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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold or transferred** all your shares in **Kee Shing Investment (BVI) Limited**, you should at once hand this Composite Offer Document and the accompanying Form of Acceptance to the purchaser or transferee, 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 or transferee.

This Composite Offer Document should be read in conjunction with the accompanying Form of Acceptance, the provisions of which form part of the terms of the KSL Offer contained herein.

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**Merit Gala Limited**  
*(Incorporated in the British Virgin Islands  
with limited liability)*

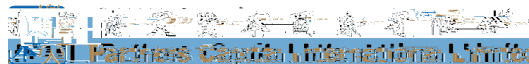
**Kee Shing Investment (BVI) Limited**  
*(Incorporated in the British Virgin Islands  
with limited liability)*

**COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO  
THE UNCONDITIONAL VOLUNTARY CASH OFFER  
BY OPTIMA CAPITAL ON BEHALF OF MERIT GALA  
FOR THE VGO KSL SHARES**

**Financial adviser to Merit Gala Limited**

  
**Optima Capital Limited**

**Independent financial adviser to the Qualifying KSL Shareholders**



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

A letter from the Board is set out on pages 6 to 8 of this Composite Offer Document. A letter from Optima Capital is set out on pages 9 to 14 of this Composite Offer Document. A letter from Partners Capital containing their advice to the Qualifying KSL Shareholders in respect of the KSL Offer contained herein is set out on pages 15 to 25 of this Composite Offer Document.

The procedures for acceptance and settlement of the KSL Offer contained herein are set out in Appendix I to this Composite Offer Document and in the accompanying Form of Acceptance. Acceptances of the KSL Offer should be received by the Transfer Agent (Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong) by no later than 4:00 p.m. on Thursday, 11 November 2010.

21 October 2010

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# DEFINITIONS

<p>1. <math>K_{t-1}</math> -</p> <p>2. <math>K_t</math> -</p> <p>3. <math>K_t^e</math> -</p> <p>4. <math>K_t^e</math> -</p> <p>5. <math>K_t^e</math> -</p> <p>6. <math>K_t^e</math> -</p> <p>7. <math>K_t^e</math> -</p> <p>8. <math>K_t^e</math> -</p> <p>9. <math>K_t^e</math> -</p> <p>10. <math>K_t^e</math> -</p> <p>11. <math>K_t^e</math> -</p> <p>12. <math>K_t^e</math> -</p> <p>13. <math>K_t^e</math> -</p> <p>14. <math>K_t^e</math> -</p> <p>15. <math>K_t^e</math> -</p> <p>16. <math>K_t^e</math> -</p> <p>17. <math>K_t^e</math> -</p> <p>18. <math>K_t^e</math> -</p> <p>19. <math>K_t^e</math> -</p> <p>20. <math>K_t^e</math> -</p>	<p>1. <math>K_t = K_{t-1} + \Delta K_t</math></p> <p>2. <math>K_t = K_{t-1} + \Delta K_t</math></p> <p>3. <math>K_t^e = K_{t-1} + \Delta K_t^e</math></p> <p>4. <math>K_t^e = K_{t-1} + \Delta K_t^e</math></p> <p>5. <math>K_t^e = K_{t-1} + \Delta K_t^e</math></p> <p>6. <math>K_t^e = K_{t-1} + \Delta K_t^e</math></p> <p>7. <math>K_t^e = K_{t-1} + \Delta K_t^e</math></p> <p>8. <math>K_t^e = K_{t-1} + \Delta K_t^e</math></p> <p>9. <math>K_t^e = K_{t-1} + \Delta K_t^e</math></p> <p>10. <math>K_t^e = K_{t-1} + \Delta K_t^e</math></p> <p>11. <math>K_t^e = K_{t-1} + \Delta K_t^e</math></p> <p>12. <math>K_t^e = K_{t-1} + \Delta K_t^e</math></p> <p>13. <math>K_t^e = K_{t-1} + \Delta K_t^e</math></p> <p>14. <math>K_t^e = K_{t-1} + \Delta K_t^e</math></p> <p>15. <math>K_t^e = K_{t-1} + \Delta K_t^e</math></p> <p>16. <math>K_t^e = K_{t-1} + \Delta K_t^e</math></p> <p>17. <math>K_t^e = K_{t-1} + \Delta K_t^e</math></p> <p>18. <math>K_t^e = K_{t-1} + \Delta K_t^e</math></p> <p>19. <math>K_t^e = K_{t-1} + \Delta K_t^e</math></p> <p>20. <math>K_t^e = K_{t-1} + \Delta K_t^e</math></p>
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## LETTER FROM THE BOARD

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### RECOMMENDATION

A resolution of the Board of Directors of KEE SHING INVESTMENT (BVI) LIMITED, in relation to the proposed acquisition of the shares of the target company, is set out in the letter from the Board of Directors of KEE SHING INVESTMENT (BVI) LIMITED, dated 12/12/2012, which is set out in the Appendix to the Circular Letter to Shareholders of KEE SHING INVESTMENT (BVI) LIMITED, dated 12/12/2012. The Board of Directors of KEE SHING INVESTMENT (BVI) LIMITED, in its letter to Shareholders, dated 12/12/2012, has recommended that the Shareholders of KEE SHING INVESTMENT (BVI) LIMITED should vote in favour of the proposed acquisition of the shares of the target company.

### ADDITIONAL INFORMATION

The Board of Directors of KEE SHING INVESTMENT (BVI) LIMITED, in its letter to Shareholders, dated 12/12/2012, has recommended that the Shareholders of KEE SHING INVESTMENT (BVI) LIMITED should vote in favour of the proposed acquisition of the shares of the target company. A resolution of the Board of Directors of KEE SHING INVESTMENT (BVI) LIMITED, in relation to the proposed acquisition of the shares of the target company, is set out in the letter from the Board of Directors of KEE SHING INVESTMENT (BVI) LIMITED, dated 12/12/2012, which is set out in the Appendix to the Circular Letter to Shareholders of KEE SHING INVESTMENT (BVI) LIMITED, dated 12/12/2012.

LEE SHING INVESTMENT (BVI) LIMITED  
LEE SHING INVESTMENT (BVI) LIMITED  
**KEE SHING INVESTMENT (BVI) LIMITED**  
**Leung Shu Wing**  
*Director*





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## LETTER FROM OPTIMA CAPITAL

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### FINANCING OF THE KSL OFFER

Optima Capital is providing financing for the KSL offer. The financing is provided in the form of a loan to the KSL offer. The loan is for a period of 12 months and is secured by the KSL offer. The interest rate on the loan is 0%.

### COMPULSORY ACQUISITION

Optima Capital is providing financing for the compulsory acquisition. The financing is provided in the form of a loan to the compulsory acquisition. The loan is for a period of 12 months and is secured by the compulsory acquisition. The interest rate on the loan is 0%.

### DEALING AND INTERESTS IN THE KSL'S SECURITIES

Optima Capital is providing financing for the dealing and interests in the KSL's securities. The financing is provided in the form of a loan to the dealing and interests in the KSL's securities. The loan is for a period of 12 months and is secured by the dealing and interests in the KSL's securities. The interest rate on the loan is 0%.

### INFORMATION ON MERIT GALA

Optima Capital is providing financing for the information on Merit Gala. The financing is provided in the form of a loan to the information on Merit Gala. The loan is for a period of 12 months and is secured by the information on Merit Gala. The interest rate on the loan is 0%.



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## LETTER FROM OPTIMA CAPITAL

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### EFFECT OF ACCEPTING THE KSL OFFER

... K ...

... K ...

### HONG KONG STAMP DUTY

... K ...

### ACCEPTANCE AND SETTLEMENT

... K ...

### TAXATION

... K ...

### QUALIFYING KSL SHAREHOLDERS OUTSIDE HONG KONG

... K ...

... K ...



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# LETTER FROM OPTIMA CAPITAL

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## INDEPENDENT ADVICE

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K 1 2

## FURTHER INFORMATION

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OPTIMA CAPITAL LIMITED  
**Mei H. Leung**  
*Chairman*







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## LETTER FROM PARTNERS CAPITAL

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A... .. K... ..

Year ended 31 December			Six months ended
2007	2008	2009	30 June 2010

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## LETTER FROM PARTNERS CAPITAL

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As at 31 December 2009, the Company's net assets were K\$ 1.0 million, representing a decrease of 31.3% from K\$ 1.5 million as at 31 December 2008. The decrease was primarily due to the payment of K\$ 0.5 million for the acquisition of the 33.3% shareholding in the subsidiary, which was offset by the receipt of K\$ 0.1 million from the sale of the subsidiary's shares.

As at 30 June 2010, the Company's net assets were K\$ 1.0 million, representing a decrease of 31.3% from K\$ 1.5 million as at 30 June 2009. The decrease was primarily due to the payment of K\$ 0.5 million for the acquisition of the 33.3% shareholding in the subsidiary, which was offset by the receipt of K\$ 0.1 million from the sale of the subsidiary's shares.









## LETTER FROM PARTNERS CAPITAL

11 2010, 3.1% 1.0%.

K 30 2010 13.1%

K 30 2010 31.3%

K 30 2010

K\$ , ,000 30 2010 , 00,000 K K0.0

K\$2 ,2 3,000.

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## LETTER FROM PARTNERS CAPITAL

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... y<sub>2</sub> ...  y<sub>2</sub> ... g ... K ...  
( ... y<sub>2</sub> ... y<sub>2</sub> ... K ... ) ... K ...



PROCEDURES FOR ACCEPTANCE

*[Faint, illegible text, likely bleed-through from the reverse side of the page]*

The completed Form of Acceptance should then be forwarded by post or by hand marked "KSL Offer" on the envelope, to, which should also reach, the Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Thursday, 11 November 2010 (being the Closing Date).

*[Faint, illegible text, likely bleed-through from the reverse side of the page]*





**RIGHT OF WITHDRAWAL**

A ..... K ..... y<sub>3</sub> ..... L<sub>4</sub> ..... y<sub>3</sub> ..... i<sub>2</sub> K .....  
..... L<sub>4</sub> ..... i<sub>2</sub> .....  
..... L<sub>4</sub> ..... 1 ..... ☒  
..... K ..... L<sub>4</sub> ..... y<sub>3</sub> ..... V .....  
..... L<sub>4</sub> ..... L<sub>4</sub> ..... L<sub>4</sub> ..... L<sub>4</sub> ..... i<sub>2</sub> K ..... i<sub>2</sub> .....  
..... y<sub>3</sub> ..... ☒ ..... K .....  
y<sub>3</sub> ..... i<sub>2</sub> K ..... i<sub>2</sub> ..... L<sub>4</sub> ..... L<sub>4</sub> .....  
K ..... y<sub>3</sub> ..... y<sub>3</sub> ..... L<sub>4</sub> ..... y<sub>3</sub> ..... i<sub>2</sub> K .....  
..... L<sub>4</sub> ..... L<sub>4</sub> ..... i<sub>2</sub> K ..... L<sub>4</sub> .....  
..... y<sub>3</sub> ..... L<sub>4</sub> .....  
..... y<sub>3</sub> ..... y<sub>3</sub> ..... L<sub>4</sub> ..... K ..... y<sub>3</sub> .....





**1. FINANCIAL SUMMARY**

*Set out below is a financial summary of the KSL Group for the three financial years ended 31 December 2009 and for the six months ended 30 June 2010 (save for the earnings (loss) per KSL Share and the dividend per KSL Share which are calculated based on the figures extracted from the accountants' report of the KSL Group) extracted from the accountants' report on the KSL Group set out in the Circular:*

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	HK\$'000 (千港元)	HK\$'000 (千港元)	HK\$'000 (千港元)	HK\$'000 (千港元)	HK\$'000 (千港元)
Revenue	2, 130	1, 22	1, 21	1, 1	1, 2
Profit/(Loss) before income tax	1, 21	(10, 1)	1, 0	(12,10 )	1, 33
Income tax expense/(credit)	(1, 0)	1, 3	(1, 00)	(1,02 )	(1, 20)
Profit/(Loss) after income tax	3,	(10, )	0,	(13,13 )	13, 1
Attributable to KSL Shareholders	3,	(10, 302)	0, 2	(13, )	11, 1

Notes:

( ) A ... K ... 31 ... 20Q ... 30 ... 2010.

( ) ... K ... 31 ... 20Q ... 30 ... 2010.

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( ) ... K ... 00,000 K ... K ...





**A. FINANCIAL INFORMATION**

**Combined Statements of Comprehensive Income**

<i>Notes</i>	<b>Year ended 31 December</b>			<b>Six months ended</b>	
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2009</b>	<b>2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(6, 21)	
4	2, 130	1, 2, 2	1, 21	1, 1	1, 2







		As at 31 December			As at
		2007	2008	2009	30 June
	Notes	HK\$'000	HK\$'000	HK\$'000	2010
					HK\$'000
<b>Capital and Reserves</b>					
Share capital	20				
Reserves		1,300	1,300	1,300	1,300
Total		1,300	1,300	1,300	1,300

Combined Statements of Changes in Equity

	Share capital HK\$'000	Capital reserve HK\$'000	Property revaluation reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Attributable to owners of the KSL Group entities HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
A. 1 January 200				1,111	111,123	123,000	1,000	1,030,300
Profit for the year				2,000		2,000		1,133,000
Dividends paid							1,000	3,000
Share repurchase				2,000		3,000	1,000	6,000
Share-based payment		2,300				2,300		2,300
Change in non-controlling interests							(32,000)	(32,000)
A. 31 December 200				2,111	1,122,000	125,300	22,320	2,171,630
Profit for the year			0			0		0
Profit for the year				3,333	(10,302)	3,333	330	3,033
Dividends paid						(10,302)	(2,100)	(10,402)
Share repurchase				0				
Share-based payment				3,333	(10,302)	(101,000)	(1,100)	(103,069)
Change in non-controlling interests							(3,000)	(3,000)
A. 31 December 200			3,000	5,444	1,111,000	1,300,000	20,110	11,020,000
Profit for the year							301	301
Dividends paid							2,000	2,000
Share repurchase								
Share-based payment							2,333	10,333
Change in non-controlling interests							(2,332)	(20,232)
A. 31 December 200			3,000	5,444	1,111,000	1,302,333	1,000	10,031,000

**APPENDIX II**

**FINANCIAL INFORMATION ON THE KSL GROUP**

	Share capital	Capital reserve	Property revaluation reserve	Translation reserve	Retained profits	Attributable to owners of the KSL Group entities	Non-controlling interests	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 31 December 2009				3	11, 1	3	13	13, 1
At 31 December 2010				3	11, 1	12, 20	1, 2	1, 0 2
At 31 December 2009					(22,000)	(22,000)	(3, 31)	(2, 31)
<b>At 30 June 2010</b>	<b>1, 11</b>	<b>1, 11</b>	<b>3</b>	<b>3</b>	<b>22</b>	<b>11</b>	<b>1, 3 1</b>	<b>2, 2</b>

**Combined Statements of Cash Flows**

	<b>Year ended 31 December</b>	<b>Six months ended 30 June</b>
Operating activities	(1,321,210)	(1,210,100)
Investing activities	1,100,000	1,100,000
Financing activities	1,100,000	1,100,000
Net change in cash	(121,210)	(110,100)
Cash at beginning of period	1,200,000	1,200,000
Cash at end of period	1,078,790	1,089,900

**APPENDIX II**

**FINANCIAL INFORMATION ON THE KSL GROUP**

	<b>Year ended 31 December</b>					<b>Six months ended</b>	
	<b>2007</b>			<b>2009</b>		<b>30 June</b>	
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2009</b>	<b>2010</b>		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Income tax expense	2,300	(13,120)	(3,000)	(3,000)	1,000	1,000	1,000
Income tax credit	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Income tax expense	1,300	(14,120)	(4,000)	(4,000)	0	0	0
Income tax expense	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Income tax expense	(22,000)	1,000	23,110	1,000	1,000	1,000	1,000
Income tax expense	(3,000)	(12,000)	(1,000)	(1,000)	1,000	1,000	1,000
Income tax expense	(2,000)	21,000	1,000	1,000	(1,000)	(1,000)	(1,000)
Income tax expense	(11,000)	2,000	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Income tax expense	3,310	21,000	1,000	1,000	1,000	1,000	1,000
Income tax expense	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Income tax expense	2,000	1,310	1,000	2,200	3,000	3,000	3,000
Income tax expense	2,100	20,000	3,000	1,200	1,132	1,132	1,132
Income tax expense	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Income tax expense	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Income tax expense	20,000	22,000	2,000	1,000	1,000	1,000	1,000

<b>Year ended 31 December</b>			<b>Six months ended</b>		
			<b>30 June</b>		
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2009</b>	<b>2n90</b>	
					<b>-1.43</b>









**Leasehold land and building**

	2019	2018
At the beginning of the year	1,000,000	1,000,000
Acquired	100,000	100,000
Disposals	(50,000)	(50,000)
At the end of the year	1,050,000	1,050,000

**Associates**

	2019	2018
At the beginning of the year	1,000,000	1,000,000
Acquired	100,000	100,000
Disposals	(50,000)	(50,000)
At the end of the year	1,050,000	1,050,000

**Inventories**

	2019	2018
At the beginning of the year	1,000,000	1,000,000
At the end of the year	1,000,000	1,000,000

**Impairment of tangible assets**

	2019	2018
At the beginning of the year	1,000,000	1,000,000
Impairment	100,000	100,000
Reversal of impairment	(50,000)	(50,000)
At the end of the year	1,050,000	1,050,000

**Financial instruments**

	2019	2018
At the beginning of the year	1,000,000	1,000,000
At the end of the year	1,000,000	1,000,000

*Financial assets*

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*Effective interest method*

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*Financial assets at FVTPL*

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*Loans and receivables*

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*Impairment of financial assets*

1. The Group's financial assets are measured at amortized cost, except for equity investments that are not listed in a public market and that the Group is unable to reliably measure at fair value. For these equity investments, the Group uses the cost method. The Group's financial assets are measured at amortized cost, except for equity investments that are not listed in a public market and that the Group is unable to reliably measure at fair value. For these equity investments, the Group uses the cost method.

2. The Group's financial assets are measured at amortized cost, except for equity investments that are not listed in a public market and that the Group is unable to reliably measure at fair value. For these equity investments, the Group uses the cost method.

3. The Group's financial assets are measured at amortized cost, except for equity investments that are not listed in a public market and that the Group is unable to reliably measure at fair value. For these equity investments, the Group uses the cost method.

4. The Group's financial assets are measured at amortized cost, except for equity investments that are not listed in a public market and that the Group is unable to reliably measure at fair value. For these equity investments, the Group uses the cost method.

5. The Group's financial assets are measured at amortized cost, except for equity investments that are not listed in a public market and that the Group is unable to reliably measure at fair value. For these equity investments, the Group uses the cost method.

6. The Group's financial assets are measured at amortized cost, except for equity investments that are not listed in a public market and that the Group is unable to reliably measure at fair value. For these equity investments, the Group uses the cost method.

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8. The Group's financial assets are measured at amortized cost, except for equity investments that are not listed in a public market and that the Group is unable to reliably measure at fair value. For these equity investments, the Group uses the cost method.

9. The Group's financial assets are measured at amortized cost, except for equity investments that are not listed in a public market and that the Group is unable to reliably measure at fair value. For these equity investments, the Group uses the cost method.

10. The Group's financial assets are measured at amortized cost, except for equity investments that are not listed in a public market and that the Group is unable to reliably measure at fair value. For these equity investments, the Group uses the cost method.

*Financial liabilities and equity*

1. The Group's financial liabilities are measured at amortized cost, except for equity investments that are not listed in a public market and that the Group is unable to reliably measure at fair value. For these equity investments, the Group uses the cost method.

2. The Group's financial liabilities are measured at amortized cost, except for equity investments that are not listed in a public market and that the Group is unable to reliably measure at fair value. For these equity investments, the Group uses the cost method.

*Equity instruments*

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*Derecognition*

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*Taxation*

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*Leasing*

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*For the year ended 31 December 2008*

	<b>Sales of chemicals and metals</b> <i>HK\$'000</i>	<b>Property investments</b> <i>HK\$'000</i>	<b>Securities investments</b> <i>HK\$'000</i>	<b>Eliminations</b> <i>HK\$'000</i>	<b>Combined</b> <i>HK\$'000</i>
<i>Turnover</i>					
	1, 2	3, 1	3, 3	( )	1, 2, 2
	<hr/>				







*For the year ended 31 December 2007*

*Other segment information*

**Sales of**



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**APPENDIX II****FINANCIAL INFORMATION ON THE KSL GROUP**

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*For the six months ended 30 June 2010*

*Other segment information*

<b>Sales of chemicals and metals</b>	<b>Property investments</b>	<b>Securities investments</b>	<b>Segment Total</b>
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>



7. INCOME TAX EXPENSE (CREDIT)

	Year ended 31 December			Six months ended	
	2007	2008	2009	30 June	
	HK\$'000	HK\$'000	HK\$'000	2009	2010
	(HK\$'000)				
Income tax expense (credit)					
Current tax	1,013	1,120	1,130	1,112	1,130
Deferred tax	2,300	1,120	1,130	1,112	1,130
Income tax expense (credit)	3,313	2,240	2,260	2,224	2,260
Income tax credit	(200)	(130)	(230)	(130)	(330)
Income tax expense (credit)	(200)	(130)	(230)	(130)	(330)
Income tax expense (credit)	(100)	(200)	(100)	(100)	(330)
Income tax expense (credit)	1,013	1,310	1,130	1,112	1,330
Income tax expense (credit) (note 21)	3,113	1,180	1,030	1,012	1,000
Income tax expense (credit)	(100)	(1,010)	(100)	(100)	(330)
Income tax expense (credit)	3,013	870	930	912	670
Income tax expense (credit)	3,013	870	930	912	670

2. The 2009 income tax expense is calculated based on the 2009 taxable income of HK\$200 million, which is 1.0% of the 2009 revenue of HK\$200 million. The 2008 income tax expense is calculated based on the 2008 taxable income of HK\$130 million, which is 1.0% of the 2008 revenue of HK\$130 million. The 2007 income tax expense is calculated based on the 2007 taxable income of HK\$100 million, which is 1.0% of the 2007 revenue of HK\$100 million.

3. The 2009 income tax expense is calculated based on the 2009 taxable income of HK\$100 million, which is 1.0% of the 2009 revenue of HK\$100 million. The 2008 income tax expense is calculated based on the 2008 taxable income of HK\$100 million, which is 1.0% of the 2008 revenue of HK\$100 million. The 2007 income tax expense is calculated based on the 2007 taxable income of HK\$100 million, which is 1.0% of the 2007 revenue of HK\$100 million.

21.







9. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
As at 31 December 2009	3,213
As at 31 December 2008	2,300
As at 31 December 2007	0,000
	(2,100)
As at 31 December 2009	10,130
As at 31 December 2008	3,300
As at 31 December 2007	3,300
	(20,000)
As at 31 December 2009	3,300
As at 31 December 2008	20,000
As at 31 December 2007	3,300
	(3,300)
As at 31 December 2009	22,000
As at 31 December 2008	12,000
As at 31 December 2007	(1,132)
	0,300

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 31 December 2009	1,000	0,300	2,200	1,000
As at 31 December 2008	1,000	2,200	1,000	-
As at 31 December 2007	3,300	3,300	3,300	2,200



... 31 ... 1, 1. ...  
 ... K\$3,31,000, K\$3,12,000, K\$2,000,000, K\$2,000,000 31 ... 200,200 ... 200  
 ... 30 ... 2010, ...

... K ...  
 ... K\$ ,3 ,000, K\$ ,1 ,000, K\$ ,1 ,000 ... K\$ ,10 ,000 ... 31 ... 200 , 200 ... 200  
 ... 30 ... 2010, ...

... K ...

**Leasehold land and buildings**

	As at 31 December			As at
	2007	2008	2009	30 June
	HK\$'000	HK\$'000	HK\$'000	2010
				HK\$'000
...	, 3	,	, 3	,
...	, 3	, 1	, 1	, 10
	<u>12,30</u>	<u>11, 2</u>	<u>11, 1</u>	11, 0

	As at 31 December			As at
	2007	2008	2009	30 June
	HK\$'000	HK\$'000	HK\$'000	2010
				HK\$'000
...	2	2		
...	3	3		

**12. FOREIGN EXCHANGE YIELD LINKED DEPOSIT**

As at 31 December 2012, the Group has a foreign exchange yield linked deposit of HK\$3 million (2011: HK\$3 million, 2010: HK\$3 million) denominated in US dollars. The deposit is held with a bank in the United States and is classified as a financial asset at fair value through profit or loss. The deposit is subject to a floating interest rate based on the 3-month US dollar LIBOR rate plus a margin of 200 basis points. The deposit is classified as a financial asset at fair value through profit or loss because it is held for trading purposes.

**APPENDIX II**

**FINANCIAL INFORMATION ON THE KSL GROUP**

As at 30 June 2010, the KSL Group's financial information is as follows:

	As at 31 December			As at
	2007	2008	2009	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 June	10,2	2,1	,00	,1
31-06 June	,11	10,2	11,23	1,30
1-06 June	2,	1,2	,0	,0
,1-120 June	,0	10,	,	1,10
121-30 June	,0	,	31	,
	<u>211,</u>	<u>1,</u>	<u>,1</u>	<u>,0</u>

**Movement in the allowance for doubtful debts**

	As at 31 December			As at
	2007	2008	2009	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
A 於 12 月 31 日 之 結 餘	12, 0	11, 1	1, 1	20,202
A 於 1 月 1 日 之 結 餘	(, 0)	(1, )	(, 3 )	
<b>Mov519.01980</b>				

16. OTHER FINANCIAL ASSETS

As at 30 June 2010, the Group's other financial assets are as follows:

As at 30 June 2010	As at 31 December 2009	As at 31 December 2008	As at 31 December 2007
HK\$ 32,000	200,000	200,000	200,000

The Group's other financial assets are measured at fair value. The fair value of the Group's other financial assets is determined using the market value of the assets.

17. CREDITORS AND ACCRUED CHARGES

	As at 31 December			As at 30 June 2010
	2007 HK\$'000	2008 HK\$'000	2009 HK\$'000	2010 HK\$'000
Trade payables	30,000	1,000	10,000	23,100
Other payables	0	0	12,000	2,000
<b>Total</b>	<b>30,000</b>	<b>1,000</b>	<b>22,000</b>	<b>25,100</b>

	As at 31 December			As at 30 June 2010
	2007 HK\$'000	2008 HK\$'000	2009 HK\$'000	2010 HK\$'000
Trade payables	30,200	1,300	10,000	23,000
Other payables	0	0	0	0
<b>Total</b>	<b>30,200</b>	<b>1,300</b>	<b>10,000</b>	<b>23,000</b>

As at 30 June 2010, the Group's creditors and accrued charges are as follows:



**18. AMOUNTS DUE FROM/TO RELATED COMPANIES AND NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES**

Amounts due from related companies and non-controlling shareholders of subsidiaries are unsecured, interest-free and repayable on demand. The amounts are denominated in HK\$. The carrying amounts are approximately equal to their fair values.

As at 31 December 2010, the amounts due from related companies and non-controlling shareholders of subsidiaries are HK\$2,001,000 (2009: HK\$1,112,000) and HK\$1,113,000 (2008: HK\$1,113,000) respectively. The amounts due from related companies and non-controlling shareholders of subsidiaries are repayable within 200 days. The amounts due from related companies and non-controlling shareholders of subsidiaries are repayable within 1% of the carrying amounts.

As at 31 December 2010, the amounts due to related companies and non-controlling shareholders of subsidiaries are HK\$1,113,000 (2009: HK\$1,112,000) and HK\$1,113,000 (2008: HK\$1,113,000) respectively. The amounts due to related companies and non-controlling shareholders of subsidiaries are repayable within 200 days. The amounts due to related companies and non-controlling shareholders of subsidiaries are repayable within 1% of the carrying amounts.

**19. BANK BORROWINGS**

	As at 31 December			As at
	2007	2008	2009	30 June
	HK\$'000	HK\$'000	HK\$'000	2010
				HK\$'000
Bank borrowings	3,002	1,113	1,112	1,113
Bank borrowings (Note)	1,003	10,023	1,220	1,112
Bank borrowings	3,002	1,113	1,112	1,113
	<u>3,003</u>	<u>1,113</u>	<u>1,112</u>	<u>1,113</u>

Note: Bank borrowings are secured by the assets of the subsidiaries, which are pledged to the banks.

As at 31 December 2010, the bank borrowings are repayable within 30 days. The bank borrowings are repayable within 30 days. The bank borrowings are repayable within 30 days. The bank borrowings are repayable within 30 days.

As at 31 December 2010, the bank borrowings are repayable within 30 days. The bank borrowings are repayable within 30 days. The bank borrowings are repayable within 30 days. The bank borrowings are repayable within 30 days.

	As at 31 December			As at
	2007	2008	2009	30 June
	HK\$'000	HK\$'000	HK\$'000	2010
				HK\$'000
Bank borrowings	2,220	20,033	22,112	1,000
Bank borrowings	1,003	1,003	1,002	10,110
	<u>3,223</u>	<u>21,036</u>	<u>23,114</u>	<u>11,110</u>

21. DEFERRED TAX LIABILITIES

	Fair value change of investment properties HK\$'000	Revaluation of leasehold land and buildings HK\$'000	Accelerated tax depreciation HK\$'000	Tax loss HK\$'000	Total HK\$'000
A 1 July 2007	21	1,223	12		
Change in fair value of investment properties	30		(122)		3
Revaluation of leasehold land and buildings	(3)		(11)		(1)
Accelerated tax depreciation	2		3		2
A 31 December 2007	3	1,223	2		10
Change in fair value of investment properties	(1)		(31)	(1,01)	(1,3)
Revaluation of leasehold land and buildings	(1)	(0)	(3)		(1,0)
Accelerated tax depreciation	132			2	1
A 31 December 2008	32	1,13	13	(,3)	,12
Change in fair value of investment properties	(2,)		10	(,)	(31,)
Revaluation of leasehold land and buildings	(22)		(1)		2
Accelerated tax depreciation	1			(20)	(,)
A 31 December 2009	,0	1,13	22	(1,01)	,2
Change in fair value of investment properties	1,0		(20)		1,)
Accelerated tax depreciation				(1)	(1)
A 30 June 2010		1,13	02	(1,01)	,31

A 31 December 2007, 2008, 2009 and 30 June 2010, the KSL Group has deferred tax liabilities of HK\$ 3,200,000, HK\$13,300,000, HK\$11,300,000 and HK\$13,000,000, respectively. The deferred tax liabilities are primarily attributable to the depreciation of investment properties and leasehold land and buildings.

22. OPERATING LEASE COMMITMENTS

The KSL Group as lessee:

	As at 31 December			As at 30 June
	2007 HK\$'000	2008 HK\$'000	2009 HK\$'000	2010 HK\$'000
Operating lease commitments	1,)	2,)	1,,0	,)
Operating lease commitments	2,)	1,,)	2	
	,3	,)	2,01	,)





Net realisable value of inventories

	31 Dec 2010	31 Dec 2009	30 Jun 2009
Cost	K\$221,300,000	K\$12,300,000	K\$2,000,000
Less: Provision for obsolescence	(K\$1,130,000)	(K\$2,000,000)	(K\$200,000)
Net realisable value	K\$220,170,000	K\$10,300,000	K\$1,800,000

28. CAPITAL RISK MANAGEMENT

The Group's capital risk management objectives are to ensure that the Group has sufficient resources to meet its operational requirements and to maintain a strong credit rating. The Group's capital structure is reviewed regularly to ensure that it remains optimal. The Group's capital structure is composed of equity and debt. The Group's capital risk management is subject to the approval of the Board of Directors.

29. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December			As at
	2007	2008	2009	30 June
	HK\$'000	HK\$'000	HK\$'000	2010
				HK\$'000
Trade receivables	1,110	10,000	2,000	0
Trade payables	(1,110)	(10,000)	(2,000)	0
Other receivables	0,113	2,000	3,000	0
Other payables	(1,000)	(0,300)	(0,112)	0

(b) Financial risk management objectives and policies

The Group's financial risk management objectives are to ensure that the Group has sufficient resources to meet its operational requirements and to maintain a strong credit rating. The Group's financial risk management is subject to the approval of the Board of Directors.





10% / K  
31 200,200 30 2010  
K\$1,12,000, K\$ 0,000 K\$, 0,000  
K 31 200 ( )/ K\$10, 1,000



**APPENDIX II**

**FINANCIAL INFORMATION ON THE KSL GROUP**

	Weighted average effective interest rate %	Less than 1 month HK\$'000	1-3 months HK\$'000	Over 3 months HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<i>31 December 2007</i>						
Trade receivables		3,2		1,1	3,2	3,2
Trade payables		210,2			210,2	210,2
Other receivables		3,2			3,2	3,2
Other payables		3,2	1,0		3,3	1,2
Financial assets		2,32	111,0		3,103	3,3
Financial liabilities						
<b>Total</b>		<b>3,2</b>	<b>12,2</b>	<b>1,1</b>	<b>1,3</b>	<b>1,0</b>
<i>31 December 2008</i>						
Trade receivables		20,3	0	1,11	22,3	22,3
Trade payables		322,0			322,0	322,0
Other receivables		1			1	1
Other payables		1,3	3,3		1,3,1	1,2,3
Financial assets						
Financial liabilities						
<b>Total</b>		<b>3,2</b>	<b>3,00</b>	<b>1,11</b>	<b>0,33</b>	<b>0,33</b>
<i>31 December 2009</i>						
Trade receivables		0,2	23	2,2	11,0	11,0
Trade payables		32,0			32,0	32,0
Other receivables		1,13	31,3		1,20	1,2
Other payables		3,1	31,30	2,2	0,33	0,112
Financial assets						
Financial liabilities						
<b>Total</b>		<b>3,2</b>	<b>31,30</b>	<b>2,2</b>	<b>0,33</b>	<b>0,112</b>
<i>30 June 2010</i>						
Trade receivables		23,3	1,3	3,1	2,32	2,32
Trade payables		3,0			3,0	3,0
Other receivables		3,00			3,00	3,00
Other payables		1,3	13,2		1,001	1,3
Financial assets						
Financial liabilities						
<b>Total</b>		<b>3,2</b>	<b>13,1</b>	<b>3,1</b>	<b>0,33</b>	<b>0,33</b>

2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761
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30. ENTITIES COMPRISING KSL GROUP

Information on the entities comprising the KSL Group as at 30 June 2010 is as follows:

Name of entities	Place of incorporation/ registration	Principal place of operation	Issued/registered and fully paid capital		Percentage of issued/registered capital held %	Principal activities
			Ordinary	Non-voting preferred**		
A. KSL Group	Malaysia	Malaysia	KS1,000,000		100*	Investment holding
B. KSL Group	Malaysia	Malaysia	US\$1,000		100	Investment holding
C. KSL Group	Malaysia	Malaysia	KS1,000,000		100	Investment holding
D. KSL Group	Malaysia	Malaysia	KS2		100*	Investment holding
E. KSL Group	Malaysia	Malaysia	KS10,000		100*	Investment holding
F. KSL Group	Malaysia	Malaysia	KS10,000		0	Investment holding
G. KSL Group	Malaysia	Malaysia	KS10,000		0	Investment holding
H. KSL Group	Malaysia	Malaysia	KS10,000		0	Investment holding
I. KSL Group	Malaysia	Malaysia	US\$3,000,000		100#	Investment holding

**APPENDIX II**

**FINANCIAL INFORMATION ON THE KSL GROUP**

Name of entities	Place of incorporation/ registration	Principal place of operation	Issued/registered and fully paid capital		Percentage of issued/registered capital held	Principal activities
			Ordinary	Non-voting preferred**		
KSL (Holding) Limited	Hong Kong	Hong Kong	KS10,000	-	0	Investment holding
KSL (Finance) Limited	Hong Kong	Hong Kong	\$1,000,000	-	1	Investment holding
Asia Pacific Finance Limited	Hong Kong	Hong Kong	KS10,000	-	100*	Investment holding
Asia Pacific Finance (Holding) Limited	Hong Kong	Hong Kong	KS10,000	-	0	Investment holding
Asia Pacific Finance (Investment) Limited	Hong Kong	Hong Kong	KS1,200,000	KS2,100,000	100*	Investment holding
Asia Pacific Finance (Venture) Limited	Virgin Islands	Asia	\$2	-	100	Investment holding
Asia Pacific Finance (Holding) Limited	Hong Kong	Hong Kong	KS10,000	-	0	Investment holding
Asia Pacific Finance (Holding) Limited	Hong Kong	Hong Kong	KS10,000	-	0	Investment holding
Asia Pacific Finance (Holding) Limited	Hong Kong	Hong Kong	KS10,000	-	0	Investment holding
Asia Pacific Finance (Holding) Limited	Hong Kong	Hong Kong	KS10,000	-	0	Investment holding
Asia Pacific Finance (Holding) Limited	Hong Kong	Hong Kong	KS10,000	-	0	Investment holding

\* 100% owned by KSL

\*\* Non-voting preferred shares are issued to KSL, which holds 100% of the issued and fully paid capital of the entities.

# Asia Pacific Finance Limited is a subsidiary of KSL.



3. STATEMENT OF INDEBTEDNESS

A ... 31 1/2 y, 2010, ... K\$213, 1, ... ( ... K\$ ,300, 31 ... 31 1/2 y, 2010, ... K\$ ,000,000.

K ... K\$20 , 0, ... K\$ ,300, 31, ... 31 1/2 y, 2010. ... K

... 31 1/2 y, 2010, ...

4. MATERIAL CHANGE

A ... K ... 30 1/2 ... 2010, ... K

*The unaudited pro forma financial information on the KSL Group contained in the Circular is reproduced below. Capitalised terms used in this section shall have the same meanings as those defined in the Circular.*

**“1. UNAUDITED PRO FORMA STATEMENT OF FINANCIAL POSITION OF THE KSL GROUP**

As at 30 June 2010, the unaudited pro forma financial position of the KSL Group is as follows:

The following table shows the unaudited pro forma financial position of the KSL Group as at 30 June 2010:

A summary of the unaudited pro forma financial position of the KSL Group as at 30 June 2010 is as follows:

	<b>KSL Group as at 30 June 2010</b>	<b>Pro forma adjustments</b>		<b>Pro forma KSL Group</b>
	<i>HK\$'000 (note 1)</i>	<i>HK\$'000 (note 2)</i>	<i>HK\$'000 (note 3)</i>	<i>HK\$'000</i>
<b>Non-current Assets</b>				
Investment properties	0,3			0,3
Other non-current assets	12, 0			12, 0
	<u>12, 3</u>			<u>12, 3</u>
<b>Current Assets</b>				
Accounts receivable	1, 3			1, 3
Prepaid expenses and other receivables	1, 01			1, 01
Other current assets	1, 30			1, 30
	<u>3, 61</u>			<u>3, 61</u>



2. UNAUDITED PRO FORMA STATEMENT OF COMPREHENSIVE INCOME OF THE KSL GROUP

... K ( ... )  
...  
1 year 2010.

... 30 2010  
...  
...

... 30 2010 ...





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	KSL Group for the six months ended 30 June 2010 <i>HK\$'000</i> <i>(note 1)</i>	Pro forma adjustment <i>HK\$'000</i> <i>(note 2)</i>	Pro forma KSL Group <i>HK\$'000</i>
<b>INVESTING ACTIVITIES</b>			
Acquisition of subsidiaries	(33 )		(33 )
Disposal of subsidiaries	3 0	(1 .)	1 3
Investment in subsidiaries	1 ,132		1 ,132
Other investing activities	-		-
	<u>1 ,1</u>		<u>1 ,03</u>
<b>FINANCING ACTIVITIES</b>			

*Notes:*

1. *[Faint, illegible text]*

2. *[Faint, illegible text]*



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**PROPERTY CATEGORIZATION AND VALUATION METHODOLOGY**

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**TITLE DOCUMENTS AND ENCUMBRANCES**

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**INSPECTION AND MEASUREMENT**

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Group III – Property held by the KSL Group for Investment in Singapore

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2010
3. 3	#03-01	200	K\$ , , ,000
			( 1% )
		\$3,000	K\$ , , ,000
			K\$3,0 , , 0)

Note: ... K\$ ( ) ... 1





**APPENDIX V SUMMARY OF THE NEW ARTICLES OF ASSOCIATION OF KSL**

Set out below is a summary of certain provisions of the Articles of Association (the "Articles") of Kee Shing Investment (BVI) Limited (referred to as the "Company" for the purpose of the summary below) which has been adopted on 14 October 2010 under the Group Reorganisation.

**(a) directors**

*(i) Power to allot and issue shares and warrants*

The Company has the power to allot and issue shares and warrants in accordance with the provisions of the Articles. The power to allot and issue shares and warrants is exercisable by the directors, subject to the approval of the shareholders in general meeting. The directors may also issue warrants to subscribe for shares of the Company. The power to allot and issue shares and warrants is subject to the provisions of the Articles relating to the allotment and issue of shares and warrants. The directors may also issue shares and warrants to the public or to any class of persons. The power to allot and issue shares and warrants is subject to the provisions of the Articles relating to the allotment and issue of shares and warrants. The directors may also issue shares and warrants to the public or to any class of persons. The power to allot and issue shares and warrants is subject to the provisions of the Articles relating to the allotment and issue of shares and warrants.

**APPENDIX V SUMMARY OF THE NEW ARTICLES OF ASSOCIATION OF KSL**

*(ii) Power to dispose of the assets of the Company or any subsidiary*

Article 100. The directors may, on behalf of the Company, dispose of the assets of the Company or any subsidiary in such manner as they may think fit, and they may, in connection with the disposal, do all such things as they may think fit to do, and they may, in connection with the disposal, do all such things as they may think fit to do, and they may, in connection with the disposal, do all such things as they may think fit to do.

*(iii) Compensation or payments for loss of office*

Article 101. The directors may, on behalf of the Company, pay or make provision for the payment of any compensation or payments for loss of office to any director or former director of the Company or any subsidiary of the Company, and they may, in connection with the payment, do all such things as they may think fit to do.

*(iv) Loans and provision of security for loans to directors*

Article 102. The directors may, on behalf of the Company, make loans to any director or former director of the Company or any subsidiary of the Company, and they may, in connection with the loan, do all such things as they may think fit to do.

*(v) Disclosure of interests in contracts with the Company or any of its subsidiaries*

Article 103. Every director of the Company or any subsidiary of the Company who is or has been a party to a contract with the Company or any subsidiary of the Company, in which he or she has a material interest, shall disclose the nature and extent of his or her interest to the directors of the Company or any subsidiary of the Company, and he or she shall also disclose the nature and extent of his or her interest to the members of the Company or any subsidiary of the Company.

Article 104. Every director of the Company or any subsidiary of the Company who is or has been a party to a contract with the Company or any subsidiary of the Company, in which he or she has a material interest, shall disclose the nature and extent of his or her interest to the directors of the Company or any subsidiary of the Company, and he or she shall also disclose the nature and extent of his or her interest to the members of the Company or any subsidiary of the Company.

Article 105. Every director of the Company or any subsidiary of the Company who is or has been a party to a contract with the Company or any subsidiary of the Company, in which he or she has a material interest, shall disclose the nature and extent of his or her interest to the directors of the Company or any subsidiary of the Company, and he or she shall also disclose the nature and extent of his or her interest to the members of the Company or any subsidiary of the Company.



(vi) Remuneration

... y<sub>3</sub> ...  
... y<sub>3</sub> ...  
... y<sub>3</sub> ...

... y<sub>3</sub> ...  
... y<sub>3</sub> ...

A y<sub>3</sub> ...  
... ( y<sub>3</sub> y<sub>3</sub> ... )  
... ( y<sub>3</sub> y<sub>3</sub> ... )  
... ( y<sub>3</sub> y<sub>3</sub> ... )

... y<sub>3</sub> ...  
... ( y<sub>3</sub> ... )  
... ( y<sub>3</sub> ... )  
... ( y<sub>3</sub> ... )

... y<sub>3</sub> y<sub>3</sub> ...  
... y<sub>3</sub> ...  
... y<sub>3</sub> ...  
... y<sub>3</sub> ...









... (21) ...

... (1) ...

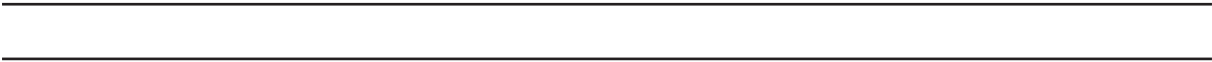
**(f) Voting rights (generally and on a poll) and right to demand a poll**

... ( ) ...

... (3) ...

**(g) Requirements for annual general meetings**

... (1) ...



A. [Illegible text]

( ) [Illegible text]

( ) [Illegible text]

A. [Illegible text]

( ) [Illegible text]

( ) [Illegible text]

( ) [Illegible text]

( ) [Illegible text]

( ) [Illegible text]

**(j) Transfer of shares**

A. [Illegible text]

[Illegible text]



**(m) Dividends and other methods of distribution**

1. The Board of Directors may, at its discretion, declare dividends or other distributions to the members of the Association, subject to the following conditions:

2. Dividends or other distributions shall be payable only to members who are entitled to receive them as of the record date for the payment of such dividends or other distributions.

3. Dividends or other distributions shall be payable in cash or in kind, at the discretion of the Board of Directors.

4. Dividends or other distributions shall be payable to the member to whom they are due, or to the person in whose name the shares are registered in the books of the Association, or to the person to whom the shares are transferred, or to the person to whom the shares are assigned, or to the person to whom the shares are sold, or to the person to whom the shares are otherwise disposed of.

5. Dividends or other distributions shall be payable to the member to whom they are due, or to the person in whose name the shares are registered in the books of the Association, or to the person to whom the shares are transferred, or to the person to whom the shares are assigned, or to the person to whom the shares are sold, or to the person to whom the shares are otherwise disposed of.



(q) Quorum for meetings and separate class meetings

... (1) ... (2) ... (2) ... A ... A ...

(r) Reserved matters

... A ... A ...







**SHAREHOLDINGS AND DEALINGS****Interest in KSL**

A \_\_\_\_\_  
K \_\_\_\_\_

<b>Name</b>	<b>Capacity</b>	<b>Number of KSL Shares held</b>	<b>Percentage of shareholding</b>
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**Interest in Merit Gala**

Name	Capacity	Number of shares in Merit Gala held	Percentage of shareholding
		0	0.0%
		0	0.0%

**Dealings in securities of KSL**

1	1,000 K	21,000,000 K	33,100,000 K
2	2,000 K	21,000,000 K	33,100,000 K

Blngs/Fz 1/Fz rtpes of KSD 0(sm546 -KS0[1 of Merd6 -1.4 TD .O3sm546 -K0iaynd )]ep09/ TD .Nreo aP3



MARKET PRICE

A K ... y, ... y, ... K ... y, ... y, ... K ... y, ... y, ...

SERVICE CONTRACT

A ... y, ... K ... y, ... ( ) ... ( ) ... 1 ... 2010 ... ( ) ... K ... ( ) ... 12 ... ( ) ... 12 ...

EXPERTS AND CONSENTS

... ( ... y, ... ) ...

Name

Qualification

... y, ... y, ... 1 ( ... ) ... y, ... ( ... ) ... y, ... ( ... ) ...

... y, ... 1 ( ... ) ... y, ... ( ... ) ...

... ( ... ) ...

K ... y, ... y, ... ( K ... )

... K ... y, ... y, ...

LITIGATION

A ... K ...

MATERIAL CONTRACTS

... K ... 1 ... 2010 ...

GENERAL

- ( ) ... K ...
- ( ) ... K ...
- ( ) ... 1 01, 1 ...
- ( ) ... 3 0, 3 /, ... 1 3 ...
- ( ) ... A ...

DOCUMENTS AVAILABLE FOR INSPECTION

- ( ) ... 00 ... 00 ...
- ( ) ... K ...
- ( ) ... K ...

- ( ) *[Faint, illegible text]*
- ( ) *[Faint, illegible text]*
- ( ) *[Faint, illegible text]*
- ( ) *[Faint, illegible text]*
- ( ) *[Faint, illegible text]*
- ( ) *[Faint, illegible text]*
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