long term. The Independent Shareholders should note that if they wish to realize their investments in the Company, especially those with bulk quantities of Shares, they might not be able to dispose the Shares in the market without exerting a downward pressure on the market price of the Shares in short term. Therefore, those Independent Shareholders who intend to dispose part or all of their shareholdings should closely monitor the market price and the liquidity of the Shares in the open market and consider to accept the Offer as an alternative.

(iv) Comparison with comparable companies approach

The Group is principally engaged in the operation of department stores and other retailing format and property holding. The Group's revenue generated from sales in department stores business in Hong Kong and the PRC, contributed approximately 95.83%, 95.57%, 95.90% and 95.88% of the Group's total revenue for the three years ended 31 December 2013 and the six months ended 30 June 2014 respectively. Based on the closing price on 17 December 2014, being the Last Trading Day, the market capitalisation of the Company of approximately HK$24,799.24 million. As the Group held 59.56% equity interest in Lifestyle Properties as at the Last Trading Day, we therefore consider the hypothetical market capitalisation of the Company's department stores business as implied by the Offer Price ("**Hypothetical Market Capitalisation**") could be derived as follows:

	HK$'million
Market capitalisation of the Company as implied by the Offer Price (approximately 1,629.39 million issued Shares x HK$14.75)	24,033.43
Less: 59.56% of the market capitalisation of Lifestyle Properties as at the Last Trading Day (approximately HK$562 million x 59.56%)	(334.50)
Hypothetical Market Capitalisation	23,698.93

In assessing the fairness and reasonableness of the Offer Price, we have attempted to perform a price-to-earnings ratio ("**PER**"), average dividend yield, and Adjusted NAV (as defined below), which are appropriate indicators in assessing financial performance of companies for comparable purposes. We have performed a search for such companies which are engaged in department store operation; and are listed on the Stock Exchange. We noted that the Company operates its department stores in both owned and leased premises and with majority in the Company's owned premises. As such premises, however, are not used by the Company for rental income generating nor held for resale/development purpose, we consider selection of department store operations for our comparable analysis purpose is appropriate. Set out below is the list of companies that we identified based on the above criteria (the "**Comparables**").

The table below illustrates the level of PER of each of the Comparables and the Company and is set out for reference purposes only.

Company (Stock code)	Business location	Market capitalisation[1] *(HK$ million)* *(a)*	Profit attributable to shareholders[2] *(HK$ million)* *(b)*	PER *(times)* *(c)=(a)/(b)*	Average dividend yield[5] *(%)*
Century Ginwa (162)	PRC	1,379.03	443.64	3.11	0.68
Sincere (244)	Hong Kong, PRC and United Kingdom	321.61	(85.07)	NA	0.89
Aeon Stores (984)	Hong Kong and PRC	2,314.00	107.07	21.61	3.76
Wing On Company (289)	Hong Kong	6,762.26	1,312.81	5.15	4.38
Shirble Store (312)	PRC	985.53	(279.20)	NA	3.51
Jiahua Stores Holdings (602)	PRC	368.31	57.72	6.38	7.18
NWDS China (825)	PRC	4,080.47	520.53	7.84	7.30
Maoye International (848)	PRC	6,600.99	1,020.11	6.47	4.51
Springland (1700)	PRC	6,988.39	928.93	7.52	5.69
Intime (1833)	PRC	11,983.01	1,354.80	8.84	3.44
Yi Hua Department Store (2213)	PRC	712.80	19.14	37.24	0[6]
Golden Eagle (3308)	PRC	16,252.71	1,570.83	10.35	2.12
Parkson Group (3368)	PRC	5,586.86	449.80	12.42	6.30
Median				7.84	3.76
Mean				11.54	3.83
Maximum				37.24	7.30
Minimum				3.11	0
The Company		23,698.93[3]	2,413.29[4]	9.82	3.47

Source: www.hkex.com.hk and infocast

Notes:

1. Based on the closing price on 17 December 2014, being the Last Trading Day.

2. Based on the latest financial data as published in the annual report of the Analysis Companies as at the Latest Practicable Date.

3. Being the Hypothetical Market Capitalisation which is calculated by the market capitalisation as implied by the Offer Price of approximately HK$24,033.43 million less 59.56% of the market capitalisation of Lifestyle Properties as at the Last Trading Day of approximately HK$334.50 million.

4. Being the hypothetical profit attributable to shareholders which excluded the corresponding profit of HK$34.94 million attributable to Lifestyle Properties for the year ended 31 December 2013.

5. Only cash dividends have been included in our calculation. Average of dividend yield is cash dividend declared for the past three years over respective closing prices of shares as at 17 December 2014.

6. Yi Hua Department Store Holdings Ltd. was listed on Main Board of the Stock Exchange on 11 December 2013.

Upon comparison, we note that the PER represented by the Hypothetical Market Capitalisation (and the Offer Price) of 9.82 times falls within the range of the PER Comparables from 3.11 times to 37.24 times and lies below the mean of 11.54 times but above the median of 7.84 times of the Comparables, which were calculated with reference to the respective closing price of the shares of the Comparables as at 17 December 2014, being the Last Trading Day.

We have also considered average dividend yield as our benchmark, which is a commonly used ratio to assess the financial and operational performance of commercial entity with dividend payout history. Based on the financial figures we have analysed, we are of the view that the Company had a sound operational and financial performance for the past three years. However, we consider in assessing the Offer Price, reference is to be made to average cash dividend yield as it represents actual cash return to shareholders. We noted that the average dividend yield of the Company of 3.47% lies below the median of the Comparables of 3.76% and also below the mean of the Comparables of 3.83%.

To further assess the fairness and reasonableness of the Hypothetical Market Capitalisation (or the Offer Price), we have also considered the unaudited net asset value of the Company as at 30 June 2014 adjusted with the independent valuation of the Group's properties as at 30 November 2014 provided by DTZ, as valuation of the Group's properties used for department store operations (in particular the SOGO department store building in Hong Kong) are stated at historical cost in its financial statement, and relevant deferred taxation (the "Adjusted NAV"), please refer below for further details of the Adjusted NAV. Therefore, we consider the fairness and reasonableness of the Offer Price should be assessed by making reference to the Adjusted NAV per share as it represents a sum of values, on a dollar-for-dollar basis, backed up with owned properties of the Company.

The Company engaged DTZ to assist the Company in the valuation of the properties held by the Group (the "**Valuation**"). We have reviewed the valuation report prepared by DTZ as set out in Appendix III to this Circular and discussed with DTZ regarding the methodology and assumptions adopted in arriving the Valuation as at 30 November 2014. We have discussed with DTZ and understand the Valuation is made on the basis of the "Market Approach" in accordance with the "HKIS Valuation Standards (2012 Edition)" published by The Hong Kong Institute of Surveyors (the "**HKIS**"). We note that in performing the Valuation, DTZ has adopted the direct comparison method by making reference to comparable sales evidence as available in the relevant markets.

Comparable properties of similar size, character and location are analysed and selected in order to arrive at a fair comparison of market values. Also we note that DTZ has adopted the Investment Method by capitalising the net rental income derived from the existing tenancies with due allowance for the reversionary potential of such properties. We have also been advised by the Valuer that, given the particulars of the Properties held by the Group, the above valuation methodologies are commonly used in arriving at the Valuation. Based on our discussion with DTZ, our understanding of particulars of the Properties held by the Group, we concur with the Valuer that the market approach adopted by DTZ in performing the Valuation is appropriate.

Furthermore, we have discussed with DTZ to understand the assumptions which have been taken into consideration when performing the Valuation. We understand that in valuing the Properties, DTZ has assumed that (i) the Properties are sold in the open market without the impact in terms of atypical financing, sales and leaseback arrangement, special considerations or concessions granted by any person associated with the sales to affect their values; (ii) the Properties are free from encumbrances, restrictions and outgoing of an onerous nature that could affect their values; (iii) the transferable land use rights in respect of the Properties in the PRC for its specific term at nominal annual land use fee has been granted and that any premium payable has already been fully paid; (iv) no allowance has been made in the valuation for any charges, mortgages or amounts owing on the Properties nor any expenses or taxation which may be incurred in effecting a sales; and (v) based on the copies or extracts of titles documents obtained, the owners have enforceable titles to the Properties and have free and uninterrupted right to use, occupy or assign the Properties for the whole of the unexpired terms as granted. We consider that the abovementioned assumptions are common in practice and fair and reasonable for the purposes of assessing the value of the Properties.

We also understand from DTZ that it had carried out on-site inspections, made relevant enquiries and searches for the purpose of the Valuation. DTZ has made reference to comparable sales evidence as available in the market for the Valuation. We have discussed with DTZ the selection criteria of, and reviewed, the comparable transactions used by DTZ for the Valuation and noted that all the comparable transactions are of similar nature and located in vicinity of the Properties. As such, we consider that the comparable transactions used in the Valuation are reasonable and comparable to the Properties. As discussed with the Valuer, the Group's properties for the use as department store in Hong Kong have a gross floor area of 340,194 sq.ft. which valued at HK$53,316.64 per sq.ft. We have also discussed with DTZ, and reviewed, the rental income derived from the comparable transactions and the rental yield used by DTZ for the Valuation and also noted that all the comparable transactions are of similar nature and located in vicinity of the Properties. Given the valuation methodology applied by DTZ is normal and usual among professional valuers and the fact that the Valuation was carried out in accordance with the "HKIS Valuation Standards (2012 Edition)" published by the HKIS, we consider that the methodology and basis for determining the Valuation by DTZ is appropriate.

We set out below the adjustments on the unaudited consolidated balance sheet as of 30 June 2014 with independent valuations and corresponding deferred taxation liabilities:

Unaudited consolidated net assets value of the Group as of 30 June 2014 *(HK$'000)*		12,269,581
Fair value adjustment re the properties held by the Company (excluding those held by Lifestyle Properties) *(HK$'000)*		21,074,024
Corresponding deferred tax liabilities adjustment *(HK$'000)*		(3,582,359)
The Adjusted NAV *(HK$'000)*	(a)	29,761,246
Number of issued Shares as at the Last Trading Date *('000)*	(b)	1,629,385
The Adjusted NAV per Share *(HK$)*	(a)/(b)	18.27
The Offer Price *(HK$)*		14.75
Discount of the Offer Price to the Adjusted NAV per Share		19.27%

The Valuation was carried out in order to present the market value of the properties held by the Company and its subsidiaries in Mainland China and Hong Kong. With a view to present the net asset value of the Company on a fair market value basis, the market value appreciation adjustment of the properties held by the Group, excluding Lifestyle Properties, was added to the net assets value together with the subject deferred tax liabilities adjustments. For comparable purposes, the Adjusted NAV was divided by the total number of shares in issue on the last trading date. In light of the surplus arisen from the Valuation as at 30 November 2014 of the properties held by the Group and relevant deferred taxation, the Offer Price represents a discount of 19.27% to the Adjusted NAV of approximately HK$18.27 per Share.

In accordance to "Hong Kong Office and Retail Markets Review 2014" research report dated 10 March 2014 and 18 September 2014 provided by DTZ, the outlook of retailing property rental market in Hong Kong is actually mixed. While the retail sales slowed down in the 3rd quarter of 2014, the volume of inbound tourists is still on the upside. It is expected to have a growth of 15.5% as compared to 2013 to 47 million in 2014 for inbound tourists from Mainland China, representing 77% of the total visitors. In addition, the non-Mainland China tourist segment is expected to have a 2.8% growth in 2014. The changing of spending patterns of inbound tourists led to a drop in the jewelry and watches sector. There were increases in sales for the sectors of fashion and accessories, medicines and cosmetics, alcohol and tobacco, and food. After a significant increase from previous years, the overall retailing property rental market in Hong Kong is expected to remain stable with a mild increment per year subject to the steady growth of retailing industry.

(v) Background and intention of the Offeror regarding the Group

Background of the Offeror

The Offeror was incorporated in the BVI with limited liability and is beneficially and wholly-owned by Mr. Thomas Lau. The principal activity of the Offeror is investment holding and it is formed for the purpose of undertaking the Offer.

Mr. Thomas Lau is the sole shareholder and sole director of the Offeror. He is also an executive Director and the chief executive officer of the Company.

Mr. Lau, aged 60, joined the Company in January 2004. He is the Chief Executive Officer of the Company who leads and manages the whole Group by setting and implementing policies and strategies, and monitoring results and targets of the operations of the Group. Mr. Lau is a member of each of the Remuneration and Nomination Committees of the Company and a director of certain subsidiaries of the Company.

Intention of the Offeror regarding the Group

It is the intention of the Offeror that the Group will continue its existing principal business. The Offeror does not intend to introduce any major changes to the existing operation and business of the Group or re-deploy the fixed assets or the employees of the Group by reason only of the Offer. As at the Latest Practicable Date, the Offeror has no intention or plan for any acquisition or disposal of assets and/or business by the Group.

Given that (i) Mr. Thomas Lau, the sole beneficial owner of the Offeror, has been the Chief Executive Officer of the Company and a substantial Shareholder and will remain as the Chief Executive Officer and become the controlling Shareholder; (ii) the Offeror intends to continue the Group's existing principal activities and will maintain the listing status of the Company on the Stock Exchange after closing of the Offer; and (iii) the Offeror has no intention to re-deploy the employees or the fixed assets of the Group other than in the ordinary course of business, we consider that there should not be any material change to the Group's overall business, operating performance and financial position after the close of the Offer.

DISCUSSION AND ADVICE

Having considered the principal factors set out above, in particular, the following:

(i) the Offer Price represents a discount of approximately 3.09% to the closing price of HK$15.22 per Share on the Last Trading Day and a discount of 10.28% to the closing price of HK$16.44 per Share as at the Latest Practicable Date;

(ii) the implied price earnings ratio of the Offer Price of 9.82 times falls within the range of the PER Comparables from 3.11 times to 37.24 times and lies below the mean of 11.54 times of the Comparables, and the average cash dividend yield of the Company of 3.47% lies below the median of the Comparables of 3.76% and also below the mean of the Comparables of 3.83% of which were calculated with reference to the respective closing price of the shares of the Comparables as at 17 December 2014;

(iii) the Offer Price represents a discount of 19.27% to the Adjusted NAV; and

(iv) the Group has been profit making consecutively for the past financial years with steady growth and favourable outlook and prospects, and that the Group has been declaring dividends at approximately 40% payout on earnings for the year 2012 and 2013 to the Shareholders; and the Group will continue to focus on the development of its existing core business and does not intend to introduce any major changes to the existing operations and business immediately after the Completion and the close of the Offer;

and notwithstanding that (i) the Offer Price is equal to the Share acquisition price in the Sale and Purchase Agreement and (ii) the implied price earnings ratio of the Offer Price of 9.82 times lies above the median of 7.84 times of the Comparables, which were calculated with reference to the respective closing price of the shares of the Comparables as at 17 December 2014, we are of the opinion that the terms of the Offer are not attractive and not fair and reasonable so far as the Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Shareholders not to accept the Offer.

We would like to remind the Independent Shareholders that if they consider retaining their Shares or tendering less than all their Shares under the Offer should carefully consider the potential difficulties they may encounter in disposing their investments in the Shares after the close of the Offer in view of the historical low liquidity of the Shares and there is no guarantee that the prevailing level of the Share price will sustain during and after the Offer Period.

Those Independent Shareholders who intend to accept the Offer are reminded to closely monitor the market price and the liquidity of the Shares during the period when the Offer remains open for acceptance and should consider selling their Shares in the open market, instead of accepting the

Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer after having regard to the market price and the liquidity of the Shares.

The Independent Shareholders are strongly advised that the decision to accept the Offer or to hold their investment in the Shares is subject to individual circumstances and investment objectives. The Independent Shareholders are also reminded to read carefully the procedures for accepting the Offer as detailed in the Composite Document, the appendices to the Composite Document and the relevant form of acceptance and transfer, if they wish to accept the Offer.

Yours faithfully,
For and on behalf of
Octal Capital Limited

Alan Fung
Managing Director

Wong Wai Leung
Director

Note: Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 20 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions of listed companies in Hong Kong in respect of the Takeovers Code. Mr. Wong Wai Leung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2008. Mr. Wong has more than 15 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions of listed companies in Hong Kong in respect of the Takeovers Code.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

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

(a) 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 completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, being Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East, Wanchai, Hong Kong, by post or by hand, marked "Lifestyle International Holdings Limited — General Offer" on the envelope, in any event not later than 4:00 p.m., on Friday, 30 January 2015 or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

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

(i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked "Lifestyle International Holdings Limited — General Offer" the 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

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "Lifestyle International Holdings Limited — General Offer" the 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

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

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

(c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered in an envelope marked "Lifestyle International Holdings Limited — General Offer" to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked "Lifestyle International Holdings Limited — General Offer" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to each of BNPP Securities (Asia) and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar 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 was/they were delivered to the Registrar with the Form of Acceptance.

(e) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on Friday, 30 January 2015 or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the Form of Acceptance and any relevant documents required have been so received, and is:

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

(ii) from a registered Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other subparagraph of this paragraph (e)); or

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

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

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

(h) The address of the Registrar is at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

2. SETTLEMENT

(a) Provided that the Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are in complete and good order in all respects and have been received by the Registrar before the close of the Offer, a cheque for the amount representing the cash consideration due to each accepting Independent Shareholder in respect of the Offer Shares tendered by him/her/it under the Offer, less seller's ad valorem stamp duty payable by him/her/it, will be despatched to each accepting Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within 7 Business Days of the date of receipt of all relevant documents which render such acceptance complete and valid by the Registrar.

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

3. ACCEPTANCE PERIOD AND REVISIONS

(a) In order to be valid, all acceptances of the Offer must be received by the Registrar in accordance with the instructions printed on the Form of Acceptance by 4:00 p.m. on Friday, 30 January 2015, unless the Offer is extended or revised in accordance with the Takeovers Code.

(b) The Offer may be revised at any time up to the Closing Date. If the Offer is revised, such revised Offer will remain open for acceptance for a period of at least 14 days from the date of posting of the written notification of the revision to the Independent Shareholders, and the Offeror will comply with any other relevant requirements under the Takeovers Code.

4. NOMINEE REGISTRATION

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

5. ANNOUNCEMENTS

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

The announcement must state the total number of Offer Shares and rights over Offer Shares:

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

(ii) held, controlled or directed by the Offeror, United Goal, Mr. Thomas Lau or parties acting in concert with any of them before the Offer Period; and

(iii) acquired or agreed to be acquired during the Offer Period by the Offeror, United Goal, Mr. Thomas Lau or parties acting in concert with any of them.

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

(b) In computing the total number of Offer Shares represented by acceptances, for announcement purposes, acceptances which are not in all respects in complete and good order or that are subject to verification may only be included where they could be counted towards fulfilling the requirements under paragraph 1(e) of this Appendix in accordance with the requirements under Rule 30.2 of the Takeovers Code.

(c) As required under the Takeovers Code, all announcements in respect of the listed companies must be made in accordance with the requirements of the Listing Rules.

6. RIGHT OF WITHDRAWAL

Acceptance of the Offer tendered by any Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out below.

As set out in Rule 19.2 of the Takeovers Code, if the Offeror is unable to comply with any of the requirements of Rule 19 of the Takeovers Code, the Executive may require that the Independent Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that rule are met.

In such case, if the Independent Shareholder(s) withdraw(s) the acceptance, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form of Acceptance to the Independent Shareholder(s).

7. GENERAL

(a) All communications, notices, Form of Acceptance, certificates for Shares, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents by ordinary post at their own risk, and the Offeror, its beneficial owner, the Company, BNPP Securities (Asia), Octal Capital, DTZ, the Registrar, any of their respective directors and professional advisers and any other parties involved in the Offer and any of their respective agents do not accept any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.

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

(c) The accidental omission to despatch this Composite Document and/or 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 is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of the Form of Acceptance will constitute an authority to the Offeror, BNPP Securities (Asia) 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 it may direct, the Offer Shares in respect of which such person or persons has/have accepted the Offer.

(f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that the Offer Shares acquired under the Offer are sold by such person or persons free from all encumbrances whatsoever and together with all rights accruing or attaching thereto including the rights to receive in full all dividends and distributions recommended, declared, made or paid on or after the date on which the Offer is made.

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

(h) Acceptances of the Offer by any persons will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws and regulations. Any such persons will be responsible for any such issue, transfer and other applicable taxes or other governmental payments payable by such persons.

(i) In making their decision, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, its beneficial owner, the Company, BNPP Securities (Asia), Octal Capital and DTZ. The Independent Shareholders should consult their own professional advisers for professional advice.

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

8. IMPORTANT NOTE TO THE SHAREHOLDER(S) OUTSIDE HONG KONG

The Offer is made in respect of securities of a company incorporated in the Cayman Islands and is subject to the statutory procedural and disclosure requirements of Hong Kong, which may be different from those of other jurisdictions. The Offeror intends to make the Offer available to all Shareholders, including those with registered addresses, as shown in the register of members of the Company, outside Hong Kong. The availability of the Offer to persons not resident in Hong Kong and the ability of Shareholders outside Hong Kong to participate in the Offer will however be subject to, and may be limited by, the laws and regulations of their respective jurisdictions.

The making of the Offer to persons with registered addresses in jurisdiction outside Hong Kong may be prohibited or limited by the laws of the relevant jurisdiction. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including but not limited to the obtaining of any governmental, exchange control or other consent or any registration and/or filing which may be required and the compliance with all other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions). The Overseas Shareholders are recommended to seek professional advice on deciding whether or not to accept the Offer.

9. TAX IMPLICATIONS

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasised that none of the Offeror, United Goal, Mr. Thomas Lau and parties acting in concert with them, the Company and its ultimate beneficial owners and parties acting in concert with any of them, BNPP Securities (Asia), Octal Capital, DTZ, the Registrar or any of their respective directors or professional advisers or any other parties involved in the Offer or any of their respective agents is in a position to advise the Independent Shareholders on their individual tax implications nor accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offer.

1. THREE-YEAR SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the financial results of the Group for each of the three years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014 which is extracted from the audited consolidated financial statements of the Group as set forth in the annual reports of the Company for the three years ended 31 December 2011, 2012 and 2013 and the unaudited consolidated financial statement of the Group as set forth in the interim report of the Company for the six months ended 30 June 2014.

The auditors of the Company for each of the three years ended 31 December 2011, 2012 and 2013, Deloitte Touche Tohmatsu, did not issue any qualified opinion on the financial statements of the Group for each of the three years ended 31 December 2011, 2012 and 2013.

The Group did not have any items which are exceptional because of size, nature or incidence for each of the three years ended 31 December 2011, 2012 and 2013 and for the six months ended 30 June 2014.

(i) Consolidated income statement

	For the six month ended 30 June 2014 as disclosed in the interim report of the Company	For the year ended 31 December		
		2013	2012	2011
	(Unaudited)	(Audited)	(Audited)	(Audited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	2,876,966	5,955,335	5,523,443	5,131,950
Cost of sales	(1,141,219)	(2,394,809)	(2,256,346)	(2,132,077)
Gross profit	1,735,747	3,560,526	3,267,097	2,999,873
Other income, gains and losses	73,765	308,767	226,871	249,898
Selling and distribution costs	(560,880)	(1,130,078)	(1,020,015)	(962,011)
Administrative expenses	(131,077)	(310,207)	(258,292)	(248,797)
Investment income	194,519	414,201	352,080	64,301
Fair value changes on investment properties	(979)	6,491	184,420	297,763
Gain on disposal of subsidiaries	—	157,160	—	—
Share of profit of a joint venture	15,139	31,870	30,297	29,393
Share of profits of associates	142,648	349,554	280,290	221,892
Finance costs	(136,383)	(237,807)	(307,787)	(57,911)
Profit before taxation	1,332,499	3,150,477	2,754,961	2,594,401
Taxation	(220,266)	(480,248)	(497,832)	(554,282)
Profit for the year/period	1,112,233	2,670,229	2,257,129	2,040,119

	For the six month ended 30 June 2014 as disclosed in the interim report of the Company (Unaudited) *HK$'000*	For the year ended 31 December 2013 (Audited) *HK$'000*	2012 (Audited) *HK$'000*	2011 (Audited) *HK$'000*
Profit for the year/period attributable to:				
Owners of the Company	1,017,784	2,448,247	2,057,461	1,867,170
Non-controlling interests	94,449	221,982	199,668	172,949
	1,112,233	2,670,229	2,257,129	2,040,119
Earnings per share				
— Basic	HK$0.620	HK$1.4783	HK$1.2349	HK$1.1125
— Diluted	HK$0.620	HK$1.4759	HK$1.2310	HK$1.1028
Dividends				
Final dividend	N/A	535,176	458,430	429,003
Special dividend*	—	393,809	—	—
Interim dividend	403,834	436,068	362,625	322,955
Dividend per share				
Final dividend	N/A	HK cents 32.7	HK cents 27.6	HK cents 25.7
Special dividend	—	HK cents 23.8	—	—
Interim dividend	HK cents 24.8	HK cents 26.4	HK cents 21.8	HK cents 19.2

* dividend was satisfied by way of distribution in specie of a total of 82,588,800 shares of Lifestyle Properties to then shareholders of the Company on 12 September 2013 upon spin-off listing of Lifestyle Properties.

(ii) Assets and liabilities

	(Audited) As at 31 December		
	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*
Total assets	26,715,998	24,598,805	18,581,349
Total liabilities	(14,452,228)	(14,116,780)	(9,472,410)
Net assets	12,263,770	10,482,025	9,108,939
Non-controlling interests	(1,799,205)	(933,474)	(806,526)
Net assets attributable to owners of the Company	10,464,565	9,548,551	8,302,413

2. FINANCIAL INFORMATION OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2013

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013** *HK$'000*	**2012** *HK$'000*
Turnover	*7*	5,955,335	5,523,443
Cost of sales	*7*	(2,394,809)	(2,256,346)
Gross profit		3,560,526	3,267,097
Other income	*9*	308,767	226,871
Selling and distribution costs		(1,130,078)	(1,020,015)
Administrative expenses		(310,207)	(258,292)
Investment income	*10*	414,201	352,080
Fair value changes on investment properties	*17*	6,491	184,420
Gain on disposal of subsidiaries	*38*	157,160	—
Share of profit of a joint venture	*22*	31,870	30,297
Share of profits of associates	*21*	349,554	280,290
Finance costs	*11*	(237,807)	(307,787)
Profit before taxation		3,150,477	2,754,961
Taxation	*12*	(480,248)	(497,832)
Profit for the year	*13*	2,670,229	2,257,129
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operation		209,303	74,684
Share of exchange differences of associates		42,593	11,218
Share of exchange difference of a joint venture		6,850	1,817
		258,746	87,719
Reclassification of exchange difference upon disposal of a subsidiary	*38*	(50,819)	—
Other comprehensive income for the year		207,927	87,719
Total comprehensive income for the year		2,878,156	2,344,848

	Notes	2013 HK$'000	2012 HK$'000
Profit for the year attributable to:			
Owners of the Company		2,448,247	2,057,461
Non-controlling interests		221,982	199,668
		2,670,229	2,257,129
Total comprehensive income attributable to:			
Owners of the Company		2,624,498	2,140,122
Non-controlling interests		253,658	204,726
		2,878,156	2,344,848
Earnings per share			
— basic	*16*	HK$1.4783	HK$1.2349
— diluted	*16*	HK$1.4759	HK$1.2310

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Investment properties	17	716,753	684,397
Property, plant and equipment	18	5,211,461	4,268,354
Prepaid lease payments	19	4,497,222	4,454,178
Long-term deposits paid	20	27,852	23,101
Interests in associates	21	2,682,188	2,314,880
Interest in a joint venture	22	486,231	483,112
Club debentures		15,637	12,737
		13,637,344	12,240,759
Current assets			
Inventories	23	80,339	78,753
Prepaid lease payments	19	95,052	91,098
Trade and other receivables	24	657,713	350,381
Amount due from a joint venture	25	230,570	209,275
Financial assets at fair value through profit or loss	26	3,345,920	2,669,210
Bank balances and cash	27	8,669,060	8,291,994
		13,078,654	11,690,711
Assets classified as held for sale	28	—	667,335
		13,078,654	12,358,046
Current liabilities			
Trade and other payables	29	2,690,620	2,250,170
Amount due to a joint venture	25	156,391	92,056
Tax payable		358,620	271,564
Bank borrowings			
— due within one year	30	1,857,774	1,240,457
Derivative financial liabilities	31	12,580	16,429
		5,075,985	3,870,676
Liabilities associated with assets classified as held for sale	28	—	66,063
		5,075,985	3,936,739
Net current assets		8,002,669	8,421,307
Total assets less current liabilities		21,640,013	20,662,066

	Notes	2013 HK$'000	2012 HK$'000
Non-current liabilities			
Bank borrowings — due after one year	30	2,818,433	3,540,720
Bonds	32	6,165,476	6,161,708
Deferred tax liabilities	33	211,441	301,848
Amount due to a non-controlling shareholder of subsidiaries	34	180,893	175,765
		9,376,243	10,180,041
		12,263,770	10,482,025
Capital and reserves			
Share capital	35	8,252	8,325
Reserves		10,456,313	9,540,226
Equity attributable to owners of the Company		10,464,565	9,548,551
Non-controlling interests		1,799,205	933,474
		12,263,770	10,482,025

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to owners of the Company										
	Share capital HK$'000	**Share premium** HK$'000 *(Note 46(c))*	**Reserve** HK$'000 *(Note 37)*	**Capital redemption reserve** HK$'000	**Asset revaluation reserve** HK$'000	**Exchange reserve** HK$'000	**Share-based payment reserve** HK$'000	**Retained profits** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total** HK$'000
At 1 January 2012	8,338	530,652	52,950	305	123,641	606,592	157,451	6,822,484	8,302,413	806,526	9,108,939
Profit for the year	—	—	—	—	—	—	—	2,057,461	2,057,461	199,668	2,257,129
Other comprehensive income for the year	—	—	—	—	—	82,661	—	—	82,661	5,058	87,719
Total comprehensive income for the year	—	—	—	—	—	82,661	—	2,057,461	2,140,122	204,726	2,344,848
Recognition of equity-settled share based payments	—	—	—	—	—	—	221	—	221	—	221
Share repurchase											
— repurchase of shares	(44)	—	—	—	—	—	—	—	(44)	—	(44)
— premium on repurchase of shares	—	(141,696)	—	—	—	—	—	—	(141,696)	—	(141,696)
— transfer	—	—	—	44	—	—	—	(44)	—	—	—
Exercise and cancellation of share options	31	45,204	—	—	—	—	(6,248)	176	39,163	—	39,163
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	(77,778)	(77,778)
Dividends paid *(note 15)*	—	(429,003)	—	—	—	—	—	(362,625)	(791,628)	—	(791,628)
Transfer of reserves	—	—	24,692	—	—	—	—	(24,692)	—	—	—
At 31 December 2012	8,325	5,157	77,642	349	123,641	689,253	151,424	8,492,760	9,548,551	933,474	10,482,025
Profit for the year	—	—	—	—	—	—	—	2,448,247	2,448,247	221,982	2,670,229
Other comprehensive income for the year	—	—	—	—	—	176,251	—	—	176,251	31,676	207,927
Total comprehensive income for the year	—	—	—	—	—	176,251	—	2,448,247	2,624,498	253,658	2,878,156
Share repurchase											
— repurchase of shares	(88)	—	—	—	—	—	—	—	(88)	—	(88)
— premium on repurchase of shares	—	(14,743)	—	—	—	—	—	(276,904)	(291,647)	—	(291,647)
— transfer	—	—	—	88	—	—	—	(88)	—	—	—
Exercise of share options	15	21,661	—	—	—	—	(3,060)	—	18,616	—	18,616
Dividend paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	(96,242)	(96,242)
Dividends paid *(note 15)*	—	—	—	—	—	—	—	(894,498)	(894,498)	—	(894,498)
Transfer of asset revaluation reserve to retained profits upon disposal of a subsidiary *(note 38(a))*	—	—	—	—	(119,961)	—	—	119,961	—	—	—
Distribution in specie *(notes 1, 15 and 45)*	—	—	—	—	—	(6,946)	—	(386,863)	(393,809)	393,809	—
Deemed disposal of partial interest in a subsidiary without losing control, net of transaction costs *(notes 1 and 45)*	—	—	—	—	—	(4,353)	—	(142,705)	(147,058)	314,506	167,448
Transfer of reserves	—	—	(20,552)	—	—	—	—	20,552	—	—	—
At 31 December 2013	8,252	12,075	57,090	437	3,680	854,205	148,364	9,380,462	10,464,565	1,799,205	12,263,770

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
OPERATING ACTIVITIES			
Profit before taxation		3,150,477	2,754,961
Adjustments for:			
Interest income on bank deposits		(169,463)	(147,623)
Imputed interest income		(12,976)	—
Other interest income		(4,686)	(3,554)
Finance costs		237,807	307,787
Depreciation of property, plant and equipment		226,555	216,227
Release of prepaid lease payments		13,762	10,775
Dividend income from financial assets at fair value through profit or loss		(31,189)	(12,432)
Loss on disposal of property, plant and equipment		136	262
Fair value changes in respect of financial assets at fair value through profit or loss		(195,887)	(188,471)
Changes in fair value of investment properties		(6,491)	(184,420)
Share of profit of a joint venture		(31,870)	(30,297)
Share of profits of associates		(349,554)	(280,290)
(Reversal of) write-down of obsolete inventories		(353)	274
Impairment and written-off of trade and other receivables		1,331	128
Share-based payment expense		—	221
Gain on disposal of subsidiaries	38	(157,160)	—
Operating cash flows before movements in working capital		2,670,439	2,443,548
Increase in inventories		(340)	(6,853)
Decrease (increase) in trade and other receivables		34,904	(25,655)
Decrease (increase) in amount due from a joint venture		18,734	(13,411)
Increase in trade and other payables		56,743	20,600
Cash generated from operations		2,780,480	2,418,229
Interest received		169,463	147,623
Hong Kong Profits Tax paid		(349,648)	(312,320)
PRC Enterprise Income Tax paid		(120,939)	(127,850)
Hong Kong Profits Tax refunded		5,368	139
NET CASH FROM OPERATING ACTIVITIES		2,484,724	2,125,821

	Notes	2013 HK$'000	2012 HK$'000
INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at fair value through profit or loss		2,207,186	1,420,924
Interest received from financial assets at fair value through profit or loss		49,516	36,731
Proceeds from disposal of investment properties		864	23,748
Dividend received from an associate		24,839	16,467
Dividend received from financial assets at fair value through profit or loss		31,189	12,432
Advance to a joint venture		—	(99,520)
Interest received from a joint venture		3,576	3,504
Purchase of financial assets at fair value through profit or loss		(2,741,374)	(2,791,724)
Acquisition of prepaid lease payments		(39,558)	(2,517,983)
Purchase of property, plant and equipment		(435,023)	(460,941)
Purchase of investment properties		(7,396)	(13,638)
Purchase of club debentures		(2,900)	—
Proceeds from disposal of subsidiaries	38	340,344	—
Proceeds from disposal of property, plant and equipment		621	599
Deposit received from disposal of a subsidiary		—	37,320
NET CASH USED IN INVESTING ACTIVITIES		(568,116)	(4,332,081)
FINANCING ACTIVITIES			
Advance from a joint venture		61,488	92,056
Issue of shares of a subsidiary upon initial public offer		172,089	—
Expenses in connection with issue of shares of a subsidiary		(4,641)	—
Issuance of bonds		—	6,159,692
New bank borrowings raised		2,105,341	2,230,997
Exercise of share options		18,616	39,163
Repayment of bank borrowings		(2,233,115)	(4,077,886)
Dividends paid		(894,498)	(791,628)
Finance costs paid		(413,514)	(215,072)
Repurchase of ordinary shares of the Company		(291,735)	(141,740)
Dividends paid to non-controlling shareholders		(96,242)	(77,778)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(1,576,211)	3,217,804

	Notes	2013 HK$'000	2012 HK$'000
NET INCREASE IN CASH AND CASH EQUIVALENTS		340,397	1,011,544
EFFECT OF FOREIGN EXCHANGE RATE DIFFERENCE		32,864	14,961
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		8,295,799	7,269,294
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		8,669,060	8,295,799
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		8,669,060	8,291,994
Bank balances and cash included in assets classified as held for sale		—	3,805
		8,669,060	8,295,799

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. GENERAL

The Company is a public listed company incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's holding and ultimate holding company is Real Reward Limited ("Real Reward"), a company incorporated in the Cayman Islands. The addresses of the registered office and the head office and principal place of business of the Company are disclosed in the Corporate Information to the annual report.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are the operation of "lifestyle" department stores and other retailing format and property holding.

During the year, the Group has completed a separate spin-off of its property investment and development business by way of distribution in specie to the Company's shareholders and listing of the shares of Lifestyle Properties Development Limited ("Lifestyle Properties") and its subsidiaries (together with Lifestyle Properties collectively reference to as the "Lifestyle Properties Group") on the Main Board of the Stock Exchange (the "Spin-off Listing"). The distribution in specie was through distribution of the shares of Lifestyle Properties (the "Lifestyle Properties Share(s)") held by the Company in proportion of one Lifestyle Properties Share for every 20 shares held by all shareholders of the Company, representing approximately 24.86% of the issued share capital of Lifestyle Properties at the time of the distribution (or 19.70% of the entire issued share capital of Lifestyle Properties after completion of the Public Offer and Placing, as defined in the prospectus of Lifestyle Properties dated 2 September 2013 (the "Prospectus")) (the "Distribution"). In addition, as part of the Spin-off Listing, Lifestyle Properties issued 86,914,000 shares (including shares issued in connection with the over allotment option) by way of Public Offer and Placing, representing approximately 20.74% of the entire issued share capital of Lifestyle Properties after completion of the Spin-off Listing and accounted for as deemed disposal of partial interest in a subsidiary without losing control in the consolidated financial statements. Lifestyle Properties was listed on the Stock Exchange on 12 September 2013. Upon completion of the Spin-off Listing, the Company holds 59.56% interest in Lifestyle Properties and remained as a subsidiary of the Company.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

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

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009–2011 cycle
Amendments to HKFRS 7	Disclosures — Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKAS 1	Presentation of items of other comprehensive income
HK(IFRIC)-INT 20	Stripping costs in the production phase of a surface mine

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 "Consolidated financial statements", HKFRS 11 "Joint arrangements", HKFRS 12 "Disclosure of interests in other entities", HKAS 27 (as revised in 2011) "Separate financial statements" and HKAS 28 (as revised in 2011) "Investments in associates and joint ventures", together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) INT-12 "Consolidation — Special purpose entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company have made an assessment as at the date of initial application of HKFRS 10 (i.e. 1 January 2013) in respect of the Group's control in its investees under the new definition in the new and revised HKFRSs and concluded that the application of the new standard has no impact on the classification of investees currently reported in the consolidated financial statements.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 "Interests in joint ventures", and the guidance contained in a related interpretation, HK(SIC)-INT13 "Jointly controlled entities — non-monetary contributions by venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements — joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements — jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company reviewed and assessed the classification of the Group's interests in joint arrangement in accordance with the requirements of HKFRS 11. The directors have determined that the Group's current investment which was previously classified as jointly controlled entity under HKAS 31 is classified as joint venture under HKFRS 11 and continue to apply the equity method. The directors of the Company do not anticipate that there is material impact on the amounts currently reported in the consolidated financial statements.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements with respect to the Group's interests in associates and joint venture (please see notes 21, 22 and 45 for details).

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The Group has applied the amendments to HKAS 1 "Presentation of items of other comprehensive income". Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that maybe reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the abovementioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle[2]
HKFRS 9	Financial instruments: Hedge accounting[4]
HK(IFRIC)-INT 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 July 2014. Early application is permitted.

3 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

4 The Group has early applied HKFRS 9 requirements for classification and measurement of financial assets/liabilities but has not yet early applied hedge accounting. Effective for application — the mandatory effective date will be determined when the outstanding phase of HKFRS 9 are finalised.

The directors of the Company anticipate the application of these new and revised HKFRSs will have no impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS2 or value in use in HKAS 36.

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

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

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

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

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

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

Changes in the Group's ownership interests in an existing subsidiary through distribution of shares in the subsidiary to the shareholders of the Company where the subsidiary is ultimately controlled by the same party both before and after the distribution, the carrying amount of the Group's interest and the non-controlling interest are adjusted to reflect the changes in its relative interest in the subsidiary. The Group measures the distribution and the liability to distribute non-cash assets as a dividend to its owners at the proportionate share of the carrying amount of the subsidiary's net assets and transfer to non-controlling interests.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to disposal.

Revenue recognition

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

Revenue from sales of goods is recognised when goods are delivered and title has been passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income is recognised when services are rendered.

Income from concessionaire sales is recognised upon sales of goods by the relevant shops based on certain percentage of turnover in accordance with the terms of contracts. When the concessionaires fail to meet the minimum guarantee income in accordance with the terms of contracts, the minimum guarantee amount is recognised as income.

Interest income from a financial asset including financial assets at fair value through profit or loss is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investment is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Property, plant and equipment

Property, plant and equipment including leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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

Impairment

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

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

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

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

Club debentures

Club debentures are measured at cost less any impairment losses.

Leasing

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

The Group as lessor

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land and building

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

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

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rate prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

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

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

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

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

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

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

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

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at amortised cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Effective interest method

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

Income is recognised on an effective interest method for debt instruments measured subsequently at amortised cost. Interest income is recognised in profit or loss and is included in "investment income" line item.

Financial assets at fair value through profit or loss ("FVTPL")

Investments in equity instruments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income ("FVTOCI") on initial recognition. The Group has not designated investments in unlisted equity securities as at FVTOCI.

Debt instruments that do not meet the amortised cost criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as FVTPL on initial recognition is not allowed.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss is included in the "investment income" line item in the consolidated statement of profit or loss and other comprehensive income. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on these financial assets.

Impairment of financial assets

Financial assets that are measured at amortised cost, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Such financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

For financial assets carried at amortised cost, objective evidence of impairment could include:

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

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

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

Equity instruments

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

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or those designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss is included in the "investment income" line item in profit or loss and includes any interest paid on the financial liabilities.

Other financial liabilities

Other financial liabilities including bank borrowings, bonds, trade and other payables, concessionaire sales payable and amount due to a non-controlling shareholder of subsidiaries are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

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

Share-based payment transactions

The fair value of employee services received in an equity-settled share-based payment transaction is determined by reference to the fair value of share options at the grant date. The fair value of employee services is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based payment reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the sharebased payment reserve.

When the share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. When the share options are not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to retained profits.

Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Other government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolio and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors of the Company have determined that the sale presumption that the carrying amounts of the investment properties are presumed to be recovered by sale is not rebutted. The Group has not recognised any deferred taxes on changes in fair value of the investment properties situated in Hong Kong, as it is expected that the Group will not subject to any income taxes on disposal of its investment properties situated in Hong Kong. On the other hand, the Group has recognised deferred taxes on changes in fair value of the investment properties in the People's Republic of China (the "PRC") as those properties are subject to land appreciation taxes and enterprise income taxes upon disposal. The deferred tax liabilities in respect of land appreciation taxes in the PRC are determined based on valuations of the investment properties performed by independent professional valuers and on the assumption that the values are the actual proceeds to be received from the sale of these properties.

Key sources of estimation uncertainty

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

Income taxes

At 31 December 2013, no deferred tax asset has been recognised on the tax losses of approximately HK$535.5 million (2012: HK$538.7 million) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future assessable profits or taxable temporary differences will be available in the future. In cases where the estimated future assessable profits or taxable temporary difference are more than previously estimated, a material recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which the revised estimate takes place.

Financial assets at fair value through profit or loss

As described in note 26, the Group has investment in an unlisted equity investment (representing the 10% equity interest in an entity in the PRC, Shenyang Jiajian Property Development Limited ("Shenyang Jiajian")) with carrying amount of HK$50.7 million (2012: HK$50.7 million) in the consolidated statement of financial position as at 31 December 2013. The management estimated its fair value taking into account primarily the fair value of underlying property held by the investee after adjusting for lack of marketability of the equity investment. Favourable or unfavourable change to the estimation could affect the fair value of the investment measured at fair value through profit or loss.

Investment properties situated in the PRC

As described in note 17, investment properties that are situated in the PRC, other than the property in Tianjin as at 31 December 2012, are stated at fair value determined by independent professional valuers. At 31 December 2012, the fair value of investment property in Tianjin is determined by reference to the sale and purchase agreement signed by the Group with an independent third party on the same date (also see note 28). The fair value of the Group's investment properties situated in the PRC at 31 December 2013 are determined based on the income method — direct capitalisation approach by capitalising future rental income derived from the property interest at an appropriate market yield for the remaining term of the land use rights of the properties. The fair value of the Group's investment properties situated in the PRC at 31 December 2012 are determined based on the income method — direct capitalisation approach by dividing the potential rental income of the property to be valued by the appropriate capitalisation rate, and also consider direct comparison approach assuming sales of each of the property interests in their existing state and making references to comparable sales transactions as available in the relevant markets. In relying on the valuation reports of the independent professional valuers, the management has exercised its judgment and is satisfied that the method of valuation is reflective of the market conditions prevailing at the end of each reporting period. Any changes in the market conditions will affect the fair value of the investment properties of the Group.

Prepaid lease payments

Included in the Group's prepaid lease payments in note 19 is a parcel of land of 31,376 square metres adjacent to the Group's department store site located in Shenhe District, Shenyang in the PRC (the ''Yifu Land") which the land use right was awarded to the Group through a tender. It was intended that the Yifu Land will be for commercial building development use substantially be held for sale. The land premium was fully paid on 22 February 2010 but the Group at that time has yet to apply for the land use right certificate and development has not yet commenced. It was the management's understanding that the development of Yifu Land was subject to a 30-metre height limit during the process when the Yifu Land Grant Contract was concluded in December 2011. During the preliminary communication with local governmental authorities for the preparation for application of the Planning Permit for Construction Land (建設用地規劃許可證) in August 2012, the Group learnt from a planning drawing of Yifu Land made available by the Shenyang Planning and Design Institute (瀋陽市規劃設計研究院) that the development of the Yifu Land may be subject to a 15-metre height limit (instead of a 30-metre height limit which the Group understood during its acquisition of the Yifu Land). Thereafter, the Group started to seek clarifications with the relevant government departments including the District Government Office and Shenyang Planning & State-owned Land Resources Bureau (瀋陽市規劃和國土資源局) ("Shenyang Planning & Land Bureau").

The Group received a letter dated 19 April 2013 from Shenhe District Government (瀋河區人民政府) indicating that the planning standard shall remain the same as that applicable at the time of grant of the Yifu Land, i.e. at a height not exceeding 30 metres. The Group further received a letter from Construction Management Office (建設工程管理處) of Shenyang Planning & Land Bureau dated 8 May 2013 confirming that the planning design scheme of Haiyanli-1 commercial project (i.e. the development project on the Yifu Land) with a construction height of 29.9 metres had been preliminarily agreed by the Shenyang Planning & Land Bureau, and the Group is required to submit an alternative design scheme incorporated comments from designated review panel relating to architectural structure/layout for construction approval in accordance with municipal government's review opinion. In late July 2013, the Group submitted the alternative design scheme to Shenyang Planning & Land Bureau for review. The Group has received a letter dated 17 September 2013 from Construction Land Management Office (建設用地管理處) of Shenyang Planning & Land Bureau confirming that, based on the planning drawing of the Yifu Land endorsed by the Shenyang Planning and Design Institute (瀋陽市規劃設計研究院), the height limit applicable to the development on the Yifu Land shall not exceed 30 metres.

In October 2013, the Group has received a notice from the Shenyang Planning & Land Bureau dated 28 October 2013 confirming that the height limit applicable to the Yifu Land shall not exceed 30-metre and subsequently in December 2013, the Group has obtained the land use right certificate on the Yifu Land. At the date of approval of these consolidated financial statements, the Group has not yet obtained the final approval on the planning design scheme. If the Group fails to obtain the final approval for the development of the Yifu Land, the development project may be delayed or adversely affected. However, the management considers that no impairment is necessary as the Group has already obtained the preliminary approval and confident that the final approval on the design scheme can be obtained. At 31 December 2013, the carrying amount of approximately HK$705,799,000 (being the aggregated payment made in relation to the Yifu Land) is included in prepaid lease payments (2012: HK$685,871,000).

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Company has a designated team to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of the Group's investment properties, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation of the Group's investment properties. At the end of each reporting period, the management of the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The Group will first consider and adopt Level 2 inputs where inputs can be derived observable quoted prices in the active market. When Level 2 inputs are not available, the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the board of directors of the Company. Information about the valuation techniques and inputs used in determining the fair value of the Group's investment properties are disclosed in note 17.

In estimating the fair value of the Group's financial assets at FVTPL, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the management of the Group will assess the valuation of financial instruments based on quoted bid prices of the previous trading day in the over-the-counter markets at the end of each reporting period. As mentioned above, for the fair value of the Group's unlisted equity investment (representing the 10% equity interest in Shenyang Jiajian), the management of the Group will assess its fair value taking into account primarily the fair value of underlying property held by the investee after adjusting for lack of marketability of the equity investment at the end of the reporting period. In estimating the fair value of the Group's financial liabilities at FVTPL (representing the Group's derivative financial liabilities as disclosed in note 31), the Group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the management of the Group will assess the valuation of the derivative financial liabilities based on discounted cash flow method at the end of the reporting period. The management of the Group will exercise their judgements based on their experience to establish and determine the appropriate valuation techniques and inputs to the valuation model. Where there is a material change in the fair value of the assets/liabilities, the causes of the fluctuations will be reported to the board of directors of the Company. Note 6 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of the Group's financial assets/liabilities at FVTPL.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes the bank borrowings and bonds disclosed in notes 30 and 32, respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	31.12.2013	**31.12.2012**
	HK$'000	*HK$'000*
Financial assets		
Financial assets at FVTPL *(note 26)*	3,345,920	2,669,210
Financial assets measured at amortised cost (including cash and cash equivalents)	9,410,693	8,693,349
Financial liabilities		
Financial liabilities measured at amortised cost	13,270,282	12,851,957
Derivative financial liabilities	12,580	16,429

Financial risk management objectives and policies

The Group's major financial instruments include bank balances and cash, financial assets at fair value through profit or loss, trade and other receivables, trade and other payables, derivative financial liabilities, amount due from/to a joint venture, concessionaire sales payable, bank borrowings, bonds and amount due to a non-controlling shareholder of subsidiaries. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The functional currency of the Company and its major subsidiaries in Hong Kong is HK$ in which most of the transactions are denominated. The functional currency of subsidiaries operating in the PRC is Renminbi ("RMB") in which most of its transactions are denominated. Certain subsidiaries of the Group which provides financing function for the Group, their functional currency is United States Dollar ("US$").

The Group has certain bank balances which are denominated in US$ and RMB (being currencies other than the functional currency of the respective group entity) amounting to approximately HK$2,486,354,000 (2012: HK$2,983,159,000) and HK$1,234,161,000 (2012: HK$271,336,000), respectively. Furthermore, the Group has certain bank borrowings which are denominated in US$ and RMB (being currencies other than the functional currency of the respective group entity) amounting to approximately HK$407,929,000 (2012: HK$694,313,000) and HK$371,490,000 (2012: HK$360,760,000), respectively.

In addition, certain financial assets at fair value through profit or loss are denominated in US$ and RMB (being currencies other than the functional currency of the respective group entity) amounting to approximately HK$2,257,212,000 (2012: HK$2,486,676,000) and HK$396,970,000 (2012: HK$ nil), respectively.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Under the pegged exchange rate system in Hong Kong, HK$ is effectively pegged against US$ and therefore the Group is mainly exposed to foreign currency risk of RMB, hence the sensitivity of US$ against HK$ is not presented below. In addition, in the opinion of the directors of the Company, other foreign currency risks are not significant to the consolidated financial statements.

The following table details the Group's sensitivity to a reasonably possible change of 3.0% (2012: 3.0%) in exchange rate of RMB against HK$, while all other variables are held constant. 3.0% (2012: 3.0%) is the sensitivity rate used when reporting foreign currency risk internally to the key management personnel and represents the management's assessment of the reasonably possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 3.0% (2012: 3.0%) change in foreign currency rate. A positive number below indicates an increase in profit for the year where HK$ weakens against the relevant foreign currency. Where HK$ strengthens against the relevant foreign currency, there would be an equal and opposite impact on the profit for the year and the balances below would be negative.

	Year ended 31 December	
	2013	**2012**
	HK$'000	*HK$'000*
RMB	37,789	2,683

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

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings, fixed coupon rate bonds and fixed-rate balances with a joint venture. The Group is also exposed to cash flow interest rate risk relating to the Group's floating-rate bank deposits and bank borrowings. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's sensitivity to cash flow interest rate risk has been determined based on the exposure to interest rates for bank borrowings (excluding the specific bank borrowing for construction purpose), floating-rate bank deposits in the PRC and Hong Kong at the end of the reporting period and the reasonably possible change taking place at the beginning of each year and held constant throughout the year. A 100 basis points (2012: 100 basis points) increase or decrease is used for variable-rate balances when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. For those bank balances with interest rates below 1% per annum, the analysis below only reflects the sensitivity of 50 basis points decrease (limit to 0%). The Group's sensitivity to interest rate risk at the end of the reporting period while all other variables were held constant after taking into account the impact of the finance costs capitalised in construction in progress is as follows:

	Year ended 31 December	
	2013	**2012**
	HK$'000	*HK$'000*
Increase (decrease) in profit for the year		
— as a result of increase in interest rate	37,710	45,881
— as a result of decrease in interest rate	(32,583)	(41,215)

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 December 2013 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group has formulated a defined fixed credit policy and delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivable regularly at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. Retail sales are mainly on cash basis, either in cash, debit card or credit card payments.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or government authorities.

The Group has no significant concentration of credit risk in relation to trade and other receivables, with exposure spread over a number of counterparties and customers.

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for approximately 50% (2012: 60%) of the total trade receivables as at 31 December 2013.

Price risk

The Group's financial assets at fair value through profit or loss and derivative financial liabilities are measured at fair value at the end of the reporting period. Therefore, the Group is exposed to price risk. The management manages this exposure by maintaining a portfolio of investments with different risk profiles. Details of the financial assets at fair value through profit or loss and derivative financial liabilities are set out in notes 26 and 31, respectively.

The Group's sensitivity to price risk on the financial assets at fair value through profit or loss and derivative financial liabilities at the end of the reporting period while all other variables were held constant is as follows:

	HK$'000
2013	
Reasonably possible change in price	5%
Increase (decrease) in post-tax profit for the year	
— as a result of increase in price	162,497
— as a result of decrease in price	(162,497)
2012	
Reasonably possible change in price	5%
Increase (decrease) in post-tax profit for the year	
— as a result of increase in price	111,846
— as a result of decrease in price	(111,846)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings and bonds as a significant source of liquidity. As at 31 December 2013, the Group has available unutilised borrowing facilities of approximately HK$2,662.1 million (2012: HK$2,149.3 million). Details of bank borrowings are set out in note 30.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis, and the undiscounted gross (inflows) and outflows on those derivatives that require gross settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates/exchange rates as illustrated by the interest rate/exchange rate existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

Liquidity and interest risk tables

	Weighted average effective interest rate	Less than 1 month	1–3 months	3 months to 1 year	1–5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 December 2013								
Non-derivative financial liabilities								
Trade and other payables	—	1,796,776	265,312	29,227	—	—	2,091,315	2,091,315
Amount due to a non-controlling shareholder of subsidiaries	—	—	—	—	180,893	—	180,893	180,893
Amount due to a joint venture	0.50%	—	—	156,783	—	—	156,783	156,391
Bank borrowing — fixed rate	3.50%	—	3,206	379,576	—	—	382,782	371,490
Bank borrowings — variable rate	1.69%	522,599	671,919	359,626	2,911,286	—	4,465,430	4,304,717
Bonds	4.94%	101,719	—	200,531	4,778,844	2,720,250	7,801,344	6,165,476
		2,421,094	940,437	1,125,743	7,871,023	2,720,250	15,078,547	13,270,282
Derivative — gross settlement								
Interest rate swap								
— Inflow		—	(34)	(103)	(1,060)	(1,416)	(2,613)	
— Outflow		—	—	761	3,046	1,900	5,707	
		—	(34)	658	1,986	484	3,094	1,172
Derivative — gross settlement								
Cross currency swap								
— Inflow		—	(237)	(888)	(388,675)	—	(389,800)	
— Outflow		—	—	5,918	400,466	—	406,384	
		—	(237)	5,030	11,791	—	16,584	11,408

	Weighted average effective interest rate	Less than 1 month	1–3 months	3 months to 1 year	1–5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 December 2012								
Non-derivative financial liabilities								
Trade and other payables	—	1,245,174	396,077	—	—	—	1,641,251	1,641,251
Amount due to a non-controlling shareholder of subsidiaries	—	—	—	—	175,765	—	175,765	175,765
Amount due to a joint venture	0.50%	—	—	92,287	—	—	92,287	92,056
Bank borrowing — fixed rate	3.50%	—	3,113	9,513	368,440	—	381,066	360,760
Bank borrowings — variable rate	1.65%	849,006	174,927	266,617	3,311,773	—	4,602,323	4,420,417
Bonds	4.94%	101,719	—	200,531	5,152,297	2,720,250	8,174,797	6,161,708
		2,195,899	574,117	568,948	9,008,275	2,720,250	15,067,489	12,851,957
Derivative — gross settlement								
Interest rate swap								
— Inflow		—	(99)	(299)	(1,140)	(13,552)	(15,090)	
— Outflow		—	—	1,710	6,841	24,958	33,509	
		—	(99)	1,411	5,701	11,406	18,419	9,579
Derivative — net settlement								
Cross currency swap		—	7,029	—	—	—	7,029	6,850

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Fair value measurements of financial instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at 31.12.2013 *HK$'000*	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input	Relationship of unobservable inputs to fair value
Financial assets at FVTPL					
1. Listed equity securities	575,643	Level 1	Quoted bid prices in active markets.	N/A	N/A
2. Listed debt securities	1,109,396	Level 2	Quoted bid prices of the previous trading day in the over-the-counter markets.	N/A	N/A
3. Unlisted securities	1,610,221	Level 2	Quoted bid prices of the previous trading day in the over-the-counter markets.	N/A	N/A
4. Unlisted equity investment	10 per cent equity interest in Shenyang Jiajian holding a commercial property held for sale 50,660 *(Note 1)*	Level 3	Reference to the fair value of the underlying property and after adjustment for lack of marketability.	The fair value of the underlying property based on valuation model. *(Note 2)*	The higher the fair value of the underlying property, the higher the fair value.
Financial liabilities at FVTPL					
5. Interest rate swap	1,172	Level 2	Discounted cash flow: Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
6. Foreign currency forward contracts	11,408	Level 2	Discounted cash flow: Future cash flows are estimated based on difference between predetermined forward exchange rates and spot exchange rates at the end of the reporting period discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A

Notes:

(1) There was no significant change in fair value during the year ended 31 December 2013.

(2) If the fair value of the underlying property is 5% higher/lower while all other variables were held constant, the carrying amount of the unlisted equity investment would increase/decrease by approximately HK$4,301,000.

There were no transfers between Level 1, 2 and 3 during both years.

Except as detailed in the following table, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values:

	31 December 2013	
	Carrying amount	Fair value
	HK$'000	*HK$'000*
Financial liabilities		
Bonds	6,165,476	6,250,422
Amount due to a non-controlling shareholder of subsidiaries	180,893	176,920

Fair value hierarchy

	31 December 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at FVTPL:				
— Listed equity securities	575,643	—	—	575,643
— Listed debt securities	—	1,109,396	—	1,109,396
— Unlisted securities	—	1,610,221	—	1,610,221
— Unlisted equity investment *(note)*	—	—	50,660	50,660
Total	575,643	2,719,617	50,660	3,345,920
Financial liabilities at FVTPL:				
Derivative financial liabilities	—	12,580	—	12,580

	31 December 2012			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at FVTPL:				
— Listed equity securities	131,874	—	—	131,874
— Listed debt securities	—	1,116,853	—	1,116,853
— Unlisted securities	—	1,369,823	—	1,369,823
— Unlisted equity investment *(note)*	—	—	50,660	50,660
Total	131,874	2,486,676	50,660	2,669,210
Financial liabilities at FVTPL:				
Derivative financial liabilities	—	16,429	—	16,429

Note: The unlisted equity investment at 31 December 2013 and 31 December 2012, represents the retained 10% equity interest in Shenyang Jiajian after the disposal in 2011. There was no significant change in fair value during both years.

7. TURNOVER

Turnover represents the amount received and receivable for goods sold by the Group to outside customers, net of discounts and sales related taxes, income from concessionaire sales, service income and rental income during the year, and is analysed as follows:

	2013	2012
	HK$'000	*HK$'000*
Sales of goods — direct sales	3,268,622	3,059,477
Income from concessionaire sales	2,442,305	2,219,242
Service income	123,728	121,681
Rental income	120,680	123,043
	5,955,335	5,523,443

The cost of sales are analysed as follows:

Cost of goods sold	2,313,926	2,167,834
Other cost of sales	80,883	88,512
	2,394,809	2,256,346

The Group has no customers that contributed over 10% of the total revenue of the Group for both years.

8. SEGMENT INFORMATION

Information reported to the board of directors of the Company (the "Board of Directors"), being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focusing on sales of goods, provision of services, lease operations and property holding in Hong Kong and the PRC.

The Group has two reportable and operating segments geographically, Hong Kong and the PRC which are managed separately. The Group determines its operating segments based on the internal reports reviewed by the Board of Directors that are used to allocate resources and assess performance.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

	Hong Kong	PRC	Consolidated total
	HK$'000	*HK$'000*	*HK$'000*
For the year ended 31 December 2013			
Segment revenue			
External sales	4,725,027	1,230,308	5,955,335
Result			
Segment result	2,113,268	315,740	2,429,008
Investment income			414,201
Fair value changes on investment properties			6,491
Gain on disposal of subsidiaries			157,160
Share of profit of a joint venture			31,870
Share of profits of associates			349,554
Finance costs			(237,807)
Profit before taxation			3,150,477

	Hong Kong	PRC	Consolidated total
	HK$'000	*HK$'000*	*HK$'000*
For the year ended 31 December 2012			
Segment revenue			
External sales	4,392,649	1,130,794	5,523,443
Result			
Segment result	1,886,296	329,365	2,215,661
Investment income			352,080
Fair value changes on investment properties			184,420
Share of profit of a joint venture			30,297
Share of profits of associates			280,290
Finance costs			(307,787)
Profit before taxation			2,754,961

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without share of profits of associates and a joint venture, fair value changes on investment properties, investment income, gain on disposal of subsidiaries and finance costs. This is the measure reported to the Board of Directors for the purposes of resources allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	Hong Kong	PRC	Consolidated total
	HK$'000	*HK$'000*	*HK$'000*
As at 31 December 2013			
Assets			
Segment assets	8,713,169	11,242,283	19,955,452
Financial assets at fair value through profit or loss			3,345,920
Interest in a joint venture			486,231
Amount due from a joint venture			230,570
Interests in associates			2,682,188
Unallocated assets			15,637
Consolidated total assets			26,715,998
Liabilities			
Segment liabilities	1,207,063	1,483,557	2,690,620
Amount due to a joint venture			156,391
Bank borrowings			4,676,207
Bonds			6,165,476
Unallocated liabilities			763,534
Consolidated total liabilities			14,452,228

	Hong Kong	PRC	Consolidated total
	HK$'000	*HK$'000*	*HK$'000*
Other segment information			
Amounts included in the measure of segment profit or loss or segment assets:			
Addition to non-current assets	31,911	1,138,238	1,170,149
Depreciation of property, plant and equipment	95,964	130,591	226,555
Loss on disposal of property, plant and equipment	44	92	136
Impairment and written-off of trade and other receivables	1,099	232	1,331
(Reversal of) write-down of obsolete inventories	(603)	250	(353)
Release of prepaid lease payments	—	13,762	13,762

	Hong Kong	PRC	Consolidated total
	HK$'000	*HK$'000*	*HK$'000*
As at 31 December 2012			
Assets			
Segment assets	8,529,225	9,713,031	18,242,256
Financial assets at fair value through profit or loss			2,669,210
Interest in a joint venture			483,112
Amount due from a joint venture			209,275
Interests in associates			2,314,880
Assets classified as held for sale			667,335
Unallocated assets			12,737
Consolidated total assets			24,598,805
Liabilities			
Segment liabilities	1,295,475	954,695	2,250,170
Amount due to a joint venture			92,056
Bank borrowings			4,781,177
Bonds			6,161,708
Liabilities associated with assets classified as held for sale			66,063
Unallocated liabilities			765,606
Consolidated total liabilities			14,116,780

	Hong Kong	PRC	Consolidated total
	HK$'000	*HK$'000*	*HK$'000*
Other segment information			
Amounts included in the measure of segment profit or loss or segment assets:			
Addition to non-current assets	66,530	2,995,085	3,061,615
Depreciation of property, plant and equipment	82,574	133,653	216,227
(Gain) loss on disposal of property, plant and equipment	(213)	475	262
Impairment and written-off of trade and other receivables	21	107	128
(Reversal of) write-down of obsolete inventories	(63)	337	274
Release of prepaid lease payments	—	10,775	10,775
Share-based payment	221	—	221

At 31 December 2013 and 31 December 2012, the unallocated segment assets represent club debentures held by the Group and unallocated segment liabilities mainly represent tax payable, deferred tax liabilities, amount due to a non-controlling shareholder of subsidiaries and derivative financial liabilities.

Geographical information

Analysis of the Group's non-current assets by geographical location of the assets are detailed below:

	2013		2012	
	Hong Kong	**PRC**	**Hong Kong**	**PRC**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets	1,739,111	8,729,814	1,800,800	7,641,967

Note: Non-current assets excluded interests in associates and a joint venture.

9. OTHER INCOME

	2013	**2012**
	HK$'000	*HK$'000*
Management fee income	97,666	87,508
Project income	9,271	7,842
Government subsidies *(note a)*	21,441	25,950
Net exchange gain	36,331	2,589
Others *(note b)*	144,058	102,982
	308,767	226,871

Notes:

(a) The amount represents the government subsidies received from the PRC local authorities for subsidising its operational activities and promotional activities conducted by the Group. All of them had no specific conditions attached.

(b) Others mainly represent bank credit card recharge and commission income.

10. INVESTMENT INCOME

	2013	**2012**
	HK$'000	*HK$'000*
Interest income on bank deposits	169,463	147,623
Imputed interest income *(note)*	12,976	—
Dividend income from financial assets at FVTPL	31,189	12,432
Change in fair value of financial instruments:		
Financial assets at FVTPL other than derivative financial instruments	200,404	188,046
Derivative financial instruments	(4,517)	425
Others	4,686	3,554
	414,201	352,080

Note: Imputed interest income represents unwinding of imputed interest arising on amortisation of fair value adjustment of deferred consideration receivable for disposal of a subsidiary.

11. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings:		
— wholly repayable within five years	76,935	113,223
Bonds:		
— wholly repayable within five years	204,506	182,881
— wholly repayable after five years	101,708	21,489
Others	30,735	14,204
	413,884	331,797
Less: Amounts capitalised	(176,077)	(24,010)
	237,807	307,787

Borrowing costs capitalised during the year arising on HK$ denominated borrowings, RMB denominated borrowings and US$ denominated bonds at interest rates calculated by reference to Hong Kong Interbank Offered Rate ("HIBOR") plus a certain percentage ranging from 1.43% to 1.50% (2012: 1.45% to 1.67%) per annum, at fixed interest rate of 3.5% (2012: 3.5%) per annum and at fixed interest rate of 5.25% (2012: nil) per annum, respectively, on qualifying assets.

12. TAXATION

	2013	2012
	HK$'000	*HK$'000*
The tax charge comprises:		
Hong Kong Profits Tax	344,802	321,378
PRC Tax *(note)*	216,578	139,720
	561,380	461,098
Under(over)provision in prior years:		
Hong Kong Profits Tax	6,440	(4,280)
PRC Tax	2,835	—
	9,275	(4,280)
	570,655	456,818
Deferred tax (credit) charge *(note 33)*	(90,407)	41,014
	480,248	497,832

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Under the EIT Law, withholding tax is imposed on dividends in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation of HK$20,621,000 (2012: HK$19,877,000) in respect of distributable profit of PRC entities amounting of HK$206,214,000 (2012: HK$198,771,000) have been provided during the year ended 31 December 2013.

According to the requirements of the Provisional Regulations of the PRC on Land Appreciation Tax ("LAT") effective from 1 January 1994 and amended on 8 January 2011, and the Implementation Rules on the Provisional Regulations of the PRC on Land Appreciation Tax effective from 27 January 1995 (collectively referred to the "LAT Regulations"), all gains arising from the sale or transfer of real estate in the PRC with effect from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including payments made for acquisition of land use rights, costs and expenses for the development of the land or for construction of new buildings and supporting facilities, or the assessed value for old buildings and structures, tax payable relating to transfer of the real estate and other deductible items prescribed by the Ministry of Finance. Apart from the aforementioned deductions, property developers enjoy an additional deduction, which is equal to 20% of the payment made for acquisition of land use rights and the costs of land development and construction of new buildings or related facilities.

Note:

	2013	**2012**
	HK$'000	*HK$'000*
The PRC Tax charge for the year comprises:		
Tax arising from disposal of a subsidiary that owns an investment property in the PRC	100,930	—
PRC Enterprise Income Tax ("EIT")	115,648	139,720
	216,578	139,720

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2013	**2012**
	HK$'000	*HK$'000*
Profit before taxation	3,150,477	2,754,961
Tax at Hong Kong Profits Tax rate	519,829	454,569
Tax effect of share of profit of a joint venture	(5,259)	(4,999)
Tax effect of share of profits of associates	(57,677)	(46,248)
Tax effect of income not taxable for tax purpose	(83,668)	(35,458)
Tax effect of expense not deductible for tax purpose	35,915	41,333
Tax effect on utilisation of tax losses previously not recognised	(7,016)	(7,155)
Tax effect of tax losses not recognised	27,581	9,311
Effect of different tax rates of subsidiaries operating in other jurisdictions	34,035	38,479
Under(over)provision in prior years	9,275	(4,280)
Withholding tax	20,621	19,877
LAT	5,445	53,627
Tax effect of LAT	(899)	(8,848)
Others	(17,934)	(12,376)
Tax charge for the year	480,248	497,832

13. PROFIT FOR THE YEAR

	2013	2012
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration: *(note 14)*		
Fees	1,535	1,500
Other emoluments	7,200	7,200
Bonus	20,000	20,000
Retirement benefits scheme contributions	15	14
	28,750	28,714
Other staff costs	392,844	352,153
Retirement benefits scheme contributions, net of forfeited contributions	21,266	18,969
Share-based payment	—	221
Total staff costs	442,860	400,057
Auditor's remuneration	4,654	4,300
Depreciation of property, plant and equipment	226,555	216,227
Release of prepaid lease payments	127,554	22,785
Less: Amount capitalised in construction in progress *(note 18)*	(113,792)	(12,010)
	13,762	10,775
Impairment and written-off of trade and other receivables	1,331	128
Write-down of obsolete inventories	250	274
Rental payments paid under operating lease in respect of leasehold land and buildings to		
— a joint venture	198,122	193,511
— other parties	80,071	66,574
Loss on disposal of property, plant and equipment	136	262
Cost of inventories recognised as expense	2,313,926	2,167,834
and crediting:		
Gross rental income from investment properties	4,490	20,809
Less: Outgoings expense	(4,573)	(14,489)
Gross rental income from sub-letting of commercial properties	116,190	102,234
Less: Direct operating expenses in respect of sub-letting of commercial properties	(86,966)	(83,150)
Net rental income	29,141	25,404
Reversal of write-down of obsolete inventories	603	—

14. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

The emoluments paid or payable to each of the 10 (2012: 10) directors were as follows:

2013

	Lau Luen Hung, Thomas	Doo Wai Hoi, William	Cheng Yu Tung	Cheng Kar Shun, Henry	Lau Luen Hung, Joseph	Lau Yuk Wai, Amy	Lam Siu Lun, Simon	Cheung Yuet Man, Raymond	Shek Lai Him, Abraham	Hui Chiu Chung, Stephen	Total 2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Fees	135	200	100	100	100	100	200	200	200	200	1,535
Other emoluments											
Salaries and other benefits	7,200	—	—	—	—	—	—	—	—	—	7,200
Bonus*	20,000	—	—	—	—	—	—	—	—	—	20,000
Contributions to retirement benefits schemes	15	—	—	—	—	—	—	—	—	—	15
Share-based payment	—	—	—	—	—	—	—	—	—	—	—
Total emoluments	27,350	200	100	100	100	100	200	200	200	200	28,750

2012

	Lau Luen Hung, Thomas	Doo Wai Hoi, William	Cheng Yu Tung	Cheng Kar Shun, Henry	Lau Luen Hung, Joseph	Lau Yuk Wai, Amy	Lam Siu Lun, Simon	Cheung Yuet Man, Raymond	Shek Lai Him, Abraham	Hui Chiu Chung, Stephen	Total 2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Fees	100	200	100	100	100	100	200	200	200	200	1,500
Other emoluments											
Salaries and other benefits	7,200	—	—	—	—	—	—	—	—	—	7,200
Bonus*	20,000	—	—	—	—	—	—	—	—	—	20,000
Contributions to retirement benefits schemes	14	—	—	—	—	—	—	—	—	—	14
Share-based payment	—	—	—	—	—	—	—	—	—	—	—
Total emoluments	27,314	200	100	100	100	100	200	200	200	200	28,714

* *The bonus is determined having regard to the performance and market trends.*

No directors waived any emoluments for both years.

Mr. Lau Luen Hung, Thomas, is also the Chief Executive of the Company and his emoluments disclosed above include those of services rendered by him as the Chief Executive.

Of the five highest paid individuals of the Group for the year ended 31 December 2013, one of them (2012: one) was a director of the Company whose remuneration is disclosed above. The remaining four (2012: four) are employees of the Group, details of whose remuneration were as follows:

	2013	**2012**
	HK$'000	*HK$'000*
Employees:		
Salaries, allowances and other benefits	5,933	5,943
Retirement benefits scheme contributions	60	55
Performance related incentive payments	5,304	2,430
Share-based payment	—	30
	11,297	8,458

The emolument of the remaining four were within the following bands:

	2013 Number of individuals	2012 Number of individuals
HK$1,000,001 to HK$1,500,000	—	1
HK$1,500,001 to HK$2,000,000	1	2
HK$2,000,001 to HK$2,500,000	2	—
HK$2,500,001 to HK$3,000,000	—	—
HK$3,000,001 to HK$3,500,000	—	—
HK$3,500,001 to HK$4,000,000	—	1
HK$4,000,001 to HK$4,500,000	—	—
HK$4,500,001 to HK$5,000,000	—	—
HK$5,000,001 to HK$5,500,000	1	—

During the years ended 31 December 2013 and 2012, no remuneration was paid by the Group to the directors of the Company or the four highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

15. DIVIDENDS

	2013 *HK$'000*	2012 *HK$'000*
Dividend recognised as distributions during the year:		
Special interim dividend by way of a distribution in specie of shares of Lifestyle Properties *(note)*	393,809	—
Final dividend in cash paid for year ended 31 December 2012 — HK cents 27.6 per share (2012: HK cents 25.7 per share paid for year ended 31 December 2011)	458,430	429,003
Interim dividend in cash paid for six months ended 30 June 2013 — HK cents 26.4 per share (2012: HK cents 21.8 per share paid for six months ended 30 June 2012)	436,068	362,625
	1,288,307	791,628

Note: On 29 July 2013, the Company declared a conditional special interim dividend in respect of the Distribution (see note 1), subject to the approval from the Stock Exchange for the assured entitlement to Lifestyle Properties Shares to be given by the Company to the shareholders by way of distribution in compliance with the requirements of Practice Note 15 of the Listing Rules and when the share offer of Lifestyle Properties becomes unconditional, which the approval from the Stock Exchange was obtained on 11 September 2013. On 12 September 2013, a total of 82,588,800 Lifestyle Properties Shares were distributed to the shareholders of the Company.

Subsequent to the end of the reporting period, final dividend of HK cents 32.7 (2012: HK cents 27.6) per share has been proposed by the directors of the Company which is subject to approval by the shareholders in the forthcoming general meeting.

16. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

	2013	2012
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	2,448,247	2,057,461

	2013	2012
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,656,084	1,666,119
Effect of dilutive potential ordinary shares issuable under the Company's share option scheme	2,718	5,275
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,658,802	1,671,394

17. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2012	1,147,261
Additions during the year	13,638
Increase in fair value recognised in profit or loss	
— Realised gain on disposal	1,498
— Unrealised gain	182,922
Disposals	(23,748)
Reclassified to held for sale *(note 28)*	(647,920)
Exchange adjustments	10,746
At 31 December 2012	684,397
Additions during the year	7,396
Increase in fair value recognised in profit or loss	
— Realised gain on disposal	4
— Unrealised gain	6,487
Disposals	(864)
Exchange adjustments	19,333
At 31 December 2013	716,753

The carrying amount of investment properties shown above comprises:

	2013	2012
	HK$'000	*HK$'000*
Land in Hong Kong held under medium-term lease	38,400	35,900
Land in the PRC held under medium-term lease	678,353	648,497
	716,753	684,397

All of the Group's property interests held under operating leases in the PRC to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties situated in the PRC at 31 December 2013 had been arrived at based on a valuation carried out on that date by Shanghai BDGH Chartered Valuation Surveyors Co., Ltd. ("BDGH"), an independent qualified professional valuer not connected to the Group whose address is Unit A407, No. 701 Dongchangzhi Road, Changzhi Building, Hongkou District, Shanghai, 200080, the PRC. BDGH is a member of The Royal Institute of Chartered Surveyors.

The fair value of the Group's investment properties situated in Hong Kong at 31 December 2013 had been arrived at based on a valuation carried out on that date by Knight Frank Petty Limited ("Knight Frank"), an independent qualified professional valuer not connected to the Group whose address is 4/F, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong. Knight Frank is member of the Hong Kong Institute of Surveyors.

The fair value of the Group's investment properties situated in Hong Kong and the PRC at 31 December 2012 had been arrived at based on a valuation carried out on that date by CBRE Limited ("CBRE"), an independent qualified professional valuer not connected to the Group whose address is 4/F, Three Exchange Square, 8 Connaught Place, Central, Hong Kong. CBRE is a member of the Hong Kong Institute of Surveyors.

The fair value of the Group's investment properties situated in Hong Kong at 31 December 2013 and 31 December 2012 carried out by Knight Frank and CBRE, respectively, were determined based on direct comparison method assuming sales of each property interests in their existing state and making references to comparable market observable transactions of similar properties in the same locations and conditions as available in the relevant market.

The fair value of the Group's investment properties situated in Qingdao and Harbin, the PRC at 31 December 2013 carried out by BDGH were determined based on income method — direct capitalisation approach by capitalising future rental income derived from the property interest at an appropriate market yield for the remaining term of the land use rights of the properties.

The fair value of the Group's investment properties situated in the Qingdao and Harbin, the PRC at 31 December 2012 carried out by CBRE were determined based on income method — direct capitalisation approach by dividing the potential rental income of the property to be value by the appropriate capitalisation rate, and also consider direct comparison approach assuming sales of each of the property interests in their existing state and making references to comparable sales transactions as available in the relevant markets. The fair value of the Group's investment property situated in Tianjin, the PRC at 31 December 2012 was determined by reference to the sales and purchase agreement signed by the Group with an independent third party on the same date (see note 28).

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Carrying value of investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
At 31 December 2013					
Commercial property in Qingdao HK$323,516,000	Level 3	Income method — Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; (2) Daily unit rent; and (3) Level adjustment	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, prevailing market condition, of 11%.	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 5% higher/lower, while all other variables were held constant, the carrying amount of the property would decrease by approximately HK$11,708,000 and increase by approximately HK$12,464,000 respectively.
			Daily unit rent, based on gross floor area using direct market comparables and taking into account time, location and individual factors such as road frontage, size of property and facilities, of RMB13.17/sq.m/day.	The higher the daily unit rent, the higher the fair value.	If the daily unit rent to the valuation model is 5% higher/lower, while all other variables were held constant, the carrying amount of the property would increase by approximately HK$15,872,000 and decrease by approximately HK$15,884,000 respectively.
			Level adjustment on individual floors of the property range from 65% to 95% on specific levels.	The higher the level adjustment, the lower the fair value.	If the level adjustment to the valuation model is 5% higher/lower, while all other variables were held constant, the carrying amount of the property would decrease by approximately HK$47,410,000 and increase by approximately HK$62,987,000 respectively.

Carrying value of investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Commercial property in Harbin HK$354,837,000	Level 3	Income method — Direct Capitalisation Approach The key inputs are: (1) Capitalisation rate; (2) Daily unit rent; and (3) Level adjustment	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, of 12%.	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 5% higher/ lower, while all other variables were held constant, the carrying amount of the property would decrease by approximately HK$13,579,000 and increase by approximately HK$14,539,000 respectively.
			Daily unit rent, based on gross floor area using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB15.48/sq.m/day.	The higher the daily unit rent, the higher the fair value.	If the daily unit rent to the valuation model is 5% higher/lower, while all other variables were held constant, the carrying amount of the property would increase by approximately HK$17,755,000 and decrease by approximately HK$17,742,000 respectively.
			Level adjustment on individual floors of the property range from 50% to 95% on specific levels.	The higher the level adjustment, the lower the fair value.	If the level adjustment to the valuation model is 5% higher/lower, while all other variables were held constant, the carrying amount of the property would decrease by approximately HK$26,683,000 and increase by approximately HK$29,117,000 respectively.
Commercial properties in Hong Kong HK$38,400,000	Level 2	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject property.	N/A	N/A	N/A

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST							
At 1 January 2012	4,348,003	843,616	237,451	155,257	12,938	409,260	6,006,525
Exchange adjustment	15,137	3,403	709	437	33	3,314	23,033
Reclassified to held for sale	—	—	(16,914)	—	—	—	(16,914)
Additions	29,824	21,914	18,472	27,129	2,293	395,442	495,074
Disposals	—	(34,325)	—	(4,004)	(1,164)	—	(39,493)
Transfer	4,232	11,664	—	—	—	(15,896)	—
At 31 December 2012	4,397,196	846,272	239,718	178,819	14,100	792,120	6,468,225
Exchange adjustment	34,126	12,942	8,928	2,928	797	20,943	80,664
Additions	7,523	1,940	22,256	12,128	2,948	1,068,749	1,115,544
Disposals	—	(56)	—	(552)	(1,640)	—	(2,248)
Transfer	1,341,544	50,960	111,636	—	—	(1,504,140)	—
At 31 December 2013	5,780,389	912,058	382,538	193,323	16,205	377,672	7,662,185
DEPRECIATION							
At 1 January 2012	1,100,348	639,834	172,453	99,958	7,960	—	2,020,553
Exchange adjustment	2,514	2,682	473	255	30	—	5,954
Reclassified to held for sale	—	—	(4,231)	—	—	—	(4,231)
Provided for the year	114,669	62,964	21,462	14,858	2,274	—	216,227
Eliminated on disposals	—	(34,325)	—	(3,621)	(686)	—	(38,632)
At 31 December 2012	1,217,531	671,155	190,157	111,450	9,578	—	2,199,871
Exchange adjustment	9,571	10,433	2,098	3,596	91	—	25,789
Provided for the year	109,999	76,849	19,352	18,762	1,593	—	226,555
Eliminated on disposals	—	(14)	—	(428)	(1,049)	—	(1,491)
At 31 December 2013	1,337,101	758,423	211,607	133,380	10,213	—	2,450,724
NET BOOK VALUES							
At 31 December 2013	4,443,288	153,635	170,931	59,943	5,992	377,672	5,211,461
At 31 December 2012	3,179,665	175,117	49,561	67,369	4,522	792,120	4,268,354

Included in construction in progress is borrowing costs and prepaid lease payments capitalised during the year, amounting to HK$176,077,000 (2012: HK$24,010,000) and HK$113,792,000 (2012: HK$12,010,000), respectively.

The above items of property, plant and equipment, other than construction in progress, are depreciated after taking into account their estimated residual value, using straight-line method over the following useful lives:

Leasehold land and buildings	Over the shorter of lease terms or 40 years
Leasehold improvements	Over the shorter of the lease terms, or 5 years
Plant and machinery	10 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years

	2013	**2012**
	HK$'000	*HK$'000*
The carrying amount of leasehold land and buildings comprises land and buildings:		
— long lease in Hong Kong	449,895	458,76
— medium-term lease in Hong Kong	1,091,893	1,129,943
	1,541,788	1,588,707
— medium-term lease in the PRC	2,901,500	1,590,958
	4,443,288	3,179,665

The Group has pledged certain leasehold land and buildings in Hong Kong with net book values of approximately HK$1,414.2 million (2012: HK$1,458.6 million) to secure general banking facilities of approximately HK$4,533.0 million (2012: HK$4,866.0 million) granted to the Group.

Certain of the Group's property, plant and equipment in the PRC with carrying value of approximately HK$3,403.9 million (2012: HK$1,471.1 million) have been pledged to secure loan facilities. Details of which are set out in note 42.

19. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise:

	2013	**2012**
	HK$'000	*HK$'000*
Leasehold land in the PRC		
Medium-term lease	4,592,274	4,545,276
Analysed for reporting purposes as:		
Current portion	95,052	91,098
Non-current portion	4,497,222	4,454,178
	4,592,274	4,545,276

Included in the Group's prepaid lease payments was a prepayment for the Yifu Land of carrying amount HK$705,799,000 at 31 December 2013 (2012: HK$685,871,000). As more fully explained in note 4, in October 2013, the Group has obtained a notice from the Shenyang Planning & Land Bureau confirming the height limit applicable to the Yifu Land shall not exceed 30-metre, and subsequently, in December 2013, the Group has obtained the land use right certificate on the Yifu Land.

20. LONG-TERM DEPOSITS PAID

	2013	2012
	HK$'000	*HK$'000*
Deposits paid for acquisition of property, plant and equipment	27,852	23,101

21. INTERESTS IN ASSOCIATES

	2013	2012
	HK$'000	*HK$'000*
Unlisted, at cost	1,514,131	1,514,131
Discount arising on acquisition of additional interest in an associate in prior years	114,556	114,556
Share of post-acquisition profits and other comprehensive income, net of dividends	1,053,501	686,193
	2,682,188	2,314,880

As at 31 December 2013 and 2012, the Group had interests in the following associates:

Name of entity	Form of business structure	Place/ country of establishment/ incorporation	Principal place of operation	Proportion of nominal value of issued capital/ registered capital held by the Group		Proportion of voting power held		Principal activity
				2013	2012	2013	2012	
石家莊北國人百集團有限公司 ("Beiren Group") *(note 1)*	Incorporation	PRC	PRC	49%	49%	49%	49%	Investment holding of a group of companies engaging in the operation of department stores, supermarkets and property leasing
河北北國先天下廣場有限責任公司 ("Future Mall") *(note 2)*	Incorporation	PRC	PRC	48%	48%	48%	48%	Retailing business in the PRC
Dragon Sign Limited 龍信有限公司	Incorporation	Hong Kong	PRC	50%	50%	50%	50%	Investment holding of a company engaging in operation of a restaurant in the PRC

Notes:

(1) The Group's 60% owned subsidiary holds equity interest of 49% (2012: 49%) in Beiren Group.

(2) At 31 December 2013 and 2012, the Group's 60% owned subsidiary, Ample Sun Group Limited, held equity interest of 48% in Future Mall. In addition, 51% equity interest of Future Mall is being indirectly held by a non-wholly owned subsidiary of Beiren Group.

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

	2013	**2012**
	HK$'000	*HK$'000*
Total assets	12,663,618	12,265,364
Total liabilities	8,422,550	8,732,051
Net assets	4,241,068	3,533,313
Group's share of associates' net assets	2,682,188	2,314,880
Revenue	17,887,103	15,468,261
Profits for the year	441,643	369,576
Other comprehensive income	67,950	17,098
Group's share of profits of associates for the year	349,554	280,290
Group's share of other comprehensive income of associates for the year	42,593	11,218

Summarised financial information of material associates

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

Beiren Group is the only material associate to the Group and it is accounted for using the equity method in these consolidated financial statements.

Beiren Group

	2013	2012
	HK$'000	*HK$'000*
Current assets	7,434,613	8,416,765
Non-current assets	5,012,687	3,827,804
Current liabilities	7,841,471	8,261,367
Non-current liabilities	373,161	456,344
Non-controlling interests	723,828	525,667
Revenue	17,767,637	15,346,521
Profit for the year	439,699	370,000
Other comprehensive income for the year	67,950	17,098
Total comprehensive income for the year	507,649	387,098
Dividends received from the associate during the year	24,839	16,467

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate in respect of Beiren Group recognised in the consolidated financial statements:

	2013	2012
	HK$'000	*HK$'000*
Net assets of Beiren Group attributable to owners	3,508,840	3,001,191
Proportion of the Group's ownership interest in Beiren Group	49%	49%
Add: Interest in Beiren Group through other subsidiaries of the Group	958,656	841,068
Carrying amount of the Group's interest in Beiren Group	2,677,988	2,311,652

Aggregate information of associates that are not individually material

	2013	2012
	HK$'000	*HK$'000*
The Group's share of profit (loss) and total comprehensive income	972	(213)
Aggregate carrying amount of the Group's interests in these associates	4,200	3,228

22. INTEREST IN A JOINT VENTURE

At 31 December 2013 and 2012, the Group had interest in the following joint venture:

Name of entity	Form of business structure	Place of establishment/ operation	Proportion of nominal value of issued capital held by the Group	Proportion of voting power held	Principal activities
上海九百城市廣場有限公司 (Shanghai Joinbuy City Plaza Co., Ltd.)	Sino-foreign equity joint venture	PRC	50%	50%	Property holding and leasing

The joint venture is accounted for using the equity method of accounting:

	2013	2012
	HK$'000	*HK$'000*
Cost of unlisted investment in a joint venture	433,104	433,104
Share of post-acquisition profits and other comprehensive income, net of dividends	53,127	50,008
	486,231	483,112

The summarised financial information related to the Group's interest in the joint venture is set out below:

	2013 HK$'000	2012 HK$'000
Non-current assets	1,322,422	1,357,361
Current assets	170,903	131,988
Current liabilities	520,863	523,125
Cash and cash equivalents	13,841	12,556
Current financial liabilities (excluding trade and other payables and provisions)	493,407	491,007
Income	248,748	239,990
Expenses	185,008	179,396
Profit for the year	63,740	60,594
Other comprehensive income	13,700	3,634
Total comprehensive income for the year	77,440	64,228
Dividend income recognised during the year	35,601	35,091
Group's share of profit of the joint venture	31,870	30,297
Group's share of other comprehensive income of the joint venture	6,850	1,817

The above profit for the year includes the following:

	2013 HK$'000	2012 HK$'000
Depreciation and amortisation	—	71
Interest income	238	243
Interest expense	15,989	16,891
Income tax expense	26,333	25,249

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2013	2012
	HK$'000	*HK$'000*
Net assets of the joint venture	972,462	966,224
Proportion of the Group's ownership interest	50%	50%
Carrying amount of the Group's interest in the joint venture	486,231	483,112

23. INVENTORIES

	2013	2012
	HK$'000	*HK$'000*
Merchandise held for resale	80,339	78,753

24. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	88,841	103,608
Less: Allowance for doubtful debts	(3,135)	(2,091)
	85,706	101,517
Prepayment	52,357	60,971
Deposits paid	26,131	25,257
Value added tax ("VAT") receivable	68,162	72,073
Consideration receivable for disposal of a subsidiary *(note 38(a))*	349,964	—
Others	75,393	90,563
Total trade and other receivables	657,713	350,381

The Group's retail sales to customers are mainly made in cash, through debit card or credit card payments without a defined credit policy. Its major trade receivables arise from credit card sales and the receivables from concessionaire income are normally settled 30 days in arrear. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	2013	2012
	HK$'000	*HK$'000*
0–30 days	79,822	99,110
31–60 days	4,783	1,530
61–90 days	517	372
Over 90 days	584	505
	85,706	101,517

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$1,101,000 (2012: HK$877,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 90 days (2012: 90 days).

Aging of trade receivables which are past due but not impaired

	2013	2012
	HK$'000	*HK$'000*
61–90 days	517	372
Over 90 days	584	505
	1,101	877

The Group has not provided fully for all receivables over 90 days because historical experience is such that receivables are recoverable from the relevant debtors.

Movement in the allowance for doubtful debt on trade receivables

	2013	2012
	HK$'000	*HK$'000*
Balance at beginning of the reporting period	2,091	2,070
Impairment loss recognised	1,044	21
Balance at the end of the reporting period	3,135	2,091

25. AMOUNT DUE FROM (TO) A JOINT VENTURE

The amount due from a joint venture includes an entrusted loan to a joint venture of HK$102,480,000 (2012: HK$99,520,000) which carries fixed rate of 3.5% per annum, and repayable within one year. The remaining balance of HK$128,090,000 (2012: HK$109,755,000) is unsecured, non-interest bearing and repayable on demand.

The amount due to a joint venture represents an entrusted loan from a joint venture which carries at fixed interest rate of 0.5% per annum and repayable within one year.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013	2012
	HK$'000	*HK$'000*
Financial assets at FVTPL:		
— listed equity securities in Hong Kong	345,235	128,534
— listed equity securities in Singapore	22,375	—
— listed equity securities in London	3,015	3,340
— listed equity securities in Tokyo	109,521	—
— listed equity securities in New York	95,497	—
— listed debt securities *(note 1)*	1,109,396	1,116,853
— unlisted securities *(note 2)*	1,610,221	1,369,823
— unlisted equity investment *(note 3)*	50,660	50,660
	3,345,920	2,669,210

Notes:

(1) The listed debt securities mainly represent investment in corporate bonds which are mainly listed in Hong Kong and Singapore.

(2) The unlisted securities mainly include certificates of deposit and investment funds managed by financial institutions.

(3) At 31 December 2013 and 31 December 2012, the unlisted equity investment in the PRC represents the Group's retained 10% equity interest in Shenyang Jiajian after the disposal in 2011. The fair value is determined by reference to the fair value of the underlying property assessed by the management of the Group and after adjusting for lack of marketability of the investment.

At 31 December 2013, financial assets at FVTPL with carrying amount of HK$1,393,922,000 (2012: HK$1,098,175,000) have been pledged as security for loan facilities granted to the Group.

27. BANK BALANCES AND CASH

At the end of the reporting period, bank balances and cash comprised mainly short-term deposits with original maturity within 3 months which carry interests at prevailing market rates ranging from 0.01% to 3.3% per annum (2012: 0.01% to 3.6% per annum).

Included in bank balances and cash are the following amounts denominated in currencies other than functional currency of the relevant group entities:

	2013	**2012**
	HK$'000	*HK$'000*
US$	2,486,354	2,983,159
RMB	1,234,161	271,336

28. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

On 31 December 2012, the Group entered into a sale and purchase agreement (the "Tianjin Disposal Agreement") with an independent third party (the "Purchaser") whereby (i) the Purchaser agreed to purchase the entire equity interest in Li Hua Jia (Tianjin) for a total cash consideration of RMB545,000,000 (equivalent to approximately HK$677,980,000) less all loans, including principal or interest, outstanding and owed by Li Hua Jia (Tianjin) to other subsidiaries of the Company in an aggregate amount of approximately RMB99,113,000 (equivalent to approximately HK$123,296,000) as at 31 December 2012 (the "Loans") and (ii) the Purchaser would provide funding to, and will procure, Li Hua Jia (Tianjin) to repay the Loans on the completion date. As at 31 December 2012, the outstanding loans owed to Hui Fu Commercial Consultancy (Shanghai) Co., Ltd. ("會福商務諮詢 (上海)有限公司") and Lifestyle (China) Investment Company Limited by Li Hua Jia (Tianjin) amounted to approximately RMB40,044,000 (equivalent to approximately HK$49,815,000) and RMB59,069,000 (equivalent to approximately HK$73,481,000), respectively.

The assets and liabilities attributable to Li Hua Jia (Tianjin), which is expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position at 31 December 2012. The transaction was completed on 25 April 2013.

The major classes of assets and liabilities of Li Hua Jia (Tianjin) classified as held for sale as at 31 December 2012 are as follows:

	HK$'000
Investment property	647,920
Property, plant and equipment	12,683
Rental and other receivables	2,927
Bank balances and cash	3,805
Total assets classified as held for sale	667,335
Other payables and rental deposits received	(8,543)
Deferred tax liabilities	(57,520)
Total liabilities classified as held for sale	(66,063)
Net assets classified as held for sale	601,272

29. TRADE AND OTHER PAYABLES

	2013	**2012**
	HK$'000	*HK$'000*
Trade payables	286,140	283,233
Construction payables	407,476	12,073
Concessionaire sales payable	1,235,160	1,177,604
Deferred income	168,650	160,401
Rental deposit received	65,304	50,882
Accrued expense	186,946	224,758
VAT payable	32,342	30,567
Receipt in advance from sale of a subsidiary *(note 38(a))*	—	37,320
Interest payables	110,620	113,426
Others	197,982	159,906
	2,690,620	2,250,170

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2013	**2012**
	HK$'000	*HK$'000*
0–30 days	238,868	238,740
31–60 days	41,351	42,074
61–90 days	3,728	126
Over 90 days	2,193	2,293
	286,140	283,233

The average credit period of trade payables and concessionaire sales payable is within 45 days. All concessionaire sales payable are aged within 45 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

30. BANK BORROWINGS

	2013	2012
	HK$'000	*HK$'000*
Bank borrowings comprised bank loans and analysed as:		
Secured	4,304,717	4,420,417
Unsecured	371,490	360,760
	4,676,207	4,781,177
Carrying amount repayable based on contractual repayment dates:		
On demand or within one year	1,857,774	1,240,457
More than one year, but not exceeding two years	720,621	902,440
More than two years, but not exceeding three years	1,956,031	675,120
More than three years, but not exceeding four years	141,781	1,888,520
More than four years, but not exceeding five years	—	74,640
	4,676,207	4,781,177
Less: Amounts due within one year shown under current liabilities	(1,857,774)	(1,240,457)
Amount due after one year	2,818,433	3,540,720

Fixed/variable rate borrowings comprise:

	Carrying amount 2013	2012
	HK$'000	*HK$'000*
HK$ bank loans at HIBOR + 1.22% per annum(1)	2,868,960	3,202,560
US$ bank loans at a range from London Interbank Offered Rate ("LIBOR") + 0.3% per annum to LIBOR + 0.5% per annum(2)	407,929	694,312
Euro bank loans at LIBOR + 0.5% per annum(2)	346,973	125,232
Great Britain Pound bank loans at LIBOR + 0.5% per annum(2)	66,669	25,113
Singapore Dollar bank loans at LIBOR + 0.5% per annum(2)	28,493	—
Japanese Yen bank loans at LIBOR + 0.5% per annum(2)	92,320	—
Other RMB bank loans(3)	864,863	733,960
Total borrowings	4,676,207	4,781,177

(1) Repayable in one to three years (2012: one to four years) and interest rates will be repriced every one month to three months.

(2) Repayable on demand and interest rates will be repriced every three months.

(3) Included in RMB bank loans were amounts of HK$493,373,000 (2012: HK$373,200,000) which were repayable in four years (2012: five years) and the loans carried interest with reference to benchmark loan rates of financial institutions set by The People's Bank of China. The remaining RMB bank loans carried at fixed interest rate of 3.5% per annum and repayable in one year (2012: two years).

The ranges of effective interest rates of the borrowings are also equal to contracted interest rates ranging from 1.95% to 2.01% (2012: 1.45% to 1.67%) per annum.

At the end of the reporting period, the Group has undrawn borrowing facilities as follows:

	2013	2012
	HK$'000	*HK$'000*
Floating rate		
— expiring beyond one year	2,662,143	2,149,343

31. DERIVATIVE FINANCIAL LIABILITIES

	2013	2012
	HK$'000	*HK$'000*
Other derivatives (not under hedge accounting):		
Interest rate swaps	1,172	9,579
Foreign currency forward contracts	11,408	6,850
	12,580	16,429

Major terms of the interest rate swaps are as follows:

Notional amount	**Maturity**	**Pay fixed**	**Receiving floating**
At 31 December 2013			
US$3,000,000	20 May 2021	3.23%	LIBOR
At 31 December 2012			
US$3,000,000	20 May 2021	3.23%	LIBOR
US$3,000,000	9 June 2041	4.025%	LIBOR

Note: The Group will pay fixed interest on the notional amount semi-annually and receive floating interest on the notional amount quarterly based on the interest rate swaps contracts.

Major terms of the foreign currency forward contracts are as follows:

Notional amount	**Maturity**	**Exchange rates**
At 31 December 2013		
Buy US$50,040,617	13 May 2015	US$1: RMB6.155
At 31 December 2012		
Buy US$31,746,032	27 February 2013	US$1: RMB6.3
Buy US$30,158,730	27 February 2013	US$1: RMB6.3

These interest swaps contracts and foreign currency forward contracts can be terminated by the Group at any time before the maturity date.

32. BONDS

	2013	2012
	HK$'000	*HK$'000*
Carrying amount repayable:		
More than two years, but not more than five years	3,871,494	3,870,557
Over five years	2,293,982	2,291,151
	6,165,476	6,161,708
US$500,000,000 bond carries fixed coupon rate of 5.25% per annum, payable semi-annually with maturity up until January 2017	3,871,494	3,870,557
US$300,000,000 bond carries fixed coupon rate of 4.25% per annum, payable semi-annually with maturity up until October 2022	2,293,982	2,291,151
	6,165,476	6,161,708

In January and March 2012, LS Finance (2017) Limited, the wholly owned subsidiary of the Company, concluded public offering of the bonds of US$350,000,000 and US$150,000,000 respectively (equivalent to approximately HK$3,875,000,000 in aggregate). The bonds carry fixed coupon rate of 5.25% per annum, payable semi-annually in arrears. The first tranche bond, issued at discount, carries effective interest rate of 5.54% per annum, whereas the second tranche, issued at premium, carries effective interest rate of 4.70% per annum. The principal amount of the bonds issued under the first and second tranche is repayable 5 years from the date of issue of the first tranche of the bonds, i.e. January 2017 and unconditionally and irrevocably guaranteed by the Company.

In October 2012, LS Finance (2022) Limited, another wholly owned subsidiary of the Company, concluded public offering of the bonds of US$300,000,000 (equivalent to approximately HK$2,325,000,000). The bonds carry fixed coupon rate of 4.25% per annum, payable semi-annually in arrears. The bond, issued at discount, carries effective interest rate of 4.43% per annum. The principal amount of the bonds is repayable 10 years from the date of issue of the bonds, i.e. October 2022 and unconditionally and irrevocably guaranteed by the Company.

The purpose of the bonds is to satisfy funding requirements for the capital expenditures relating to new department store projects in the PRC. The bonds are subject to redemption, in whole but not in part, at their principal amounts, together with interest accrued to the date of redemption, at the option of LS Finance (2017) Limited and LS Finance (2022) Limited at any time in the event of certain changes affecting taxes of the British Virgin Islands and the Cayman Islands. The Bonds also contain a provision for redemption at the option of the bondholders at 101% of the principal amount of each bond, together with interest accrued to the date for redemption, upon a change of controlling shareholder with respect to LS Finance (2017) Limited or LS Finance (2022) Limited.

33. DEFERRED TAX LIABILITIES

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

	Property, plant and equipment	EIT on fair value change of investment properties	LAT	Distributable profits of PRC subsidiaries, associates and joint venture	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note)	*(note)*	*(note)*		
At 1 January 2012	17,146	92,186	150,408	58,614	318,354
Charge to profit or loss *(note 12)*	1,052	22,108	53,627	19,877	96,664
Reclassified to held for sale *(note 28)*	—	(57,520)	—	—	(57,520)
Released upon dividends declared *(note 12)*	—	—	—	(55,650)	(55,650)
At 31 December 2012	18,198	56,774	204,035	22,841	301,848
(Credit) charge to profit or loss *(note 12)*	(1,710)	4,547	(95,485)	20,621	(72,027)
Released upon dividends declared *(note 12)*	—	—	—	(18,380)	(18,380)
At 31 December 2013	16,488	61,321	108,550	25,082	211,441

Note: The amounts represent deferred tax liabilities recognised in relation to accelerated tax depreciation of property, plant and equipment, LAT and EIT on fair value changes of investment properties located in the PRC.

At the end of the reporting period, the Group has unused tax losses of approximately HK$535.5 million (2012: HK$538.7 million) available for offset against future profits. No deferred tax asset has been recognised in respect of tax losses for both years due to unpredictability of future profit streams. The tax losses in Hong Kong may be carried forward indefinitely. The unrecognised tax losses arising from subsidiaries operated in the PRC will expire as follows:

Tax losses expiry in	**2013** *HK$'000*	**2012** *HK$'000*
2013	—	48,933
2014	32,965	55,618
2015	33,597	58,881
2016	27,732	44,652
2017	25,915	39,899
2018	165,661	—
	285,870	247,983

During the year ended 31 December 2013, approximately HK$35.1 million (2012: HK$80.7 million) tax losses expired. Included in tax losses at 31 December 2012 was accumulated tax losses of approximately HK$92.7 million arising from Li Hua Jia (Tianjin).

34. AMOUNT DUE TO A NON-CONTROLLING SHAREHOLDER OF SUBSIDIARIES

The amount is unsecured and interest free. The non-controlling shareholder of subsidiaries agreed not to demand for repayment within one year from the end of the reporting period.

35. SHARE CAPITAL

Details of the changes in the Company's share capital during the year ended 31 December 2013 are as follows:

	Number of shares	**Amount**
		HK$'000
Authorised:		
Ordinary shares of HK$0.005 each as at 1 January 2012, 31 December 2012and 31 December 2013	4,000,000,000	20,000
Issued and fully paid:		
At 1 January 2012	1,667,513,500	8,338
Exercise of share options — ordinary shares of HK$0.005 each	6,126,000	31
Shares repurchased	(8,718,000)	(44)
At 31 December 2012	1,664,921,500	8,325
Exercise of share options — ordinary shares of HK$0.005 each *(note a)*	2,925,000	15
Share repurchased *(note b)*	(17,505,500)	(88)
At 31 December 2013	1,650,341,000	8,252

Notes:

(a) During the year, 433,000 shares (2012: 183,000 shares) of HK$0.005 each were issued at HK$6.16 per share (2012: HK$6.16 per share) upon exercise of the 2005 share option (as defined under note 36) and 2,492,000 shares (2012: 5,943,000 shares) of HK$0.005 each were issued at HK$6.40 per share (2012: HK$6.40 per share) upon exercise of the 2009 share option (as defined under note 36) of the Company by share option holders and all these shares rank pari passu with other ordinary shares of the Company in all respects.

(b) During the year, the Company repurchased its own shares on the Stock Exchange as follows:

Month of repurchased	Total number of ordinary shares repurchased	Price per share Highest	Lowest	Aggregate consideration paid
	'000	*HK$*	*HK$*	*HK$'000*
April 2013	6,882	17.42	16.92	118,530
May 2013	3,951	17.30	15.92	64,892
June 2013	3,297	17.50	15.88	54,469
September 2013	63	16.14	16.08	1,017
October 2013	3,313	16.10	15.66	52,827
	17,506			291,735

In prior year, the Company repurchased its own shares on the Stock Exchange as follows:

Month of repurchased	Total number of ordinary shares repurchased	Price per share Highest	Lowest	Aggregate consideration paid
	'000	*HK$*	*HK$*	*HK$'000*
May 2012	1,564	16.38	15.60	24,840
June 2012	5,314	16.52	15.92	86,708
August 2012	1,840	16.26	16.14	29,836
	8,718			141,384

36. SHARE-BASED PAYMENT TRANSACTIONS

The 2004 Share Option Scheme

The Company's share option scheme (the "Scheme") was adopted for a period of 10 years commencing 27 March 2004. Under the Scheme, the Company may grant options to selected full-time employees and directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to eligible advisors and consultants to the Company and its subsidiaries at the discretion of the board of directors of the Company (the "Board of Directors").

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point of time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders, independent non-executive directors, or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholder or an independent non-executive director or any of their respective associates) in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved by the Company's shareholders.

Option granted must be taken up within the time limit specified in the offer letter (which shall not be later than 5 days from the date of offer), upon payment of HK$1 per option. Options may be exercised at any time during a period commencing on or after the date on which the option is accepted and deemed to be granted and expiring on a date to be notified by the Board of Directors to each grantee which shall not be more than 10 years from the date on which the option is accepted and deemed to be granted. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

The 2009 Share Option Scheme

The adoption of a new share option scheme (the "2009 Share Option Scheme") was approved by the shareholders of the Company in an extraordinary general meeting held on 3 March 2009 for a period of 10 years commencing from 3 March 2009 as incentive or reward for the contribution of the eligible participants to the growth of the Group and to provide to the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the eligible participants.

Under the 2009 Share Option Scheme, the Company may grant options to (a) any full-time or part-time employee of the Company and/or any subsidiary; (b) any directors (including executive, non-executive and independent non-executive director) of the Company and/or any subsidiary; and (c) any consultant or adviser (whether professional or otherwise and whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid), distributor, contractor, supplier, service provider, agent, customer and business partner of the Company and/or any subsidiary who, at the sole determination of the Board of Directors, have contributed or will contribute to the Company and/or any subsidiary.

There is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the 2009 Share Option Scheme. However, the Board of Directors may offer to grant any options subject to such terms and conditions in relation to the minimum period of the options to be held and/or the performance targets to be achieved before such options can be exercised and/or any other terms as the Board of Directors may determine in its absolute discretion.

The total number of shares which may be issued upon exercise of all options which may be granted under the 2009 Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 166,860,950 shares, representing 10% of the issued share capital of the Company as at 3 March 2009, the date on which the 2009 Share Option Scheme was approved by the shareholders of the Company. The Board of Directors may seek approval by shareholders in general meeting to renew such limit provided that it must not exceed 10% of the issued share capital of the Company at the date of approval of the renewed limit. The maximum aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2009 Share Option Scheme and any other scheme must not exceed such number of shares as shall represent 30% of the issued share capital of the Company from time to time.

Where options are proposed to be granted to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates, and the proposed grant of options will result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued share capital of the Company on the date of offer and having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5 million, such grant of options must be subject to the approval of the shareholders taken on a poll at general meeting. The connected person involved in such proposed grant of options and all other connected persons of the Company must abstain from voting in such general meeting (except that any connected person may vote against the proposed grant provided that his intention to do so has been stated in the relevant circular to the shareholders).

Option granted must be taken up within the time limit specified in the offer letter (which shall not be later than 5 days from the date of offer), upon payment of HK$1 on acceptance of the offer. Options may be exercised at any time during a period to be notified by the Board of Directors to each grantee which shall not be more than 10 years from the date of the offer. The exercise price is determined by the directors of the Company, and will be at least the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Details of specific categories of options are as follows:

Option type	**Date of grant**	**Vesting period**	**Exercise period**	**Exercise price** *HK$*	**Adjusted exercise price** *HK$*
Under the 2004 Share Option Scheme					
2005	7.10.2005	7.10.2005– 7.10.2008	7.10.2006– 26.3.2014	12.32	6.16 *(note 1)*
2007A	31.8.2007	31.8.2007– 1.10.2011	1.10.2009– 26.3.2014	37.00	18.50 *(note 1)*
2007B	31.8.2007	31.8.2007– 1.10.2010	1.10.2008– 26.3.2014	37.00	18.50 *(note 1)*
2007C	31.8.2007	31.8.2007– 1.10.2010	1.10.2008– 26.3.2014	37.00	18.50 *(note 1)*
Under the 2009 Share Option Scheme					
2009 *(note 2)*	2.2.2009 *(note 3)*	2.2.2009– 7.2.2012	7.2.2010– 26.3.2014	6.40	6.40

Notes:

(1) The exercise price has been adjusted upon sub-division of shares of the Company of HK$0.01 to HK$0.005 on 27 September 2007.

(2) During the year ended 31 December 2009, 20,400,000 share options were newly granted as replacement for the cancelled share options under option types of 2007A and 2007B and this is accounted for as a modification of the original share options.

(3) Option subject to approval by independent shareholders was proposed and granted by the Board of Directors on 2 February 2009. The approval was subsequently obtained on 3 March 2009, which is the date of grant as defined in accordance with HKFRS 2.

The following table discloses movements of the Company's share options held by certain employees and directors:

2013

Option type	Outstanding at 1 January 2013	Exercised during the year	Outstanding at 31 December 2013
2005	455,000	(433,000)	22,000
2007C	17,020,000	—	17,020,000
2009	4,828,000	(2,492,000)	2,336,000
Total	22,303,000	(2,925,000)	19,378,000
Exercisable at end of the year			19,378,000
	HK$	*HK$*	*HK$*
Weighted average exercise price per share	15.63	6.36	17.03

2012

Option type	Outstanding at 1 January 2012	Exercised during the year	Cancelled during the year	Outstanding at 31 December 2012
2005	638,000	(183,000)	—	455,000
2007C	17,020,000	—	—	17,020,000
2009	10,951,000	(5,943,000)	(180,000)	4,828,000
Total	28,609,000	(6,126,000)	(180,000)	22,303,000
Exercisable at end of the year				22,303,000
	HK$	*HK$*	*HK$*	*HK$*
Weighted average exercise price per share	13.60	6.39	6.40	15.65

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$16.91 (2012: HK$17.78).

The Group recognised an expense in the consolidated profit or loss of approximately HK$nil (2012: HK$221,000) for the year ended 31 December 2013 in relation to share options granted by the Company.

37. RESERVE

As stipulated by the relevant laws and regulations for foreign investment enterprises in the PRC, the Company's PRC subsidiaries are required to maintain a statutory surplus reserve fund. Appropriation to such reserve is made out of net profit after taxation as reflected in the statutory financial statements of the PRC subsidiaries while the amounts and allocation basis are decided by its board of directors annually. The statutory surplus reserve fund can be used to make up prior year losses, if any, and can be applied in conversion into capital by means of capitalisation.

38. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Li Hua Jia (Tianjin)

As detailed in note 28, on 31 December 2012, the Group entered into the Tianjin Disposal Agreement for disposal of the entire equity interest in Li Hua Jia (Tianjin), at a total cash consideration of RMB545,000,000 (equivalent to approximately HK$677,980,000) less all loans, including principal or interest, outstanding and owed by Li Hua Jia (Tianjin) to other subsidiaries of the Company in an aggregate amount of approximately RMB99,000,000 (equivalent to HK$123,156,000) (''Outstanding Loans") as at the date of completion, subject to the adjusting conditions as set out below. The assets and liabilities of Li Hua Jia (Tianjin) had been classified as a disposal group held for sale and were presented separately in the consolidated statement of financial position as at 31 December 2012.

Pursuant to the Tianjin Disposal Agreement, the Group shall reimburse to the purchaser of an amount equal to the net current liabilities in the management account of Li Hua Jia (Tianjin) at the completion date after repayment of the Outstanding Loans and an amount of approximately RMB4,449,000 (equivalent to approximately HK$5,535,000) was paid by the Group to the Purchaser. Pursuant to a memorandum entered on 31 December 2012, an amount of RMB2,000,000 (equivalent to approximately HK$2,488,000) representing part of the consideration payable shall by withheld by the Purchaser as guarantee deposit and released to the Group on or before 25 April, 2014 ("Guarantee Deposit"). The transaction was completed on 25 April 2013 and the final total consideration is RMB540,551,000 (equivalent to approximately HK$672,445,000).

	HK$'000
Analysis of assets and liabilities disposed of:	
Investment property	647,920
Property, plant and equipment	12,683
Rental and other receivables	2,857
Bank balances and cash	1,995
Deferred tax liabilities	(57,520)
Other payables and rental deposits received	(7,782)
Amounts due to subsidiaries of the Company	(123,156)
Net assets disposed of	476,997
Gain on disposal	
Consideration received and receivable representing:	
Receipt in advance in 2012 *(note 29)*	37,320
Consideration receivable *(note)*	326,880
Cash consideration received by the Group	292,869
	657,069
Less: Amounts due to subsidiaries of the Company	(123,156)
	533,913
Net assets disposed of	(476,997)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss	50,819
Gain on disposal	107,735
Net cash inflow arising on disposal	
Cash consideration received by the Group during the year	292,869
Less: bank balances and cash disposed of	(1,995)
	290,874

Note: Pursuant to the Tianjin Disposal Agreement, the final payment of RMB272,500,000 (equivalent to approximately HK$339,768,000) (the "Final Payment") shall be payable to the Group within nine months from the completion date by the purchaser and Guarantee Deposit of RMB2,000,000 (equivalent to approximately HK$2,488,000) representing part of the consideration payable withheld by the Purchaser shall be released to the Group on or before 25 April 2014. The Final Payment with deferred payment term is recognised at amortised cost with effective interest of 6.0% p.a. and fair value adjustment of approximately RMB11,734,000 (equivalent to approximately HK$15,376,000) is recognised at the completion date. The Final Payment was subsequently received on 24 January 2014.

In the opinion of the directors of the Company, the fair value of the investment property at the disposal date approximates the fair value at 31 December 2012. The related asset revaluation reserve previously recognised in equity amounting to HK$119,961,000 were transferred to retained profits upon disposal of the subsidiary.

(b) Disposal of Lakehill Holdings Limited

On 5 July 2013, the Group disposed of its entire interest in a subsidiary, Lakehill Holdings Limited, which holds certain of the Group's trademark license to an independent third party for a cash consideration of US$7,375,000 (equivalent to HK$57,220,000). The details of the net assets at the date of disposal are as follows:

	HK$'000
Royalty receivables	7,750
Other receivables	45
	7,795
Gain on disposal	
Consideration received	57,220
Net assets disposed of	(7,795)
Gain on disposal	49,425
Net cash inflow arising on disposal	
Cash consideration	57,220
Less: amount received in 2012	(7,750)
	49,470

39. OPERATING LEASES

The Group as lessee

	2013 *HK$'000*	**2012** *HK$'000*
Minimum lease payments paid under operating leases during the year:		
Other assets	516	1,060
Leasehold land and buildings	168,508	156,556
	169,024	157,616

During the year ended 31 December 2013, the Group incurred HK$109,685,000 (2012: HK$103,529,000) contingent rents which was based on certain percentage of sales.

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

	2013	**2012**
	HK$'000	*HK$'000*
Within one year	192,899	166,446
In the second to fifth year inclusive	918,987	692,803
Over five years	1,459,422	1,222,386
	2,571,308	2,081,635

Operating lease payments represent rental payable by the Group for certain of its leasehold land and building amounting of HK$2,570,439,000 (2012: HK$2,080,940,000) and other assets amounting of HK$869,000 (2012: HK$695,000).

Operating lease payments represent rentals payable by the Group for leasing commercial properties and other assets which represented machineries and rentals payable are predetermined at fixed amounts except for certain lease of which contingent rental are charged based on certain percentage of sales. Leases are generally negotiated for terms ranging from one to five years and rentals are fixed for terms ranging from one to two years except the following:

(a) Lease of Shanghai Joinbuy Cityplaza by Shanghai Ongoing Department Store Limited, a non-wholly owned subsidiary of the Company, for the period from 1 October 2004 to 30 September 2024, with an option to renew for a further 10 years upon the request from Shanghai Ongoing Department Store Limited not less than 12 months before the expiry of the lease terms.

(b) Originally, lease of the Amazon, No. 12 Salisbury Road, Tsimshatsui, Kowloon by Sogo Hong Kong Company Limited ("Sogo HK"), for the period from 30 September 2005 to 29 September 2020, with an option to renew for a further 5 years upon the provision of a written notice by Sogo HK not less than 3 months before the expiry of the lease terms. In 2012, Hong Kong Island Development Limited ("Hong Kong Island") and Sogo HK mutually agreed to early terminate the lease in Tsimshatsui, and Sogo HK agreed to surrender and deliver up vacant possession on or before 15 February 2014.

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2013	**2012**
	HK$'000	*HK$'000*
Within one year	85,659	76,419
In the second to fifth year inclusive	113,738	108,705
Over five years	2,034	619
	201,431	185,743

Leases are generally negotiated for terms ranging from one to five years.

In addition, the Group had contracted with its concessionaires to receive contingent rentals based on the concessionaires' turnover for terms ranging from one to two years.

40. CAPITAL COMMITMENTS

	2013	2012
	HK$'000	*HK$'000*
Capital expenditure in respect of acquisition of property, plant and equipment and property development project		
— Authorised but not contracted for	6,460,900	3,940,700
— Contracted for but not provided in the consolidated financial statements	192,700	533,400
	6,653,600	4,474,100

41. CONTINGENT LIABILITIES

Pursuant to two sales and purchase agreements entered into among the subsidiaries in 1985 and 1996, certain properties were transferred within the Group. The assignments of these properties have not been executed. If no exemption for stamp duty is granted under the Stamp Duty Ordinance, upon execution of the assignment of the properties, the Group will be subject to an aggregate stamp duty of approximately HK$38.9 million.

42. PLEDGE OF ASSETS

At 31 December 2013, the Group has pledged certain leasehold land and buildings in Hong Kong with carrying values of HK$1,414.2 million (2012: HK$1,458.6 million), together with certain shares of the Company's subsidiaries, to secure the available banking facilities of HK$4,533.0 million (2012: HK$4,866.0 million) granted to the Group.

In addition, certain of the Group's property, plant and equipment in the PRC and financial assets at fair value through profit or loss with carrying value of approximately HK$3,403.9 million (2012: HK$1,471.1 million) and HK$1,393.9 million (2012:HK$1,098.2 million) respectively have been pledged to secure loan facilities in the amount of approximately RMB650.0 million (equivalent to approximately HK$832.7 million) (2012: RMB300.0 million (equivalent to approximately HK$373.2 million)) and US$155.0 million (equivalent to approximately HK$1,201.3 million) (2012: US$120.0 million (equivalent to approximately HK$736.3 million)) respectively.

43. RELATED PARTY DISCLOSURE

(a) Transactions

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

	2013	2012
	HK$'000	*HK$'000*
Nature of related party transactions		
(i) Rental and management fee paid to Shanghai Joinbuy City Plaza Co. Ltd. ("Property JV") *(note 1)*	246,394	238,687
(ii) Loan interest income received from Property JV *(note 1)**	3,576	3,504
(iii) Loan interest expenses paid to Property JV *(note 1)**	592	415
(iv) Concessionaire fees received from Chow Tai Fook Jewellery Group Limited and its subsidiaries ("CTF Group") *(note 2)*	48,333	44,898
(v) Rental, vetting fee, air-conditioning charges and management fee paid to Hong Kong Island *(note 2)*	73,998	69,557

Notes:

(1) Property JV is a joint venture in which the Group has a 50% interest.

(2) CTF Group and Hong Kong Island are associates of Chow Tai Fook Enterprises Limited and Chow Tai Fook Enterprises Limited holds 50% equity interest in Real Reward which is the holding and ultimate holding company of the Company. As such, CTF Group and Hong Kong Island are connected parties of the Company and the transactions constitute connected party transactions under the Listing Rules.

(3) At 31 December 2013, concessionaire sales payable included amounts HK$45,961,000 (2012: HK$43,695,000) aged within 30 days due to CTF Group. The amount was trading in nature and related to payables arising from concessionaire sales. These trading balances are unsecured, non-interest bearing and repayable according to the terms of the concessionaire dealership agreement.

* *These transactions constitute connected transactions but are exempted from complying with the disclosure requirements under the Listing Rules.*

(b) Compensation of key management personnel

The remuneration of executive directors during the year was determined by the remuneration committee having regard to the performance of the individuals and market. Details of which together with the other 4 highest paid management personnel are disclosed in note 14 above.

44. RETIREMENT BENEFITS SCHEMES

Hong Kong

The Group participates in a defined contribution scheme under Occupational Retirement Schemes Ordinance ("ORSO Scheme") and Mandatory Provident Fund Scheme ("MPF Scheme").

For members of the MPF Scheme, both the Group and the employee contribute 5% of the employee's relevant income, subject to a cap of monthly relevant income of HK$25,000 effective 1 June 2012 for the MPF ordinance. No forfeited contribution was available to reduce the contribution payable in the future years.

The ORSO Scheme is funded by monthly contributions from both employees and the Group at 5% of the employee's basic salary.

PRC

The employees of the Group in the PRC are members of state-managed retirement benefit schemes operated by the respective local governments in relevant jurisdictions. The Group is required to contribute and recognise a specified percentage of payroll costs to the schemes to fund the benefits. The only obligations of the Group with respect to these schemes are to make the specified contributions and recognise the respective retirement pay in accordance with terms set out in the schemes and relevant jurisdiction requirements.

The total cost charged to profit or loss in respect of the abovementioned schemes in the PRC amounted to approximately HK$12,827,000 (2012: HK$11,072,000).

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES

At 31 December 2013 and 2012, the details of the Company's principal subsidiaries are as follows:

Name of company	Place/Date of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital 2013	2012	Attributable equity interest of the Group *(note a)* 2013	2012	Principal activities
Ample Sun Group Limited	Hong Kong 17 August 2007	HK$10,000	HK$10,000	60%	60%	Investment holding
Congenial Company Limited	Hong Kong 24 April 1981	HK$10,000,000	HK$10,000,000	100%	100%	General trading and property holding
Eastlord Development Limited	Hong Kong 21 August 1987	HK$500,000	HK$500,000	100%	100%	Property holding and leasing
Everwin Worldwide Limited	Hong Kong 17 November 2000	HK$2	HK$2	100%	100%	Property leasing
Fine Shine Limited	Hong Kong 11 September 2003	HK$2	HK$2	100%	100%	License holder
Forceworld Investments Limited	Hong Kong 15 July 1988	HK$500,000	HK$500,000	100%	100%	Property holding
Future Develop Limited	British Virgin Islands/ Hong Kong 12 December 2003	US$3	US$3	100%	100%	Investment holding
Glory Line Management Limited	Hong Kong 5 September 1995	HK$500,000	HK$500,000	100%	100%	Provision of property security and management services
Grand Kinetic Limited	Hong Kong 7 February 2001	HK$2	HK$2	100%	100%	Property holding and leasing
Lifestyle Properties	Cayman Islands/ Hong Kong 5 January 2012	HK$41,911,000	HK$2	59.56%	100%	Investment holding
LS Finance (2017) Limited	British Virgin Islands/ Hong Kong 1 November 2011	US$1	US$1	100%	100%	Financing
LS Finance (2022) Limited	British Virgin Islands/ Hong Kong 27 September 2012	US$1	US$1	100%	100%	Financing
Pacific Trump Development Limited	Hong Kong 6 July 1995	HK$2	HK$2	100%	100%	Property holding and leasing
Public Might Limited	Hong Kong 30 August 1984	HK$1,000	HK$1,000	100%	100%	Property investment and provision of building management services

Name of company	Place/Date of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital 2013	2012	Attributable equity interest of the Group *(note a)* 2013	2012	Principal activities
Ronson Kwok Asia Pacific Limited	Hong Kong 5 October 1993	HK$1,000,000	HK$1,000,000	100%	100%	Building management and club operator
Sogo Hong Kong Company Limited	Hong Kong 23 September 1983	HK$4,000,000	HK$4,000,000	100%	100%	Retailing business
Superlite Limited	British Virgin Islands/ Hong Kong 3 April 2001	US$1	US$1	100%	100%	Property holding
上海久光百貨有限公司* (Shanghai Ongoing Department Store Limited)	PRC 26 July 2004	US$12,000,000	US$12,000,000	65%	65%	Retailing business
Wingold Limited	Hong Kong 20 April 2007	HK$10,000	HK$10,000	60%	60%	Investment holding
利怡達商業置業有限公司** (Li Yi Da Commercial and Real Estate Company Limited)#	PRC 23 April 2012	RMB2,500,000,000	RMB2,500,000,000	100%	100%	Investment holding
上海利海超商業有限公司** (Shanghai Li Hai Chao Commercial Company Limited)#	PRC 31 March 2012	RMB1,000,000	RMB1,000,000	100%	100%	Investment holding
瀋陽卓遠置業有限公司 (Shenyang Forever Smart Company Limited)**	PRC 1 December 2006	RMB710,090,392	RMB710,090,392	100%	100%	Property holding
瀋陽怡富置業有限公司 (Shenyang Yifu Company Limited)**	PRC 12 March 2007	US$89,990,000	US$74,990,000	59.56%	100%	Property holding
利福廣場（蘇州）有限公司** Lifestyle Plaza (Suzhou) Co., Limited	PRC 1 March 2007	RMB600,000,000	RMB600,000,000	100%	100%	Property holding and leasing
久光百貨（蘇州）有限公司** (Ongoing (Suzhou) Department Store Limited)#	PRC 17 January 2008	US$12,000,000	US$12,000,000	100%	100%	Retailing business
利福商廈（大連）有限公司 (Lifestyle Plaza (Dalian) Co., Ltd)**	PRC 9 October 1993	US$45,000,000	US$45,000,000	100%	100%	Retailing business
利華佳商廈（天津）有限公司** Li Hua Jia Commercial Building (Tianjin) Co., Ltd.	PRC 7 August 1996	US$40,000,000	US$40,000,000	— *(note b)*	100%	Property holding and leasing
嘉標商廈（青島）有限公司** Lifestyle Plaza (Qingdao) Co., Limited	PRC 31 December 1995	RMB225,000,000	RMB225,000,000	59.56%	100%	Property holding
哈爾濱利福商廈有限公司 (Lifestyle Plaza (Harbin) Co., Ltd.)**	PRC 16 October 1995	US$18,000,000	US$18,000,000	59.56%	100%	Property holding

* *a sino-foreign equity joint venture established in the PRC.*

** *wholly foreign-owned enterprises established in the PRC.*

\# *for identification purpose only.*

Notes:

(a) Lifestyle Properties is directly held by the Company. Other subsidiaries are indirectly held by the Company.

(b) In December 2012, the Group entered into a sale and purchase agreement to dispose its 100% equity interest in Li Hua Jia (Tianjin) to an independent third party. The disposal was completed on 25 April 2013. Details are disclosed in notes 28 and 38.

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

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong and the PRC. The principal activities of these subsidiaries are summarised as follows:

Principal activities	**Principal place of business**	**Number of subsidiaries**	
		2013	**2012**
Restaurant operator	Hong Kong	2	2
	PRC	1	1
		3	3
Securities investment	Hong Kong	5	4

As described in note 1, during the year, the Group has completed the Spin-off Listing of Lifestyle Properties. Upon completion of the Spin-off Listing, the Group's interest in Lifestyle Properties Group has reduced from 100% to 59.56% and the Group continued to have control over Lifestyle Properties Group. As a result of the Distribution, an amount of HK$393,809,000 (being the proportionate share of the carrying amount of the net assets of Lifestyle Properties Group) has been transferred to non-controlling interests. In addition, as a result of the Public Offer and Placing (as defined in the Prospectus), an amount of HK$314,506,000 (being the proportionate share of the carrying amount of the net assets of Lifestyle Properties Group) has been transferred to non-controlling interests and the difference of HK$147,058,000 between the increase in the non-controlling interests and the net proceeds from the Public Offer and Placing has been debited to retained earnings and exchange reserve in the amount of HK$142,705,000 and HK$4,353,000 respectively.

The directors of the Company are of the opinion that the none of the Group's subsidiaries that has non-controlling interests are material to the consolidated financial statements as a whole and therefore, the financial information in respect of those subsidiaries that has non-controlling interests are not presented.

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2013	2012
	HK$'000	*HK$'000*
Non-current asset		
Interests in subsidiaries	774,925	4,194
Current assets		
Other receivables	1,449	952
Financial assets at fair value through profit or loss	9,307	28,642
Tax recoverable	—	628
Amounts due from subsidiaries *(note a)*	5,817,224	9,738,469
Bank balances and cash	280,991	549,083
	6,108,971	10,317,774
Current liabilities		
Other payables	2,377	3,069
Amounts due to subsidiaries *(note a)*	4,486,833	7,017,977
Tax payable	118	—
	4,489,328	7,021,046
Net current assets	1,619,643	3,296,728
	2,394,568	3,300,922
Capital and reserves		
Share capital	8,252	8,325
Reserves	2,386,316	3,292,597
	2,394,568	3,300,922

Movement of reserves of the Company is as follows:

	Share premium HK$'000 (note c)	Capital redemption reserve HK$'000	Share-based payment reserve HK$'000	Retained profits HK$'000 (note c)	Total HK$'000
At 1 January 2012	530,652	305	157,451	3,485,190	4,173,598
Profit and total comprehensive income for the year	—	—	—	12,970	12,970
Recognition of equity-settled share based payments	—	—	221	—	221
Share repurchase					
— premium on repurchase of shares	(141,696)	—	—	—	(141,696)
— transfer	—	44	—	(44)	—
Exercise and cancellation of share options	45,204	—	(6,248)	176	39,132
Dividends paid	(429,003)	—	—	(362,625)	(791,628)
At 31 December 2012	5,157	349	151,424	3,135,667	3,292,597
Profit and total comprehensive income for the year	—	—	—	516,275	516,275
Share repurchase					
— premium on repurchase of shares	(14,743)	—	—	(276,904)	(291,647)
— transfer	—	88	—	(88)	—
Exercise of share options	21,661	—	(3,060)	—	18,601
Dividends paid	—	—	—	(894,498)	(894,498)
Distribution in specie *(note b)*	—	—	—	(255,012)	(255,012)
At 31 December 2013	12,075	437	148,364	2,225,440	2,386,316

Notes:

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

b. Pursuant to the Distribution, the distribution in specie is recognised at the proportionate share of the interest in Lifestyle Properties in the statement of financial position of the Company and debited to retained profits.

c. Under the Company Law (2009 Revision) of the Cayman Islands, the share premium of the Company is available for distribution or paying dividends to shareholders subject to the provisions of its memorandum or articles of association and provided that immediately following the distribution of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. The Company's reserve available for distribution as at 31 December 2013 consisted of share premium of approximately HK$12,075,000 (2012: HK$5,157,000) and retained profits of approximately HK$2,225,440,000 (2012: HK$3,135,667,000).

3. INDEBTEDNESS

Indebtedness Statement

At the close of business on 30 November 2014, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this Composite Document, the Group had secured bank borrowings of approximately HK$5,285.9 million, which has been secured by (i) certain of the Group's land and buildings in Hong Kong and the PRC, (ii) shares of certain subsidiaries of the Group, and (iii) certain of the Group's financial assets at fair value through profit or loss. At 30 November 2014, the Group had unsecured amount due to a joint venture and a non-controlling shareholder of subsidiaries amounting to approximately HK$186.5 million and HK$139.0 million respectively.

In addition, the Group had unsecured guaranteed bonds payable of carrying amount of approximately HK$6,169.1 million (or US$800 million at maturity), comprising a US$500 million 5-year bond (bearing interest at 5.25% per annum and maturing in January 2017) and a US$300 million 10-year bond (bearing interest at 4.25% per annum and maturing in October 2022).

As at 30 November 2014, capital commitment of the Group for property construction and purchases of property, plant and equipment amounted to approximately HK$5,403.0 million and HK$246.8 million respectively.

Disclaimer

Save as aforesaid or as otherwise disclosed herein, apart from intra-group liabilities, the Group did not have outstanding at the close of business on 30 November 2014 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

For the purpose of the above statement of indebtedness, foreign currency denominated amounts have been translated into Hong Kong dollar at the prevailing exchange rates as at the close of business on 30 November 2014.

The Directors confirm that there has been no material change in the Group's indebtedness position and contingent liabilities since 30 November 2014 up to the Latest Practicable Date.

4. MATERIAL CHANGE

The Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 31 December 2013, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this document received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of market values of the Properties in Hong Kong and the PRC as at 30 November 2014.

DTZ 戴德梁行

16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

9 January 2015

The Board of Directors
Lifestyle International Holdings Limited
20th Floor, East Point Centre
555 Hennessy Road
Causeway Bay
Hong Kong

Dear Sirs,

Re: Portfolio Valuation

INSTRUCTIONS, PURPOSE & VALUATION DATE

In accordance with your instructions for us to carry out market valuations of the properties (the "Properties") held by Lifestyle International Holdings Limited (the "Company") and its subsidiaries (hereinafter together as the "Group") in Hong Kong and the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values in existing state of the Properties as at 30 November 2014 (the "Valuation Date").

DEFINITION OF MARKET VALUE

Our valuation of each of the Properties represents its market value which in accordance with the HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors is defined 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 where the parties had each acted knowledgeably, prudently and without compulsion".

VALUATION BASIS AND ASSUMPTION

Our valuations of the Properties exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuations of the Properties situated in the PRC, with reference to the PRC legal opinion of the legal advisers, we have prepared our valuation on the basis that transferable land use rights in respect of the Properties for their specific terms at nominal annual land use fees have been granted and that any premiums payable have already been fully paid. We have relied on the information and advice given by the Group and the PRC legal opinion of the legal advisers regarding the titles to the Properties and the interests in the Properties. We have also prepared our valuation on the basis that the owners have enforceable titles to the Properties and have free and uninterrupted rights to use, occupy or assign the Properties for the whole of the unexpired terms as granted.

According to information provided by the Group, for indicate purpose and based on prevailing rules and information available as at the Latest Practicable Date, the potential tax liability which would arise on disposal of the Properties in Hong Kong is profit tax of 16.5% of the net profit upon disposal, save for deduction of any profit which is capital in nature. The potential tax liabilities which would arise on disposal of the Properties in the PRC are PRC business tax (approximately 5%), PRC land appreciation tax (approximately 30%-60% of the appreciation amount) and withholding tax for foreign company (approximately 20%), if any. According to our established practice, in the course of our valuation, we have neither verified nor taken into account such tax liability. The precise tax implication will be subject to prevailing rules and regulation at the time of disposal.

The Properties are held by the Group for owner-occupation, investment and for development purposes respectively, the likelihood of the relevant tax liabilities being crystallized is remote in near future.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the Properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

METHODS OF VALUATION

We have valued the Properties by Direct Comparison Approach assuming sale in its existing state and by making reference to comparable sales evidences as available in the relevant market or, wherever appropriate, by Investment Approach by capitalization of the rental income derived from the existing tenancies with due allowance for reversionary income potential of the Properties.

In valuing the Properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Rule 11 (including 11.3) of the Codes on Takeovers and Mergers and Share Repurchases issued by Securities and Futures Commission and the HKIS Valuation Standards 2012 Edition published by the Hong Kong Institutes of Surveyors.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Group and the opinion of the PRC legal adviser as to the PRC laws. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of Properties, particulars of occupancy, tenancy details, development scheme, construction costs, site and floor areas and all other relevant matters.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Dimension, measurements and areas included in this valuation report are based on the information provided to us and are therefore only approximation. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised that no material facts have been omitted from the information supplied.

TITLE INVESTIGATION

We have been provided by the Group with copies or extracts of documents. However, we have not searched the original documents to verify ownership or to ascertain any amendments to any documents. We have not been able to cause title search for the Properties in the PRC but we have made reference to the copies of the title documents which have been made available to us by the Group. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

SITE INSPECTION

Our valuers have inspected the exterior and, wherever possible, the interior of the Properties in December 2014. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not able to report whether the Properties are free of rot, infestation and any other structural defects; no tests were carried out to any of the services. Moreover, we have not carried out investigation on site to determine the suitability of the soil conditions and services etc. of the Properties for any development. Our valuations have been prepared on the assumption that these aspects are satisfactory and that no unexpected extraordinary expenses or delays will be incurred during the construction period.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Properties and we have assumed that the areas shown on the documents handed to us are correct.

CURRENCY

Unless otherwise stated, all sums stated in our valuations are in Hong Kong Dollars for Hong Kong Properties and in Renminbi for the PRC Properties.

We attach herewith a summary of valuations and our valuation certificates.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
K B Wong
Registered Professional Surveyor
(General Practice)
Registered China Real Estate Appraiser
MHKIS
Senior Director

Note: Mr. K B Wong is a Registered Professional Surveyor (General Practice) who has over 30 years' property valuation experience in Hong Kong and the PRC.

SUMMARY OF VALUATIONS

	Property	Market value in existing state as at 30 November 2014	The Group's attributable interest	Market value in existing state as at 30 November 2014 attributable to the Group
Group I — Properties held by the Group for owner-occupation in Hong Kong				
1.	Parts of 2nd and 1st Basements,and Ground Floor and 1st Floor to 3rd Floor, 4th Floor to 7th Floor, 9th Floor and 22nd Floor including the Flat Roof on 4th Floor, East Point Centre (Old Wing), No. 555 Hennessy Road, Causeway Bay, Hong Kong	HK$9,941,000,000	100%	HK$9,941,000,000
2.	Factories on Ground, 1st and 2nd Floors and Lorry Parking Space No. L4 on Ground Floor, Yau Lee Centre, No. 45 Hoi Yuen Road, Kwun Tong, Kowloon	HK$165,000,000	100%	HK$165,000,000
3.	Flat B on 17th Floor and Car Parking Space No. 2 on 3rd Floor, Grand Deco Tower, No. 26 Tai Hang Road, Tai Hang, Hong Kong	HK$15,700,000	100%	HK$15,700,000
4.	2nd and 1st Basements, Ground Floor, 1st Floor to 15th Floor, 21st Floor and 22nd Floor, East Point Centre (New Wing), No. 555 Hennessy Road, Causeway Bay, Hong Kong	HK$8,915,000,000	100%	HK$8,915,000,000

	Property	Market value in existing state as at 30 November 2014	The Group's attributable interest	Market value in existing state as at 30 November 2014 attributable to the Group
5.	16th Floor to 20th Floor, East Point Centre (New Wing), No. 555 Hennessy Road, Causeway Bay, Hong Kong	HK$887,000,000	100%	HK$887,000,000
6.	Part of Ground Floor (Bank Premises), Unit 1204 on 12th Floor, East Point Centre (Old Wing) and the Roof Areas, East Point Centre (New Wing), No. 555 Hennessy Road, Causeway Bay, Hong Kong	HK$471,000,000	100%	HK$471,000,000
7.	1st Floor, No. 522 Lockhart Road, Causeway Bay, Hong Kong	HK$12,400,000	100%	HK$12,400,000
8.	2nd Floor, No. 504 Lockhart Road, Causeway Bay, Hong Kong	HK$10,800,000	100%	HK$10,800,000
9.	3rd Floor, No. 516 Lockhart Road, Causeway Bay, Hong Kong	HK$9,900,000	100%	HK$9,900,000
10.	15th Floor, East Point Centre (Old Wing), No. 555 Hennessy Road, Causeway Bay, Hong Kong	HK$235,000,000	100%	HK$235,000,000
11.	Unit 1205 on 12th Floor, East Point Centre (Old Wing), No. 555 Hennessy Road, Causeway Bay, Hong Kong	HK$46,000,000	100%	HK$46,000,000

	Property	Market value in existing state as at 30 November 2014	The Group's attributable interest	Market value in existing state as at 30 November 2014 attributable to the Group
12.	10th Floor (excluding lift machine room), East Point Centre (Old Wing), No. 555 Hennessy Road, Causeway Bay, Hong Kong	HK$378,000,000	100%	HK$378,000,000
13.	Units 2001 and 2002 on 20th Floor, East Point Centre (Old Wing), No. 555 Hennessy Road, Causeway Bay, Hong Kong	HK$239,000,000	100%	HK$239,000,000
14.	Main Roof and Upper Roof, East Point Centre (Old Wing), No. 555 Hennessy Road, Causeway Bay, Hong Kong	HK$10,000,000	100%	HK$10,000,000
	Sub-total of Group I:	**HK$21,335,800,000**		**HK$21,335,800,000**

SUMMARY OF VALUATIONS

	Property	Market value in existing state as at 30 November 2014	The Group's attributable interest	Market value in existing state as at 30 November 2014 attributable to the Group
Group II — Property held by the Group for investment in Hong Kong				
15.	Workshop C3 on 11th Floor, Workshops C3, C5, C6, C7 and C8 on 12th Floor, Block 3 and Car Parking Space No. 107 on the Basement, Hong Kong Industrial Centre, Nos. 489–491 Castle Peak Road, Cheung Sha Wan, Kowloon	HK$39,400,000	59.56%	HK$23,466,640
	Sub-total of Group II:	**HK$39,400,000**		**HK$23,466,640**
	Grand Total of Groups I & II:	**HK$21,375,200,000**		**HK$21,359,266,640**

SUMMARY OF VALUATIONS

	Property	Market value in existing state as at 30 November 2014	The Group's attributable interest	Market value in existing state as at 30 November 2014 attributable to the Group
Group III – Properties held by the Group for owner-occupation in the PRC				
16.	Suzhou Jiuguang Store, 268 Wangdun Road, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC 中國 江蘇省 蘇州市 蘇州工業園區 旺敦路268號 蘇州久光店	RMB1,790,000,000	100%	RMB1,790,000,000
17.	Dalian Jiuguang Store, No. 11 Youhao Road, Zhongshan District, Dalian, Liaoning Province, the PRC 中國 遼寧省 大連市 中山區友好路11號 大連久光店	RMB400,000,000	100%	RMB400,000,000
18.	Shenyang Jiuguang Store, West side of Zhengyang Street, Shenhe District, Shenyang, Liaoning Province, the PRC 中國 遼寧省 瀋陽市 沈河區 正陽街西側 瀋陽久光店	RMB1,550,000,000	100%	RMB1,550,000,000
	Sub-total of Group III:	**RMB3,740,000,000**		**RMB3,740,000,000**

SUMMARY OF VALUATIONS

	Property	Market value in existing state as at 30 November 2014	The Group's attributable interest	Market value in existing state as at 30 November 2014 attributable to the Group
Group IV – Properties held by the Group for investment in the PRC				
19.	No. 152–158 Jiaozhou Road, Shibei District, Qingdao, Shandong Province, the PRC 中國 山東省 青島市 市北區 膠州路152–158號	RMB253,000,000	59.56%	RMB150,686,800
20.	No. 86 Zhongyang Street, Daoli District, Harbin, Heilongjiang Province, the PRC 中國 黑龍江省 哈爾濱市 道裡區 中央大街86號	RMB277,500,000	59.56%	RMB165,279,000
	Sub-total of Group IV:	**RMB530,500,000**		**RMB315,965,800**

SUMMARY OF VALUATIONS

	Property	Market value in existing state as at 30 November 2014	The Group's attributable interest	Market value in existing state as at 30 November 2014 attributable to the Group
Group V – Properties held by the Group for development in the PRC				
21.	West side of Zhengyang Street, Shenhe District, Shenyang, Liaoning Province, the PRC 中國 遼寧省 沈陽市 沈河區 正陽街西側	RMB596,000,000	59.56%	RMB354,977,600
22.	Daning Project, 33 Qiu, 312 Jiefang, Daning Road, Zhabei District, Shanghai, the PRC 中國 上海市 閘北區 大寧街道312街坊33丘 大寧項目	RMB3,000,000,000	100%	RMB3,000,000,000
	Sub-total of Group V:	**RMB3,596,000,000**		**RMB3,354,977,600**
	Grand Total of Group III, IV & V:	**RMB7,866,500,000**		**RMB7,410,943,400**

VALUATION CERTIFICATE

Group I — Properties held by the Group for owner-occupation in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2014
1.	Parts of 2nd and 1st Basements and Ground Floor and 1st Floor to 3rd Floor, 4th Floor to 7th Floor, 9th Floor and 22nd Floor including the Flat Roof on 4th Floor, East Point Centre (Old Wing), No. 555 Hennessy Road, Causeway Bay, Hong Kong 6925/10000th shares of and in Inland Lot No. 8583, Section A and the Remaining Portion of Section B of Sub-section 1 of Section A of Inland Lot No. 470, the Remaining Portion of Sub-section 1, the Remaining Portion of Sub-section 2, the Remaining Portion of Sub-section 5, the Remaining Portion of Sub-section 6, the Remaining Portion of Sub-section 7, the Remaining Portion of Sub-section 8, the Remaining Portion of Sub-section 17, the Remaining Portion of Sub-section 22, the Remaining Portion and the Remaining Portion of Section A of Sub-section 23 of Section D of Marine Lot No. 52 and the Extension thereto	The property comprises the 1st and 2nd basements, part of ground floor, 1st floor to 7th floor including flat roof on 4th floor, 9th floor and 22nd floor in the old wing of two adjoining 23-storey plus 3 basement floors commercial buildings completed in 1985 (Old Wing) and 1993 (New Wing). The property has a total gross floor area of 187,692 sq.ft. (17,437.00 sq.m.). The property is held from the Government under Conditions of Grant No. UB11736 and Government Leases for three major terms (i) 75 years from 17 May 1984 and renewable for a further term of 75 years, (ii) 999 years from 24 December 1865, (iii) 999 years from 25 June 1843. The total Government rent payable for the lots is HK$1,074 per annum.	The property is owner occupied.	HK$9,941,000,000

Notes:

(1) The registered owner of the property is Congenial Company Limited, a wholly owned subsidiary of the Company.

(2) The property is subject to a Modification Letter vide Memorial No. UB5671581 dated 27 May 1993.

(3) The Property is subject to a SOGO HK Debenture and Mortgage in favour of Bank of China (Hong Kong) Limited (security trustee) vide Memorial No. 11111502200698 dated 19 October 2011.

(4) The property is zoned for "Commercial (1)" uses under Causeway Bay Outline Zoning Plan No. S/H6/15.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2014
2.	Factories on Ground, 1st and 2nd Floors and Lorry Parking Space No. L4 on Ground Floor, Yau Lee Centre, No. 45 Hoi Yuen Road, Kwun Tong, Kowloon 2202/9995th shares of and in Kun Tong Inland Lot No. 12 (Kun Tong Inland Lot is written as per the Government Lease.)	The property comprises various workshop units on the ground, first and second floors and a lorry parking space on the ground floor of a 15-storey industrial building completed in 1978. The total gross floor area of the property is 46,220 sq.ft. (4,293.94 sq.m.), excluding the lorry parking space. The property is held from the Government under a Government Lease for a term of 21 years from 1 July 1955 renewed for a further term of 21 years less the last three days. The lease was statutorily extended for 50 years to 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	The property is occupied by the Group as warehouse.	HK$165,000,000

Notes:

(1) The registered owner of the property is Sogo Hong Kong Company Limited, a wholly owned subsidiary of the Company.

(2) The property is zoned for "Other Specified Uses (Business)" uses under Kwun Tong South Outline Zoning Plan No. S/K14S/19.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2014
3.	Flat B on 17th Floor and Car Parking Space No. 2 on 3rd Floor, Grand Deco Tower, No. 26 Tai Hang Road, Tai Hang, Hong Kong 22/1417th shares of and Inland Lot No. 8838	Grand Deco Tower is a 29-storey residential tower erected upon a 12-storey car parking/recreational podium, swimming pool, gymnasium, sauna room, badminton court, squash court and playground are provided within the subject building which was completed in 1999. The property comprises a residential unit on the 17th floor and a carparking space on the 3rd floor. The gross floor area and saleable area of the property are 1,415 sq.ft. (131.46 sq.m.) and 1,084 sq.ft. (100.71 sq.m.) respectively, excluding the carparking space. The property is held from the Government under Conditions of Exchange No. 12283 for a term from 4 December 1993 to 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	The property is occupied by the Group as staff quarters.	HK$15,700,000

Notes:

(1) The registered owner of the property is Sogo Hong Kong Company Limited, a wholly owned subsidiary of the Company.

(2) The property is zoned for "Residential (Group B)" uses under Causeway Bay Outline Zoning Plan No. S/H6/15.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2014
4.	2nd and 1st Basements, Ground Floor, 1st Floor to 15th Floor, 21st Floor and 22nd Floor, East Point Centre (New Wing), No. 555 Hennessy Road, Causeway Bay, Hong Kong 17325/19465th shares of and in Inland Lot No. 8816	The property comprises the 2nd and 1st basements, ground floor, 1st floor to 15th floor, 21st and 22nd floor in the New Wing of two adjoining 23-storey plus 3 basement floors commercial buildings completed in 1985 (Old Wing) and 1993 (New Wing). The property has a total gross floor area of 208,639 sq.ft. (19,383.00 sq.m.). The property is held from the Government under Conditions of Exchange No. 12234 for a term from 1 March 1993 to 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	The property is owner-occupied.	HK$8,915,000,000

Notes:

(1) The registered owner of the property is Eastlord Development Limited, a wholly owned subsidiary of the Company.

(2) The property is subject to a Modification Letter vide Memorial No. UB8361562 dated 12 April 2001.

(3) The property is subject to a Eastlord Debenture and Mortgage in favour of Bank of China (Hong Kong) Limited vide Memorial No. 11111502200653 dated 19 October 2011.

(4) The property is zoned for "Commercial (1)" uses under Causeway Bay Outline Zoning Plan No. S/H6/15.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2014
5.	16th Floor to 20th Floor, East Point Centre (New Wing), No. 555 Hennessy Road, Causeway Bay, Hong Kong 1779/19465th shares of and in Inland Lot No. 8816	The property comprises the 16th floor to 20th floor in the New Wing of two adjoining 23-storey plus 3 basement floors commercial buildings completed in 1985 (Old Wing) and 1993 (New Wing). The property has a total gross floor area of 43,325 sq.ft. (4,025.00 sq.m.). The property is held from the Government under Conditions of Exchange No. 12234 for a term from 1 March 1993 to 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	The property is owner-occupied.	HK$887,000,000

Notes:

(1) The registered owner of the property is Eastlord Development Limited, a wholly owned subsidiary of the Company.

(2) The property is subject to a Modification Letter vide Memorial No. UB8361562 dated 12 April 2001.

(3) The property is subject to a Eastlord Debenture and Mortgage in favour of Bank of China (Hong Kong) Limited vide Memorial No. 11111502200653 dated 19 October 2011.

(4) The property is zoned for "Commercial (1)" uses under Causeway Bay Outline Zoning Plan No. S/H6/15.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2014
6.	Part of Ground Floor (Bank Premises), Unit 1204 on 12th Floor, East Point Centre (Old Wing) and the Roof Areas, East Point Centre (New Wing), No. 555 Hennessy Road, Causeway Bay, Hong Kong 262/10000th shares of and in Inland Lot No. 8583, Section A and the Remaining Portion of Section B of Sub-section 1 of Section A of Inland Lot No. 470, the Remaining Portion of Sub-section 1, the Remaining Portion of Sub-section 2, the Remaining Portion of Sub-section 5, the Remaining Portion of Sub-section 6, the Remaining Portion of Sub-section 7, the Remaining Portion of Sub-section 8, the Remaining Portion of Sub-section 17, the Remaining Portion of Sub-section 22, the Remaining Portion and the Remaining Portion of Section A of Sub-section 23 of Section D of Marine Lot No. 52 and the Extension thereto 100/19465th shares of and in Inland Lot No. 8816	The property comprises the bank premises on the ground floor and unit 1204 on 12th floor in the Old Wing and top roof in the New Wing of two adjoining 23-storey plus 3 basement floors commercial buildings completed in 1985 (Old Wing) and 1993 (New Wing). The property has a total gross floor area of 2,894 sq.ft. (268.85 sq.m.). The Old Wing of East Point Centre is held from the Government under Conditions of Grant No. UB11736 and Government Leases for three major terms (i) 75 years from 17 May 1984 and renewable for a further term of 75 years, (ii) 999 years from 24 December 1865, (iii) 999 years from 25 June 1843. The total Government rent payable for the lots is HK$1,074 per annum. The New Wing of East Point Centre is held from the Government under Conditions of Exchange No. 12234 for a term from 1 March 1993 to 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	The property is owner-occupied.	HK$471,000,000

Notes:

(1) The registered owner of the property is Public Might Limited, a wholly owned subsidiary of the Company.

(2) The property is subject to 2 Modification Letters vide Memorial No. UB5671581 dated 27 May 1993 (Re: Bank Premises on Ground Floor and Unit 1204 on 12th Floor Old Wing), Memorial No. UB8361562 dated 12 April 2001 (Re: Roof Areas, New Wing).

(3) The property is subject to a Public Might Debenture and Mortgage in favour of Bank of China (Hong Kong) Limited (security trustee) vide Memorial No. 11111502200688 dated 19 October 2011.

(4) The property is zoned for "Commercial (1)" uses under Causeway Bay Outline Zoning Plan No. S/H6/15.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2014
7.	1st Floor, No. 522 Lockhart Road, Causeway Bay, Hong Kong 1/5th share of and in the Remaining Portion of Section F of Sub-section 28 of Section D of Marine Lot No. 52 and the Extension thereto	The property comprises a domestic unit on the 1st floor of a 5-storey tenement/composite building completed in 1954. The property has a saleable area of 670 sq.ft. (62.24 sq.m.). The property is held from the Government under a Government Lease for a term of 999 years from 25 June 1843. The current Government rent payable for the lot is HK$6 per annum.	The property is occupied by the Group for storage purpose.	HK$12,400,000

Notes:

(1) The registered owner of the property is Forceworld Investments Limited, a wholly owned subsidiary of the Company.

(2) The property is subject to an Order No. INVO00114/HK/10/TB under Section 26A of the Buildings Ordinance issued by the Building Authority vide Memorial No. 10072800480154 dated 25 June 2010 (Re: For the Interior Common Areas and Exterior of the Building).

(3) The property is subject to an Order No. C/TB/004012/12/HK under Section 24(1) of the Buildings Ordinance issued by the Building Authority vide Memorial No. 13010800570062 dated 16 October 2012.

(4) In the course of our valuation, we have disregarded any reinstatement costs for compliance of the abovesaid orders and not taken into account the costs of the remedial/preventive works required by the abovesaid orders.

(5) The property is zoned for “Commercial (1)” uses under Causeway Bay Outline Zoning Plan No. S/H6/15.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2014
8.	2nd Floor, No. 504 Lockhart Road, Causeway Bay, Hong Kong 1/5th share of and in the Remaining Portion of Section A of Sub-section 9 of Section A of Inland Lot No. 2836	The property comprises a domestic unit on the 2nd floor of a 5-storey tenement/composite building completed in 1953. The property has a saleable area of 670 sq.ft. (62.24 sq.m.). The property is held from the Government under a Government Lease for a term of 99 years from 30 September 1929 renewable for a further term of 99 years.	The property is occupied by the Group for storage purpose.	HK$10,800,000

Notes:

(1) The registered owner of the property is Forceworld Investments Limited, a wholly owned subsidiary of the Company.

(2) The property is zoned for "Commercial (1)" uses under Causeway Bay Outline Zoning Plan No. S/H6/15.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2014
9.	3rd Floor, No. 516 Lockhart Road, Causeway Bay, Hong Kong 1/5th share of and in the Remaining Portion of Section E of Sub-section 28 of Section D of Marine Lot No. 52 and the Extension thereto	The property comprises a domestic unit on the 3rd floor of a 5-storey tenement/composite building completed in 1954. The property has a saleable area of 617 sq.ft. (57.32 sq.m.). The property is held from the Government under a Government Lease for a term of 999 years from 25 June 1843. The current Government rent payable for the lot is HK$6 per annum.	The property is occupied by the Group for storage purpose.	HK$9,900,000

Notes:

(1) The registered owner of the property is Forceworld Investments Limited, a wholly owned subsidiary of the Company.

(2) The property is subject to an Order No. DBZ/U09/0003/01 under Section 26 of the Buildings Ordinance issued by the Building Authority vide Memorial No. UB8868291 dated 11 December 2002 (Re: For External Areas and Common Areas).

(3) The property is subject to an Order No. DRZ/U09/0004/01 under Section 28(3) of the Buildings Ordinance issued by the Building Authority vide Memorial No. UB8868292 dated 11 December 2002 (Re: For Common Drains only).

(4) In the course of our valuation, we have disregarded any reinstatement costs for compliance of the abovesaid orders and not taken into account the costs of the remedial/preventive works required by the abovesaid orders.

(5) The property is zoned for "Commercial (1)" uses under Causeway Bay Outline Zoning Plan No. S/H6/15.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2014
10.	15th Floor, East Point Centre (Old Wing), No. 555 Hennessy Road, Causeway Bay, Hong Kong 215/10000th shares of and in Inland Lot No. 8583, Section A and the Remaining Portion of Section B of Sub-section 1 of Section A of Inland Lot No. 470, the Remaining Portion of Sub-section 1, the Remaining Portion of Sub-section 2, the Remaining Portion of Sub-section 5, the Remaining Portion of Sub-section 6, the Remaining Portion of Sub-section 7, the Remaining Portion of Sub-section 8, the Remaining Portion of Sub-section 17, the Remaining Portion of Sub-section 22, the Remaining Portion and the Remaining Portion of Section A of Sub-section 23 of Section D of Marine Lot No. 52 and the Extension thereto	The property comprises the 15th floor in the old wing of two adjoining 23-storey plus 3 basement floors commercial buildings completed in 1985 (Old Wing) and 1993 (New Wing). The property has a total gross floor area of 11,569 sq.ft. (1,074 sq.m.). The property is held from the Government under Conditions of Grant No. UB11736 and Government Leases for three major terms (i) 75 years from 17 May 1984 and renewable for a further term of 75 years, (ii) 999 years from 24 December 1865, (iii) 999 years from 25 June 1843. The total Government rent payable for the lots is HK$1,074 per annum.	The property is owner occupied.	HK$235,000,000

Notes:

(1) The registered owner of the property is Superlite Limited, a wholly owned subsidiary of the Company.

(2) The property is subject to a Modification Letter vide Memorial No. UB5671581 dated 27 May 1993.

(3) The property is zoned for "Commercial (1)" uses under Causeway Bay Outline Zoning Plan No. S/H6/15.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2014
11.	Unit 1205 on 12th Floor, East Point Centre (Old Wing), No. 555 Hennessy Road, Causeway Bay, Hong Kong 38/10000th shares of and in Inland Lot No. 8583, Section A and the Remaining Portion of Section B of Sub-section 1 of Section A of Inland Lot No. 470, the Remaining Portion of Sub-section 1, the Remaining Portion of Sub-section 2, the Remaining Portion of Sub-section 5, the Remaining Portion of Sub-section 6, the Remaining Portion of Sub-section 7, the Remaining Portion of Sub-section 8, the Remaining Portion of Sub-section 17, the Remaining Portion of Sub-section 22, the Remaining Portion and the Remaining Portion of Section A of Sub-section 23 of Section D of Marine Lot No. 52 and the Extension thereto	The property comprises unit 1205 on 12th floor in the old wing of two adjoining 23-storey plus 3 basement floors commercial buildings completed in 1985 (Old Wing) and 1993 (New Wing). The property has a total gross floor area of 2,085 sq.ft. (193.70 sq.m.). The property is held from the Government under Conditions of Grant No. UB11736 and Government Leases for three major terms (i) 75 years from 17 May 1984 and renewable for a further term of 75 years, (ii) 999 years from 24 December 1865, (iii) 999 years from 25 June 1843. The total Government rent payable for the lots is HK$1,074 per annum.	The property is owner occupied.	HK$46,000,000

Notes:

(1) The registered owner of the property is Nicesky Limited, a wholly owned subsidiary of the Company.

(2) The property is subject to a Modification Letter vide Memorial No. UB5671581 dated 27 May 1993.

(3) The property is zoned for "Commercial (1)" uses under Causeway Bay Outline Zoning Plan No. S/H6/15.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2014
12.	10th Floor (excluding lift machine room), East Point Centre (Old Wing), No. 555 Hennessy Road, Causeway Bay, Hong Kong 230/10000th shares of and in Inland Lot No. 8583, Section A and the Remaining Portion of Section B of Sub-section 1 of Section A of Inland Lot No. 470, the Remaining Portion of Sub-section 1, the Remaining Portion of Sub-section 2, the Remaining Portion of Sub-section 5, the Remaining Portion of Sub-section 6, the Remaining Portion of Sub-section 7, the Remaining Portion of Sub-section 8, the Remaining Portion of Sub-section 17, the Remaining Portion of Sub-section 22, the Remaining Portion and the Remaining Portion of Section A of Sub-section 23 of Section D of Marine Lot No. 52 and the Extension thereto	The property comprises the 10th floor (excluding the lift machine room) in the old wing of two adjoining 23-storey plus 3 basement floors commercial buildings completed in 1985 (Old Wing) and 1993 (New Wing). The property has a total gross floor area of 13,347 sq.ft. (1,240.00 sq.m.). The property is held from the Government under Conditions of Grant No. UB11736 and Government Leases for three major terms (i) 75 years from 17 May 1984 and renewable for a further term of 75 years, (ii) 999 years from 24 December 1865, (iii) 999 years from 25 June 1843. The total Government rent payable for the lots is HK$1,074 per annum.	The property is owner occupied.	HK$378,000,000

Notes:

(1) The registered owner of the property is Everwin Worldwide Limited, a wholly owned subsidiary of the Company.

(2) The property is subject to a Modification Letter vide Memorial No. UB5671581 dated 27 May 1993.

(3) The property is subject to a Everwin Debenture and Mortgage in favour of Bank of China (Hong Kong) Limited (security trustee) vide Memorial No. 11111502200664 dated 19 October 2011.

(4) The property is zoned for "Commercial (1)" uses under Causeway Bay Outline Zoning Plan No. S/H6/15.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2014
13.	Units 2001 and 2002 on 20th Floor, East Point Centre (Old Wing), No. 555 Hennessy Road, Causeway Bay, Hong Kong 220/10000th shares of and in Inland Lot No. 8583, Section A and the Remaining Portion of Section B of Sub-section 1 of Section A of Inland Lot No. 470, the Remaining Portion of Sub-section 1, the Remaining Portion of Sub-section 2, the Remaining Portion of Sub-section 5, the Remaining Portion of Sub-section 6, the Remaining Portion of Sub-section 7, the Remaining Portion of Sub-section 8, the Remaining Portion of Sub-section 17, the Remaining Portion of Sub-section 22, the Remaining Portion and the Remaining Portion of Section A of Sub-section 23 of Section D of Marine Lot No. 52 and the Extension thereto	The property comprises the 20th floor in the old wing of two adjoining 23-storey plus 3 basement floors commercial buildings completed in 1985 (Old Wing) and 1993 (New Wing). The property has a total gross floor area of 11,569 sq.ft. (1,074.76 sq.m.). The property is held from the Government under Conditions of Grant No. UB11736 and Government Leases for three major terms (i) 75 years from 17 May 1984 and renewable for a further term of 75 years, (ii) 999 years from 24 December 1865, (iii) 999 years from 25 June 1843. The total Government rent payable for the lots is HK$1,074 per annum.	The property is owner occupied.	HK$239,000,000

Notes:

(1) The registered owner of the property is Grand Kinetic Limited, a wholly owned subsidiary of the Company.

(2) The property is subject to a Modification Letter vide Memorial No. UB5671581 dated 27 May 1993.

(3) The property is zoned for "Commercial (1)" uses under Causeway Bay Outline Zoning Plan No. S/H6/15.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2014
14.	Main Roof and Upper Roof, East Point Centre (Old Wing), No. 555 Hennessy Road, Causeway Bay, Hong Kong 1/10000th share of and in Inland Lot No. 8583, Section A and the Remaining Portion of Section B of Sub-section 1 of Section A of Inland Lot No. 470, the Remaining Portion of Sub-section 1, the Remaining Portion of Sub-section 2, the Remaining Portion of Sub-section 5, the Remaining Portion of Sub-section 6, the Remaining Portion of Sub-section 7, the Remaining Portion of Sub-section 8, the Remaining Portion of Sub-section 17, the Remaining Portion of Sub-section 22, the Remaining Portion and the Remaining Portion of Section A of Sub-section 23 of Section D of Marine Lot No. 52 and the Extension thereto	The property comprises the main roof and upper roof in the old wing of two adjoining 23-storey plus 3 basement floors commercial buildings completed in 1985 (Old Wing) and 1993 (New Wing). The property is held from the Government under Conditions of Grant No. UB11736 and Government Leases for three major terms (i) 75 years from 17 May 1984 and renewable for a further term of 75 years, (ii) 999 years from 24 December 1865, (iii) 999 years from 25 June 1843. The total Government rent payable for the lots is HK$1,074 per annum.	The property is owner occupied.	HK$10,000,000

Notes:

(1) The registered owner of the property is Congenial Company Limited, a wholly owned subsidiary of the Company.

(2) The property is subject to a Modification Letter vide Memorial No. UB5671581 dated 27 May 1993.

(3) The property is subject to a Congenial Debenture and Mortgage in favour of Bank of China (Hong Kong) Limited (Security Trusted) vide Memorial No. 11111502200642 dated 19 October 2011.

(4) The property is zoned for "Commercial (1)" uses under Causeway Bay Outline Zoning Plan No. S/H6/15.

VALUATION CERTIFICATE

Group II — Property held by the Group for investment in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2014
15.	Workshop C3 on 11th Floor, Workshops C3, C5, C6, C7 and C8 on 12th Floor, Block 3 and Car Parking Space No. 107 on the Basement, Hong Kong Industrial Centre, Nos. 489–491 Castle Peak Road, Cheung Sha Wan, Kowloon 56/7700th shares of and in Sections C, D and F of New Kowloon Inland Lot No. 3515	The property comprises six workshop units on the 11th and 12th floors and a car parking space in basement of a 14-storey (including basement) industrial building completed in 1982. The total gross floor area of the property is 9,776 sq.ft. (908.21 sq.m.), excluding the car parking space. The property is held from the Government under Conditions of Sale No. UB4268 for a term of 75 years from 1 July 1898 renewed for a further term of 24 years less the last three days. The lease was statutorily extended for 50 years to 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	The property is vacant.	HK$39,400,000 (59.56% interest attributable to the Group: HK$23,466,640)

Notes:

(1) The registered owner of the property is Gain High Limited, a 59.56% owned subsidiary of the Company.

(2) The property is zoned for "Other Specified Uses (Business 2)" uses under Cheung Sha Wan Outline Zoning Plan No. S/K5/35.

VALUATION CERTIFICATE

Group III — Properties held by the Group for owner-occupation in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2014
16.	Suzhou Jiuguang Store, 268 Wangdun Road, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC 中國 江蘇省 蘇州市 蘇州工業園區 旺敦路268號 蘇州久光店	The Property comprises a 4-storey plus 2 levels of basement commercial building erected on a land with a site area of 53,192.77 sq.m.. The Property was completed in 2010. The Property has a total gross floor area of 178,384.18 sq.m.. The Property is located at Suzhou Industrial Park, which is in urban area of Suzhou. Developments nearby are mainly commercial development. According to the Group, the Property is planned for commercial use; there is no environmental issues and litigation dispute; there is no plan to dispose of or change the use of the Property. The land use rights of the Property have been granted for a term due to expire on 27 September 2046 for commercial use.	The property is owner-occupied as department store.	RMB1,790,000,000 (100% interest attributable to the Group: RMB1,790,000,000)

Notes:

(1) According to State-owned Land Use Rights Certificate No. (2007) 01045 dated 16 March 2007, the land use rights of the Property with a site area of 53,192.77 sq.m. have been vested in Lifestyle Plaza (Suzhou) Co., Limited (利福廣場(蘇州)有限公司), a wholly owned subsidiary of the Company, for a term due to expire on 27 September 2046 for commercial use.

(2) According to Building Ownership Certificate No. 00447923 dated 1 November 2012, building ownership of the Property is vested in Lifestyle Plaza (Suzhou) Co., Limited (利福廣場(蘇州)有限公司) with a total gross floor area of 178,384.18 sq.m. for non-residential use.

(3) According to Business Licence No. 320594400021311, Lifestyle Plaza (Suzhou) Co., Limited (利福廣場(蘇州)有限公司) was established with a registered capital of RMB600,000,000 for a valid operation period from 1 March 2007 to 27 February 2047.

(4) According to the PRC legal opinion by Jiangsu Hengding (Suzhou) Law Firm (江蘇衡鼎(蘇州)律師事務所):

(i) Lifestyle Plaza (Suzhou) Co., Limited (利福廣場(蘇州)有限公司) has obtained State-owned Land Use Rights Certificate of the land with a site area of 53,192.77 sq.m. for a term due to expire on 27 September 2046 for commercial use; and the Building Ownership Certificate of the building with a total gross floor area of 178,384.18 sq.m.;

(ii) The land use rights and building ownership are subject to a mortgage to Agricultural Bank of China Suzhou Industrial Park Branch (中國農業銀行蘇州工業園區支行) for a loan period of till 15 September 2019; and

(iii) Lifestyle Plaza (Suzhou) Co., Limited (利福廣場(蘇州)有限公司) legally owns the Property and is entitled to possess, use, transfer or mortgage the Property.

(5) The status of the title and grant of major approvals and licenses in accordance with the information provided by the Group and the legal opinion are as follows:

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2014
17.	Dalian Jiuguang Store, No.11 Youhao Road, Zhongshan District, Dalian, Liaoning Province, the PRC 中國 遼寧省 大連市 中山區友好路11號 大連久光店	The Property comprises a 10-storey plus 2 levels of basement commercial building erected on a land with a site area of 4,608.40 sq.m.. The Property was completed in 2002. The Property has a total gross floor area of 34,944.91 sq.m.. The Property is located at Qingniwa retail area. Developments nearby are mainly commercial development. According to the Group, the Property is planned for commercial use; there is no environmental issues and litigation dispute; there is no plan to dispose of or change the use of the Property. The land use rights of the Property have been granted for a term due to expire on 2 March 2048 for commercial use.	The property is owner-occupied as department store.	RMB400,000,000 (100% interest attributable to the Group: RMB400,000,000)

Notes:

(1) According to State-owned Land Use Rights Certificate No. (2009) 01002 dated 5 March 2009, the land use rights of the Property with a site area of 4,608.40 sq.m. have been vested in 利福商廈(大連)有限公司 (Lifestyle Plaza (Dalian) Co., Ltd.*), a wholly owned subsidiary of the Company, for a term due to expire on 2 March 2048 for commercial use.

(2) According to Real Estate Title Certificate No. 2009200271 date 9 June 2009, the building ownership of the Property is vested in 利福商廈(大連)有限公司 (Lifestyle Plaza (Dalian) Co., Ltd.*) with a total gross floor area of 34,944.91 sq.m. for non-residential use.

(3) According to Business Licence No. 210200400014961, Lifestyle (Dalian) Ltd. 利福商廈(大連)有限公司 (Lifestyle Plaza (Dalian) Co., Ltd.*) was established with a registered capital of RMB45,000,000 for a valid operation period from 9 October 1993 to 8 October 2023.

(4) According to the PRC legal opinion by 遼寧蓮城律師事務所 (Liaoning Lian Cheng Law Firm):

(i) 利福商廈(大連)有限公司 (Lifestyle Plaza (Dalian) Co., Ltd.*) has obtained State-owned Land Use Rights Certificate of the land with a site area of 4,608.40 sq.m. for a term due to expire on 2 March 2048 for commercial use; and the Building Ownership Certificate of the building with a total gross floor area of 34,944.91 sq.m.;

(ii) the land use rights and building ownership are not subject to any third party creditors' rights; and

* *for identification purpose only*

(iii) 利福商廈(大連)有限公司 (Lifestyle Plaza (Dalian) Co., Ltd.*) legally owns the Property and is entitled to possess, use, transfer or mortgage the Property.

(5) The status of the title and grant of major approvals and licenses in accordance with the information provided by the Group and the legal opinion are as follows:

State-owned Land Use Rights Certificate	Yes
Real Estate Title Certificate	Yes
Business Licence	Yes

* *for identification purpose only*

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2014
18.	Shenyang Jiuguang Store, West side of Zhengyang Street, Shenhe District, Shenyang, Liaoning Province, the PRC 中國 遼寧省 沈陽市 沈河區 正陽街西側 沈陽久光店	The Property comprises a 4-storey plus 3 levels of basement commercial building erected on a land with a site area of 23,076.20 sq.m.. The Property was completed in 2013. As advised by the Group, the Property has a total gross floor area of 119,091 sq.m.. The Property is located at Zhenyang Street of Shenhe District. Developments nearby are mainly commercial development. According to the Group, the Property is planned for commercial use; there is no environmental issues and litigation dispute; there is no plan to dispose of or change the use of the Property. The land use rights of the Property have been granted for a term due to expire on 22 March 2050 for commercial services use.	The property is owner-occupied as department store.	RMB1,550,000,000 (100% interest attributable to the Group: RMB1,550,000,000)

Notes:

(1) According to State-owned Land Use Rights Certificate No. (2010) 0055 dated 22 April 2010, the land use rights of the Property with a site area of 23,076.20 sq.m. have been vested in 瀋陽卓遠置業有限公司 (Shenyang Forever Smart Company Limited*), a wholly owned subsidiary of the Company, for a term due to expire on 22 March 2050 for commercial services use.

(2) According to Land Use Rights Grant Contract No. 2101012010A0028 dated 22 March 2010:

(i)	Grantee	:	瀋陽卓遠置業有限公司 (Shenyang Forever Smart Company Limited*)
(ii)	Site Area	:	23,073.20 sq. m.
(iii)	Land Use	:	Commercial services uses
(iv)	Plot Ratio	:	Not higher than 5.30
(v)	Land Premium	:	RMB423,817,489.2
(vi)	Building Covenant	:	To complete the construction before 31 December 2012

* *for identification purpose only*

(3) According to Planning Permit for Construction Works No. 210100201000194 dated 31 December 2010, the Property has been permitted for the construction works with a total gross floor area of 115,267 sq.m. (56,074 sq.m. above ground and 59,193 sq.m. basement).

(4) According to Permit for Commencement of Construction Works No. 210100201103010601 dated 1 March 2011, the construction works of the Property, with a total gross floor area of 115,267 sq.m., was in compliance with the requirement of works commencement.

(5) According to Business Licence No. 210100400001676, 瀋陽卓遠置業有限公司 (Shenyang Forever Smart Company Limited*) was established with a registered capital of RMB710,090,392 for a valid operation period from 1 December 2006 to 1 December 2036.

(6) According to the PRC legal opinion by 遼寧匯安康宇律師事務所 (Hui An Kang Yu Law Firm):

(i) 瀋陽卓遠置業有限公司 (Shenyang Forever Smart Company Limited*) has obtained State-owned Land Use Rights Certificate of the land with a site area of 23,076.20 sq.m. for a term due to expire on 22 March 2050 for commercial services use;

(ii) the construction of the Property had obtained Shenyang Urban and Rural Construction Committee approval, it complied with the works commencement requirement;

(iii) the Property is subject to a mortgage to Bank of Communications Co., Ltd. Liaoning Branch (交通銀行股份有限公司遼寧省分行) for a loan period till 25 July 2018.; and

(iv) 瀋陽卓遠置業有限公司 (Shenyang Forever Smart Company Limited*) legally owns the Property and is entitled to possess, use, transfer or mortgage the Property.

(7) The status of the title and grant of major approvals and licenses in accordance with the information provided by the Group and the legal opinion are as follows:

State-owned Land Use Rights Certificate	Yes
Real Estate Title Certificate	No
Land Use Rights Grant Contract	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Business Licence	Yes

* *for identification purpose only*

VALUATION CERTIFICATE

Group IV — Properties held by the Group for investment in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2014
19.	No. 152–158 Jiaozhou Road, Shibei District, Qingdao, Shandong Province, the PRC 中國 山東省 青島市 市北區 膠州路152–158號	The Property comprises a 12-storey plus 4 levels of basement commercial building erected on a land with a site area of 2,159.70 sq.m.. The Property was completed in 2004. The Property has a total gross floor area of 26,507.07 sq.m.. The Property is located at Zhongshan Road business district, which is in western area of Qingdao. Developments nearby are mainly commercial and residential development. According to the Group, the Property is planned for commercial and office use; there is no environmental issues and litigation dispute; there is no plan to dispose of or change the use of the Property. The land use rights of the Property have been granted for a term due to expire on 31 March 2036 for commercial use.	The Property is vacant.	RMB253,000,000 (59.56% interest attributable to the Group: RMB150,686,800)

Notes:

(1) According to Real Estate Title Certificate No. 389869 date 28 September 2008, the land use rights and building ownership of the Property is vested in Lifestyle Plaza (Qingdao) Co., Limited (嘉標商廈(青島)有限公司), a 59.56% owned subsidiary of the Company, with a site area of 2,159.70 sq.m. and a total gross floor area of 26,507.07 sq.m.. The land use rights have been granted for a term due to expire on 31 March 2036 for commercial use.

(2) According to Business Licence No. 370200400043018, Lifestyle Plaza (Qingdao) Co., Limited (嘉標商廈(青島)有限公司) was established with a registered capital of RMB225,000,000 for a valid operation period from 31 December 1995 to 31 December 2035.

(3) According to the PRC legal opinion by 遼寧匯安康宇律師事務所 (Hui An Kang Yu Law Firm):

(i) Lifestyle Plaza (Qingdao) Co., Limited (嘉標商廈(青島)有限公司) has obtained Real Estate Title Certificate of the land with a site area of 2,159.70 sq.m. for a term due to expire on 31 March 2036 for commercial use; and the building with a total gross floor area of 26,507.07 sq.m.;

(ii) the land use rights is not subject to any third party creditors' rights.; and

(iii) Lifestyle Plaza (Qingdao) Co., Limited (嘉標商廈(青島)有限公司) legally owns the Property and is entitled to possess, use, transfer or mortgage the Property.

(4) The status of the title and grant of major approvals and licenses in accordance with the information provided by the Group and the legal opinion are as follows:

Real Estate Title Certificate	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2014
20.	No. 86 Zhongyang Street, Daoli District, Harbin, Heilongjiang Province, the PRC 中國 黑龍江省 哈爾濱市 道里區 中央大街86號	The Property comprises a 5-storey plus 1 level of basement commercial building erected on a land with a site area of 1,960.20 sq.m.. The Property was completed in 2014. According to the Construction Project Completion Planning Verification Confirmation Letter dated 5 November 2014, the Property has a total gross floor area of 10,089.60 sq.m.. The Property is located at the junction of Zhongyang Street and Xiaman Street among the Zhongyang Street retail area which is the most traditional and prime retail area in Harbin. According to the Group, the Property is planned for commercial use; there is no environmental issues and litigation dispute; there is no plan to dispose of or change the use of the Property. The land use rights of the Property have been granted for a term due to expire on 25 March 2036 for commercial use.	The Property is vacant.	RMB277,500,000 (59.56% interest attributable to the Group: RMB165,279,000)

Notes:

(1) According to State-owned Land Use Rights Certificate No. (2011) 02006025 dated 18 April 2011 issued by the People's Government of Harbin, the land use rights of the Property with a site area of 1,960.20 sq.m. have been vested in 哈爾濱利福商廈有限公司 (Lifestyle Plaza (Harbin) Co., Ltd.*), a 59.56% owned subsidiary of the Company, for a term due to expire on 25 March 2036 for commercial use.

(2) According to Business Licence No. 230100400001911, 哈爾濱利福商廈有限公司 (Lifestyle Plaza (Harbin) Co., Ltd.*) was established with a registered capital of USD18,000,000 for a valid operation period from 16 October 1995 to 15 October 2035.

* *for identification purpose only*

(3) According to the PRC legal opinion by 遼寧匯安康宇律師事務所 (Hui An Kang Yu Law Firm):

(i) 哈爾濱利福商廈有限公司 (Lifestyle Plaza (Harbin) Co., Ltd.*) has obtained State-owned Land Use Rights Certificate of the land with a site area of 1,960.20 sq.m. for a term due to expire on 25 March 2036 for commercial use;

(ii) the construction project had obtained Harbin Urban and Rural Planning Bureau verification confirmation, it complied with the planning requirement;

(iii) the land use rights is not subject to any third party creditors' rights.; and

(iv) 哈爾濱利福商廈有限公司 (Lifestyle Plaza (Harbin) Co., Ltd.*) legally owns the Property and is entitled to possess, use, transfer or mortgage the Property.

(4) The status of the title and grant of major approvals and licenses in accordance with the information provided by the Group and the legal opinion are as follows:

Real Estate Title Certificate	No
State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Business Licence	Yes

* *for identification purpose only*

VALUATION CERTIFICATE

Group V — Properties held by the Group for development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2014
21.	West side of Zhengyang Street, Shenhe District, Shenyang, Liaoning Province, the PRC 中國 遼寧省 沈陽市 沈河區 正陽街西側	The Property comprises a proposed commercial building erected on a land with a site area of 31,377.03 sq.m.. The Property has development potential of a total gross floor area of 186,065 sq.m.. The Property is located at Zhenyang Street of Shenhe District. Developments nearby are mainly commercial development. According to the Group, the Property is planned for commercial use; there is no environmental issues and litigation dispute; there is no plan to dispose of or change the use of the Property. The land use rights of the Property have been granted for a term due to expire on 28 December 2051 for commercial services use.	The Property is a vacant site pending for development.	RMB596,000,000 (59.56% interest attributable to the Group: RMB354,977,600)

Notes:

(1) According to State-owned Land Use Rights Certificate No. (2013)0100 dated 17 December 2013, the land use rights of the land with a site area of 31,377.03 sq.m. has been granted to 瀋陽怡富置業有限公司 (Shenyang Yifu Company Limited*), a 59.56% owned subsidiary of the Company, for a term due to expire on 28 December 2051 for commercial services use.

(2) According to Grant Contract of Land Use Rights No. 2101012011A0080 dated 28 December 2011:

(i)	Grantee	:	瀋陽怡富置業有限公司 (Shenyang Yifu Company Limited*)
(ii)	Site Area	:	31,376 sq.m.
(iii)	Land Use	:	Commercial services uses
(iv)	Plot Ratio	:	Not higher than 6
(v)	Land Premium	:	RMB576,251,616
(vi)	Building Covenant	:	To complete the construction before 27 December 2015

(3) According to Planning Permit for Construction Use of Land No. 210100201300070 dated 28 September 2013, the Property has been permitted for the construction use of land with a total gross floor area of 186,065 sq.m..

* *for identification purpose only*

(4) According to Business License No. 210100400005128 dated 16 March 2014, 瀋陽怡富置業有限公司 (Shenyang Yifu Company Limited*) was established a limited liability company with a registered capital of US$89,990,000 for a valid operation period from 12 March 2007 to 11 March 2037.

(5) According to the PRC legal opinion by 遼寧匯安康宇律師事務所 (Hui An Kang Yu Law Firm):

(i) 瀋陽怡富置業有限公司 (Shenyang Yifu Company Limited*) has obtained Certificate of Real Estate Ownership of the land with a site area of 31,377.03 sq.m. for a term due to expire on 28 December 2051 for commercial services use;

(ii) 瀋陽怡富置業有限公司 (Shenyang Yifu Company Limited*) has fully settled the land grant fee;

(iii) the land use rights is not subject to any third party creditors' rights; and

(iv) 瀋陽怡富置業有限公司 (Shenyang Yifu Company Limited*) legally owns the Property and is entitled to possess, use, transfer or mortgage the Property.

(6) The status of the title and grant of major approvals and licenses in accordance with the information provided by the Group and the legal opinion are as follows:

State-owned Land Use Rights Certificate	Yes
Land Use Rights Grant Contract	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permits for Construction Works	No
Permit for Commencement of Construction Works	No
Business Licence	Yes

* *for identification purpose only*

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2014
22.	Daning Project, 33 Qiu, 312 Jiefang, Daning Road, Zhabei District, Shanghai, the PRC 中國 上海市 閘北區 大寧街道312街坊33丘 大寧項目	The Property comprises a proposed commercial building erected on a land with a site area of 50,153.50 sq.m.. The Property is scheduled for completion in about 2018. According to the Group, the Property is planned for commercial and office use with a total gross floor area of 346,733 sq.m. (including a basement area of 169,221.00 sq.m.). The Property is located at Daning Road of Zhabei District, which is in urban area of Shanghai. Developments nearby are mainly commercial and residential development. According to the Group, the Property is planned for commercial and office use; there is no environmental issues and litigation dispute; there is no plan to dispose of or change the use of the Property. The land use rights of the Property have been granted for a term of 40 years due to expire on 26 July 2052 for commercial use, 50 years due to expire on 26 July 2062 for office use, 40 years due to expire on 26 July 2052 for other commercial and service (entertainment) use, 50 years due to expire on 26 July 2062 for cultural and sports facilities use.	Foundation works of the Property has commenced.	RMB3,000,000,000 (100% interest attributable to the Group: RMB3,000,000,000)

Notes:

(1) According to Shanghai Certificate of Real Estate Ownership No. HFDZZ (2012)013283 dated 16 October 2012, the land use rights of the land with a site area of 50,153.50 sq.m. has been granted to 利怡達商業置業(上海)有限公司 (Li Yi Da Commercial and Real Estate (Shanghai) Company Limited*), a wholly owned subsidiary of the Company, for a term of 40 years due to expire on 26 July 2052 for commercial use, 50 years due to expire on 26 July 2062 for office use, 40 years due to expire on 26 July 2052 for other Commercial and service (entertainment) use, 50 years due to expire on 26 July 2062 for cultural and sports facilities use.

(2) According to Grant Contract of Land Use Rights No. HZGT (2012)001 dated 31 May 2012:

(i)	Grantee	:	利怡達商業置業(上海)有限公司 (Li Yi Da Commercial and Real Estate (Shanghai) Company Limited*)
(ii)	Site Area	:	50,153.50 sq.m.
(iii)	Land Use	:	Commercial, sports, cultural, other Commercial and service (entertainment) and office uses
(iv)	Plot Ratio	:	3.5
(v)	Land Premium	:	RMB2,467,000,000
(vi)	Land Use Term	:	40 years for commercial use 40 years for other Commercial and service (entertainment) use 50 years for office use 50 years for cultural and sports facilities use

(3) According to Planning Permit for Construction Use of Land No. HZD (2013)EA31010820134467 dated 20 May 2013, the construction site of land with a total site area of 50,153.50 sq.m. is in compliance with requirements of urban planning requirement.

(4) According to Planning Permit for Construction Works No. HZJ (2013)FA31010820135507 dated 4 November 2013, the property has been permitted for the Foundation works.

According to Planning Permit for Construction Works No. HZJ (2013)FA31010820145271 dated 16 September 2014, the construction works comprising a total basement area of 169,221.00 sq.m. is in compliance with the construction works requirements and have been approved.

(5) According to Permit for Commencement of Construction Works No. 1302ZB0006D01310108201302070619 dated 5 December 2013, the construction works of Foundation works of the Property was in compliance with the requirement of works commencement.

According to Permit for Commencement of Construction Works No. 1302ZB0006D01310108201302070619 dated 25 November 2014, the construction works of the Property was in compliance with the requirement of works commencement and was permitted to be developed with a total basement area of 169,221.00 sq.m..

(6) According to the information provided by the Group, the estimated total construction cost to complete the development is approximately RMB3,309,522,000; a construction cost of approximately RMB97,400,000 has been expended for the development of the Property as at 30 November 2014. In the course of our valuation, we have taken into account the above expended construction cost.

* *for identification purpose only*

(7) According to Business License No. 310000400680756 dated 4 December 2012, 利怡達商業置業(上海)有限公司 (Li Yi Da Commercial and Real Estate (Shanghai) Company Limited*) was established a limited liability company with a registered capital of RMB2,500,000,000 for a valid operation period from 23 April 2012 to 22 April 2062.

(8) According to the PRC legal opinion by Yun Zheng Law Firm (允正律師事務所):

(i) 利怡達商業置業(上海)有限公司 (Li Yi Da Commercial and Real Estate (Shanghai) Company Limited*) has obtained Shanghai Certificate of Real Estate Ownership of the land with a site area of 50,153.50 sq.m. for a term of 40 years due to expire on 26 July 2052 for commercial use, 50 years due to expire on 26 July 2062 for office use, 40 years due to expire on 26 July 2052 for other Commercial and service (entertainment) use, 50 years due to expire on 26 July 2062 for cultural and sports facilities use; and

(ii) the basement construction of 169,221.00 sq.m. had obtained Shanghai Zhabei District Construction and Transportation Commission approval, it complied with the works commencement requirement;

(iii) the Property is subject to a mortgage to Agricultural Bank of China Stock Co., Ltd. Shanghai Zhabei Branch (中國農業銀行股份有限公司上海閘北支行) and Industrial and Commercial Bank of China Ltd. Shanghai Jing'an Branch (中國工商銀行股份有限公司上海靜安支行) for a loan period till 30 December 2024; and

(iv) 利怡達商業置業(上海)有限公司 (Li Yi Da Commercial and Real Estate (Shanghai) Company Limited*) legally owns the Property and is entitled to possess, use, transfer or mortgage the Property.

(9) The status of the title and grant of major approvals and licenses in accordance with the information provided by the Group and the legal opinion are as follows:

Shanghai Certificate of Real Estate Ownership	Yes
Land Use Rights Grant Contract	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permits for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Business Licence	Yes

* *for identification purpose only*

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information to the Shareholders with regard to the Group and the Offer.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Group), and confirm, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Group or the Directors) 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.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror, United Goal, Mr. Thomas Lau and parties acting in concert or presumed to be acting in concert with any of them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Offeror) 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. CORPORATE INFORMATION OF THE COMPANY

The Company is a company incorporated in the Cayman Islands with limited liability on 29 December 2003 and its Shares have been listed on the Main Board of the Stock Exchange since 15 April 2004. As at the Latest Practicable Date, the principal activities of the Group are operation of lifestyle department stores and ownership of retailing properties in Hong Kong and the PRC.

3. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised share capital of the Company was HK$20,000,000.00 comprising 4,000,000,000 Shares and the issued share capital of the Company was HK$8,146,925 comprising 1,629,385,000 Shares. As at the Latest Practicable Date, the Company had no outstanding warrants, options, derivatives or securities convertible into Shares and has not entered into any agreement for the issue of such warrants, options, derivatives or securities of the Company.

All existing issued Shares rank *pari passu* in all respect including all rights as to dividends, voting and interests in capital.

Since 31 December 2013, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to the Latest Practicable Date, the Company issued a total of 2,310,000 Shares. Details of the issue and allotment of such Shares are set out as follows:

Date of issue	**Number of Shares issued**	**Exercise Price per Share** *(HK$)*
7 January 2014	100,000 *(Note 1)*	6.40
21 January 2014	344,000 *(Note 1)*	6.40
7 February 2014	22,000 *(Note 2)*	6.16
7 February 2014	460,000 *(Note 1)*	6.40
21 February 2014	846,000 *(Note 1)*	6.40
7 March 2014	322,000 *(Note 1)*	6.40
28 March 2014	216,000 *(Note 1)*	6.40

Notes:

1. These Shares were issued pursuant to exercise of share options granted under the share option scheme of the Company which was approved on 3 March 2009.

2. These Shares were issued pursuant to exercise of share options granted under the share option scheme of the Company which was approved on 27 March 2004.

Save as disclosed above, the Company has not issued any other Shares since 31 December 2013.

4. MARKET PRICES

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

Date	Closing price per Share *(HK$)*
30 June 2014	15.18
31 July 2014	15.14
29 August 2014	14.40
23 September 2014 *(Note)*	14.60
31 October 2014	14.66
28 November 2014	14.80
Last Trading Day	15.22
31 December 2014	16.32
Latest Practicable Date	16.44

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK$16.70 on 5 January 2015 and HK$13.86 on 19 August 2014, respectively.

Note:

The Shares had been suspended from trading from 24 September 2014 to 17 October 2014.

5. DISCLOSURE OF INTERESTS UNDER THE SFO

(a) Directors' and the chief executive's interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the Directors' and the chief executive's interests and short positions in the shares and underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) and/or the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") are set out below:

(i) Long positions in the issued Shares

Name of Director	Nature of interest	Number of Shares	Approximate percentage of interest in the issued share capital of the Company
Mr. Thomas Lau	Interest in controlled corporation *(Note 1)*	154,764,000	9.50%
	Interest in controlled corporation *(Note 2)*	540,000,000	33.14%
	Beneficial owner	119,928,501	7.36%
	Total:	814,692,501	50.00%

Notes:

1. Dynamic Castle, which is wholly-owned by Mr. Thomas Lau, held 154,764,000 Shares. By virtue of the SFO, Mr. Thomas Lau is deemed to be interested in the 154,764,000 Shares held by Dynamic Castle.

2. United Goal held 540,000,000 Shares. United Goal is ultimately owned as to 80% by Mr. Thomas Lau through Asia Prime and as to 20% by a family trust of which Mr. Lau Luen Hung, Joseph and certain of his family members are eligible beneficiaries. By virtue of the SFO, Mr. Thomas Lau is deemed to be interested in the 540,000,000 Shares held by United Goal.

(ii) Long positions in shares of associated corporations

Name of Director	Name of associated corporation	Nature of interest	Number of shares in associated corporation	Approximate percentage of shareholding
Mr. Thomas Lau	Lifestyle Properties	Beneficial owner	3,262,500	0.78%
	Lifestyle Properties	Interest in controlled corporation *(Note 1)*	297,861,200	71.07%
	Lifestyle Properties	Interest in controlled corporation *(Note 2)*	3,852,175	0.92%

Notes:

1. Of these shares, 249,611,200 shares were held by the Company, 42,500,000 shares were held by Real Reward and 5,750,000 shares were held by United Goal. The Company is owned as to just over 50% by Mr. Thomas Lau directly or indirectly through companies which he controls. Real Reward is jointly owned by United Goal and Go Create in equal shares. United Goal is ultimately owned as to 80% by Mr. Thomas Lau through Asia Prime, and as to 20% by a family trust with Mr. Lau Luen Hung, Joseph and certain of his family members as eligible beneficiaries. By virtue of the SFO, Mr. Thomas Lau is deemed to be interested in the same parcel of shares in Lifestyle Properties in which the Company, Real Reward and United Goal are interested.

2. These shares were held by Dynamic Castle, which is wholly-owned by Mr. Thomas Lau. By virtue of the SFO, Mr. Thomas Lau is deemed to be interested in the same parcel of shares in Lifestyle Properties in which Dynamic Castle is interested.

Save for those disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial shareholders and other person's interests and short positions in shares, underlying shares and securities of the Company

As at the Latest Practicable Date, the following persons (other than a Director or a chief executive of the Company) had an interest or short position in the Shares or underlying Shares (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long positions in Shares

Name	Nature of interest	Number of Shares	Approximate percentage of interest in the issued share capital of the Company
United Goal	Beneficial owner	540,000,000	33.14%
Asia Prime	Interest of controlled corporation *(Note 1)*	540,000,000	33.14%
Dynamic Castle	Beneficial owner *(Note 2)*	154,764,000	9.50%
Bellshill Investment Company	Beneficial owner *(Note 3)*	371,122,958 *(Note 3)*	22.78%
Qatar Holding LLC	Interest of controlled corporation *(Note 3)*	371,122,958 *(Note 3)*	22.78%
Qatar Investment Authority	Interest of controlled corporation *(Note 3)*	371,122,958 *(Note 3)*	22.78%
FMR LLC	Investment manager	89,549,694 *(Note 5)*	5.50%

Notes:

1. Asia Prime, a company wholly owned by Mr. Thomas Lau, holds more than one-third of the entire issued share capital of United Goal. By virtue of the SFO, Asia Prime is deemed to be interested in the same parcel of Shares comprising 540,000,000 Shares in which United Goal is interested as beneficial owner. Mr. Thomas Lau, being an executive Director, is also a director of United Goal and Asia Prime.

2. Dynamic Castle is wholly-owned by Mr. Thomas Lau. Mr. Thomas Lau is also the sole director of Dynamic Castle.

3. Bellshill Investment Company is a wholly-owned subsidiary of Qatar Holding LLC, which in turn is wholly owned by Qatar Investment Authority. By virtue of the SFO, Qatar Holding LLC and Qatar Investment Authority are deemed to be interested in the same parcel of Shares held by Bellshill Investment Company as beneficial owner.

4. Exemption from compliance with the disclosure of interests requirement of the SFO by LS Finance (2017) Limited and LS Finance (2022) Limited (including substantial shareholders, directors and chief executives) had been granted under section 309(2) of the SFO.

5. These interests in Shares of FMR LLC were known to the Company based on the disclosure of dealings under Rule 22 of the Takeovers Code filed by FMR LLC with the SFC and published on the website of the Stock Exchange on 6 January 2015.

Save for those disclosed above, as at the Latest Practicable Date, no other persons had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO.

6. INTERESTS IN THE COMPANY AND THE OFFEROR AND ARRANGEMENTS IN CONNECTION WITH THE OFFER

As at the Latest Practicable Date,

(a) save for Mr. Thomas Lau, an executive Director and chief executive officer of the Company, owning the entire issued share capital of the Offeror, neither the Company, any member of the Group nor any of the Directors was interested in or owned or controlled any shares, convertible securities, warrants, options or derivatives of the Offeror;

(b) the Offeror did not have any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;

(c) Mr. Thomas Lau, being the sole director of the Offeror, was deemed to be interested in a total of 814,692,501 Shares (representing just over 50% of the issued share capital of the Company as at the Latest Practicable Date) pursuant to the provisions of the SFO, the details of which are disclosed in section 5(a) of this Appendix;

(d) save for the interests of Mr. Thomas Lau, United Goal, Dynamic Castle, Go Create and the Investor which are parties acting in concert or presumed to be acting in concert with the Offeror and together holding a total of 1,185,815,460 Shares (representing approximately 72.78% of the issued share capital of the Company as at the Latest Practicable Date) as disclosed in the paragraph headed "Shareholding Structure of the Company" in the section headed "Letter from the Board" of this Composite Document and save for the rights of BNP Paribas (a party presumed to be acting in concert with the Offeror) over those Shares charged under the Share Charge, neither the Offeror, its sole director nor any party acting in concert with the Offeror (save for those entities controlling, controlled by or under the same control as BNPP Securities (Asia) that are exempt principal traders or exempt fund managers) was interested in or owned or had control or direction over any voting rights or rights over any Shares, derivatives, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange, into Shares;

(e) save for the interests of Mr. Thomas Lau (an executive Director and chief executive officer of the Company, who is acting in concert with the Offeror) as disclosed in section 5(a) of this Appendix, none of the Directors was interested in or owned or controlled any Shares, derivatives, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange, into Shares;

(f) there were no Shares, convertible securities, warrants, options or derivatives of the Company which the Offeror or any party acting in concert with it (save for those entities controlling, controlled by or under the same control as BNPP Securities (Asia) that are exempt principal traders or exempt fund managers) has borrowed or lent;

(g) there were no Shares, convertible securities, warrants, options or derivatives of the Company which the Company or any Directors had borrowed or lent;

(h) none of the subsidiaries of the Company and pension fund of the Company or of a subsidiary of the Company or an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code (but excluding exempt principal traders) owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company;

(i) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who was an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of "associate" under the Takeovers Code or with the Offeror or any person acting in concert with the Offeror;

(j) no Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;

(k) no Independent Shareholder had irrevocably committed himself/herself/itself to accept or reject the Offer;

(l) save and except the Facility and the Share Charge, there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror or any person acting in concert with it and any Director, recent Directors, Shareholders or recent Shareholders having any connection with the Offer or being conditional on or dependent upon the outcome of the Offer;

(m) there was no agreement or arrangement to which the Offeror was a party which related to the circumstances in which the Offeror may or may not invoke or seek to invoke a condition to the Offer; and

(n) the Offer Shares to be acquired by the Offeror through the Offer, together with the 540,000,000 Shares owned by United Goal and the 50,000,000 Shares owned by Dynamic Castle, were charged, pursuant to the Share Charge, to BNP Paribas, acting through its Hong Kong Branch (as security agent), as security for the Facility. As at the Latest Practicable Date, BNP Paribas and its subsidiaries (save for those that are exempt principal traders or exempt fund managers) did not hold any Shares. If there is any event of default under the Facility, BNP Paribas, acting through its Hong Kong Branch, shall be entitled to enforce such security (including the exercise of power of sale and foreclosure in respect of these charged Offer Shares) and all rights pertaining to these charged Offer Shares. Save for the above, there was no agreement, arrangement, undertaking or understanding entered into by the Offeror or the sole director of the Offeror that any securities of the Company to be acquired by the Offeror pursuant to the Offer would be transferred, charged or pledged to any other persons.

7. DEALINGS IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

(a) During the Relevant Period,

(i) save for the transactions contemplated under the Investor Agreement and the Sale and Purchase Agreements, none of the Offeror, its sole director and parties acting in concert or presumed to be acting in concert with the Offeror (excluding those entities controlling, controlled by or under the same control as BNPP Securities (Asia) that are exempt principal traders or exempt fund managers) had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company;

(ii) save for the subscription of one share in the Offeror by Mr. Thomas Lau for a total consideration of US$1 on 20 September 2014 in connection with the incorporation of the Offeror, none of the Company, any of its subsidiaries, the Directors or the sole director of the Offeror had dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror;

(iii) save for (AA) the acquisition of the First Sale Shares by United Goal at a price of HK$14.75 per Share under the First Sale and Purchase Agreement (where Mr. Thomas Lau had an indirect interest as he, through Asia Prime, owned 80% of the issued share capital of United Goal), (BB) the acquisition of the Second Sale Shares by Mr. Thomas Lau at a price of HK$14.75 per Share under the Second Sale and Purchase Agreement and (CC) the disposal of the Third Sale Share and the Fourth Sale Shares by Real Reward to Go Create and the Investor respectively at a price of HK$14.75 per Share under the Third Sale and Purchase Agreement and the Fourth Sale and Purchase Agreement respectively (where Mr. Thomas Lau had an indirect interest as he, through United Goal, owned 50% of the issued share capital of Real Reward), none of the Directors had dealt in value for any Shares, convertible securities, warrants, options or derivatives of the Company;

(b) During the Offer Period and up to the Latest Practicable Date,

(i) no fund managers (other than exempt fund managers) who were connected with the Company had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company which were managed on a discretionary basis;

(ii) none of the subsidiaries of the Company and pension fund of the Company or of a subsidiary of the Company or an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code (but excluding exempt trades carried out by exempt principal traders) had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company;

(c) The Offeror confirms that as at the Latest Practicable Date:

(i) the Offeror, United Goal, Mr. Thomas Lau and parties acting in concert with any of them had not received any irrevocable commitment to accept or reject the Offer;

(ii) there were no outstanding derivatives in respect of securities in the Company which had been entered into by the Offeror, United Goal, Mr. Thomas Lau and parties acting in concert with any of them (save for those entities controlling, controlled by or under the same control as BNPP Securities (Asia) that are exempt principal traders or exempt fund managers);

(iii) there was no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which might be material to the Offer;

(iv) save for the interests of Mr. Thomas Lau, United Goal, Dynamic Castle, Go Create and the Investor which are parties acting in concert or presumed to be acting in concert with the Offeror and together holding a total of 1,185,815,460 Shares (representing approximately 72.78% of the issued share capital of the Company as at the Latest Practicable Date) and save for the rights of BNP Paribas (a party presumed to be acting in concert with the Offeror) over those Shares charged under the Share Charge, none of the Offeror, United Goal, Mr. Thomas Lau and parties acting in concert or presumed to be acting in concert with any of them owned or had control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;

(v) there was no agreement or arrangement to which any of the Offeror, United Goal, Mr. Thomas Lau and parties acting in concert with them was a party which relates to circumstances in which it might or might not invoke or seek to invoke a pre-condition or a condition to the Offer; and

(vi) there were no relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, United Goal, Mr. Thomas Lau and parties acting in concert with them had borrowed or lent.

8. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date,

(a) there was no arrangement whereby any Directors would be given any benefit as compensation for loss of office or otherwise in connection with the Offer;

(b) save for the Facility and the Share Charge to which the Offeror is a party and in which Mr. Thomas Lau, an executive Director, had a personal interest by virtue of him being the sole shareholder and director of the Offeror, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and

(c) save for the Facility and the Share Charge to which the Offeror is a party and in which Mr. Thomas Lau, an executive Director, was deemed to have a material personal interest by virtue of him being the sole shareholder and director of the Offeror, there was no material contract entered into by the Offeror in which any Director has a material personal interest.

9. DIRECTORS' SERVICE CONTRACTS

Each of Mr. Thomas Lau and Mr. Doo Wai Hoi, William, being executive Director, has a service contract with the Company and the details of which are set out as follows:

Each of Mr. Thomas Lau and Mr. Doo Wai Hoi, William, being executive Director, has a service contract with the Company with the term from 1 April 2013 to 31 March 2016 and 2 March 2014 to 1 March 2017 respectively in respect of their respective directorship and is subject to renewal and extension automatically for further three years unless either party gives a six months' written notice of non-renewal to the other party before the expiry of the then existing term.

The last three-year term under Mr. Thomas Lau's service contract expired on 31 March 2013 and as no prior termination notice was served by either party, the service contract of Mr. Thomas Lau has already been automatically renewed for another term of three years commencing from 1 April 2013 pursuant to the terms thereof. The last three-year term under Mr. Doo's service contract expired on 1 March 2014 and as no prior termination notice was served by either party, the service contract of Mr. Doo has already been automatically renewed for another term of three years commencing from 2 March 2014 pursuant to the terms thereof.

Under the current service contract, Mr. Thomas Lau is entitled to a fixed director's fee of HK$100,000 per annum and, subject to the absolute discretion of the Board, a discretionary bonus as may be determined by the Board with the aggregate amounts of the discretionary bonuses payable to all the executive Directors in respect of any financial year not exceeding 5% of the audited consolidated net profit of the Group (before taxation, extraordinary items and payment of bonuses payable to all executive Directors but after non-controlling interests and the taxation attributable to the non-controlling interests). Subject to the absolute discretion of the Board, Mr. Thomas Lau may also receive a management bonus in recognition of his contribution in the day-to-day management of the Company of a sum to be determined by the Board.

In addition to the service contract as an executive Director, Mr. Thomas Lau is also employed as the general manager under an employment agreement entered into with Sogo Hong Kong Company Limited, a wholly-owned subsidiary of the Company, for a fixed monthly salary of HK$600,000, plus any discretionary bonus. The term of employment of Mr. Thomas Lau under the employment contract with Sogo Hong Kong Company Limited is continuous unless either party gives to the other party a three months' written notice of termination. Mr. Thomas Lau has also entered into a letter of appointment with Lifestyle Properties under which his term of office as the non-executive director of Lifestyle Properties is for a period of three years commencing from 26 August 2013 unless either party gives to the other party one month's written notice of termination and subject to the provision of retirement and rotation of directors under the articles of association of Lifestyle Properties. Pursuant to the said letter of appointment, Mr. Thomas Lau is entitled to an annual director's fee HK$100,000.

Under the current service contract, Mr. Doo is entitled to a fixed salary of HK$200,000 per annum and, subject to the absolute discretion of the Board, a discretionary bonus as may be determined by the Board with the aggregate amounts of the discretionary bonuses payable to all the executive Directors in respect of any financial year not exceeding 5% of the audited consolidated net profit of the Group before taxation, extraordinary items and payment of bonuses payable to all executive Directors but after minority interests and the taxation attributable to the minority interests.

There is no specific clause in both service contracts providing for the amount of compensation in case of early termination of office.

Save as disclosed in section 9 of this Appendix, as at the Latest Practicable Date, there was no service contract entered into between the Directors and the Company or any of its subsidiaries or associated companies in force (i) which (including both continuous and fixed term contracts) has been entered into or amended within 6 months before the date of the Joint Announcement; or (ii) which is a continuous contract with a notice period of 12 months or more; or (iii) which is a fixed term contract with more than 12 months to run irrespective of the notice period.

10. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

11. MATERIAL CONTRACTS

The Group did not enter into any contract which are or may be material (other than those entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) within the two years immediately preceding the date on which the Offer Period commenced.

12. CONSENTS AND QUALIFICATIONS

The followings are the names and the qualifications of the professional advisers whose letters, opinions or advice are contained or referred to in this Composite Document:

Name	**Qualifications**
BNP Paribas Securities (Asia) Limited	Licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities
Octal Capital Limited	Licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
DTZ	Independent qualified professional property valuer

Each of BNPP Securities (Asia), Octal Capital and DTZ has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its advice, letter and recommendation and the references to its name and logo in the form and context in which they respectively appear.

13. GENERAL

As at the Latest Practicable Date:

(a) the registered office of the Offeror was situated at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. The sole director and sole shareholder of the Offeror was Mr. Thomas Lau. The correspondence address of Mr. Thomas Lau was at 20th Floor, East Point Centre, 555 Hennessy Road, Causeway Bay, Hong Kong.

(b) certain principal members of the Offeror's concert group are companies which included United Goal, Dynamic Castle and Asia Prime whose details are as follows:

Name	Address	Director(s)	Shareholders
United Goal Resources Limited	Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	(1) Mr. Lau Luen Hung, Joseph (2) Mr. Thomas Lau (3) Ms. Lam Po Wan, Ivy	(1) 80% owned by Asia Prime which in turn is wholly owned by Mr. Thomas Lau (2) 20% owned by a family trust of which Mr. Lau Luen Hung, Joseph and certain of his family members are eligible beneficiaries
Dynamic Castle Limited	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	Mr. Thomas Lau	100% owned by Mr. Thomas Lau
Asia Prime Assets Limited	Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Mr. Thomas Lau	100% owned by Mr. Thomas Lau

(c) the registered office of the Company was situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The head office and principal place of business of the Company in Hong Kong was situated at 20th Floor, East Point Centre, 555 Hennessy Road, Causeway Bay, Hong Kong. The Board comprised two executive Directors, namely, Mr. Thomas Lau and Mr. Doo Wai Hoi, William, three non-executive Directors, namely Dató Dr. Cheng Yu Tung, Dr. Cheng Kar Shun, Henry and Ms. Lau Yuk Wai, Amy and four independent non-executive Directors, namely, Mr. Lam Siu Lun, Simon, The Hon. Shek Lai Him, Abraham, Mr. Hui Chiu Chung, Stephen and Mr. Ip Yuk Keung.

(d) the company secretary of the Company was Mr. Poon Fuk Chuen. He was an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

(e) the Hong Kong share registrar and transfer office of the Company was Computershare Hong Kong Investor Services Limited whose address was at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(f) the registered office of BNPP Securities (Asia) was situated at 59th Floor–63th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong

(g) the registered office of Octal Capital was situated at 801–805, 8th Floor, Nan Fung Tower, 88 Connaught Road Central, Hong Kong

(h) this Composite Document and the Form of Acceptance were prepared in both English and Chinese. In the event of inconsistency, the English texts shall prevail over the Chinese texts.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. on any Business Day (i) at the head office and principal place of business of the Company in Hong Kong at 20th Floor, East Point Centre, 555 Hennessy Road, Causeway Bay, Hong Kong; and (ii) on the websites of the SFC (www.sfc.hk) and the Company (www.lifestylehk.com.hk) during the period from the date of this Composite Document up to and including the Closing Date:

(a) the memorandum and articles of association of the Company;

(b) the memorandum and articles of association of the Offeror;

(c) the annual report of the Group for each of the two financial years ended 31 December 2012 and 31 December 2013;

(d) the interim report of the Group for the six months ended 30 June 2014;

(e) the letter from BNPP Securities (Asia) dated 9 January 2015, the text of which is set out on pages 8 to 22 of this Composite Document;

(f) the letter from the Board dated 9 January 2015, the text of which is set out on pages 23 to 30 of this Composite Document;

(g) the letter from the Independent Board Committee dated 9 January 2015, the text of which is set out on pages 31 to 32 of this Composite Document;

(h) the letter from Octal Capital dated 9 January 2015, the text of which is set out on pages 33 to 53 of this Composite Document;

(i) the valuation report dated 9 January 2015 relating to the property interests of the Group prepared by DTZ, the text of which is set out in Appendix III to this Composite Document;

(j) the letters of consent dated 9 January 2015 from each of BNPP Securities (Asia), Octal Capital and DTZ referred to under the section headed "Consents and qualifications" in this Appendix

(k) the service contract, employment agreement and letter of appointment of Mr. Thomas Lau and the service contract of Mr. Doo Wai Hoi, William referred to in the section headed "Directors' Service Contract" in this Appendix;

(l) the facility agreement dated 22 December 2014 entered into between the Offeror and BNP Paribas, acting through its Hong Kong Branch, in respect of the Facility;

(m) the Share Charge;

(n) the personal guarantee dated 22 December 2014 given by Mr. Thomas Lau in favour of BNP Paribas, acting through its Hong Kong Branch, as guarantee for the Facility;

(o) the subordination deed dated 29 December 2014 entered into between Chow Tai Fook Enterprises Limited, the Offeror, Mr. Thomas Lau and BNP Paribas, acting through its Hong Kong Branch; and

(p) the letter dated 18 December 2014 regarding irrevocable instructions for the CTF Funding given by Chow Tai Fook Enterprises Limited and Chow Tai Fook (Holding) Limited to BNP Paribas Wealth Management (acting through its Hong Kong Branch), BNPP Securities (Asia) and the Offeror.