
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

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

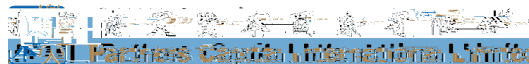
Kee Shing Investment (BVI) Limited
*(Incorporated in the British Virgin Islands
with limited liability)*

**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



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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EXPECTED TIMETABLE

2010

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|---|------------------------|---------|--|
| | K | HK\$ 21 | |
| | K00 | HK\$ 11 | |
| | (Note 1) | HK\$ 11 | |
| A | K K00 | HK\$ 11 | |
| A | K (Note 2) | HK\$ 12 | |
| | K (Note 3) | HK\$ 21 | |
| | () K K () K | HK\$ | |

Notes:

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All time references contained in this Composite Offer Document and the Form of Acceptance refer to Hong Kong time.

DEFINITIONS

In this Composite Offer Document and the Form of Acceptance, unless the context requires otherwise, the following expressions shall have the meanings set out below:

- “**Agreement**” - the Agreement between the Company and the Underwriter, dated 21st February 2010.
- “**Articles**” - the Articles of Association of the Company.
- “**Company**” - the Company.
- “**Contract**” - any contract entered into by the Company.
- “**Director**” - any Director of the Company.
- “**Financial Year**” - the Financial Year of the Company.
- “**Group**” - the Company and its Subsidiaries.
- “**Listing Agreement**” - the Listing Agreement between the Company and the Exchange, dated 13th February 2010.
- “**Listing Particulars**” - the Listing Particulars of the Company, dated 11th February 2010, as amended from time to time.
- “**Memorandum**” - the Memorandum of Association of the Company.
- “**Offer Document**” - the Offer Document of the Company.
- “**Particulars**” - the Particulars of the Company.
- “**Share**” - any share of the Company.
- “**Shareholder**” - any holder of shares in the Company.
- “**Subsidiary**” - any Subsidiary of the Company.
- “**Underwriter**” - the Underwriter.

DEFINITIONS

1. $1 \leq i \leq 200$, \dots ()

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3. \dots

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6. $30, \dots, 0 \dots y_3$

7. \dots

8. $\dots K \dots y_3$

9. \dots

10. $\dots K \dots 1$

11. $(\dots K \dots) \dots y_3 \dots y_3$

12. $\dots y_3 \dots$

13. $\dots K \dots$

14. $\dots K \dots$

LETTER FROM THE BOARD

KEE SHING INVESTMENT (BVI) LIMITED

(Incorporated in the British Virgin Islands with limited liability)

Directors:

Mr. [Name]
Mr. [Name]

Registered office:

Room 1110
[Address]
British Virgin Islands

Correspondence address in Hong Kong:

3rd Floor
[Address]
Hong Kong

21 [Date] 2010

To the Qualifying KSL Shareholders

UNCONDITIONAL VOLUNTARY CASH OFFER BY OPTIMA CAPITAL ON BEHALF OF MERIT GALA FOR THE VGO KSL SHARES

INTRODUCTION

[The following text is extremely faint and largely illegible due to low contrast and scanning quality. It appears to be the beginning of the introduction section, likely containing details about the offer and the company's financial position.]

LETTER FROM THE BOARD

... K) ... K\$0.12 ... K

... K ... K

THE KSL OFFER

... K ... K

for every KSL Share heldHK\$0.192 in cash

... K \$0.12 ... 31. % ... K ... K\$0.2, ... 00,000 K ... 30 2010 (...) ... K\$12.0

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INFORMATION ON KSL

... K ... K ... A ... K ... K ... A ... V

INTENTION OF MERIT GALA REGARDING THE KSL GROUP

... K ... K ... K

LETTER FROM THE BOARD

RECOMMENDATION

A resolution of the Board of Directors of KEE SHING INVESTMENT (BVI) LIMITED, in its capacity as the sole shareholder of KEE SHING INVESTMENT (BVI) LIMITED, is hereby recommended to the shareholders of KEE SHING INVESTMENT (BVI) LIMITED for their approval at the general meeting of the company to be held on 12/2/2020.

ADDITIONAL INFORMATION

The Board of Directors of KEE SHING INVESTMENT (BVI) LIMITED, in its capacity as the sole shareholder of KEE SHING INVESTMENT (BVI) LIMITED, is hereby recommended to the shareholders of KEE SHING INVESTMENT (BVI) LIMITED for their approval at the general meeting of the company to be held on 12/2/2020.

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

LETTER FROM OPTIMA CAPITAL

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 repayable in full at the end of the period. 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 repayable in full at the end of the period. 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 repayable in full at the end of the period. 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 repayable in full at the end of the period. The interest rate on the loan is 0%.



LETTER FROM OPTIMA CAPITAL

... K ...

EFFECT OF ACCEPTING THE KSL OFFER

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HONG KONG STAMP DUTY

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ACCEPTANCE AND SETTLEMENT

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TAXATION

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QUALIFYING KSL SHAREHOLDERS OUTSIDE HONG KONG

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LETTER FROM OPTIMA CAPITAL

INDEPENDENT ADVICE

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FURTHER INFORMATION

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OPTIMA CAPITAL LIMITED
Mei H. Leung
Chairman

LETTER FROM PARTNERS CAPITAL

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LETTER FROM PARTNERS CAPITAL

THE KSL OFFER

Principal factors and reasons considered

(i) *Review of financial performance*

As a result of the review of the financial performance of the Company, the Partners have concluded that the Company is a viable business and that the KSL Offer is a fair and reasonable offer for the Company's shares. The Partners have also concluded that the KSL Offer is in the best interests of the Company and its shareholders.

The Partners have reviewed the financial performance of the Company for the period ending 31 December 2010. The Company has achieved a profit of £2,000,000 for the period, which is a significant improvement on the £1,000,000 profit for the period ending 31 December 2009. This increase in profit is due to a number of factors, including the Company's successful marketing and sales strategy, and its ability to reduce costs and improve operational efficiency.

The Partners have also reviewed the Company's financial position and have concluded that the Company is in a strong financial position. The Company has a net asset value of £10,000,000, which is a significant increase on the £5,000,000 net asset value at the end of 2009. This increase in net asset value is due to the Company's successful financial management and its ability to raise capital through the KSL Offer.

The Partners have also reviewed the Company's cash flow and have concluded that the Company has a strong cash flow position. The Company has generated cash of £2,000,000 for the period, which is a significant increase on the £1,000,000 cash generated for the period ending 31 December 2009. This increase in cash is due to the Company's successful sales and its ability to reduce costs.

The Partners have also reviewed the Company's balance sheet and have concluded that the Company has a strong balance sheet. The Company has a net asset value of £10,000,000, which is a significant increase on the £5,000,000 net asset value at the end of 2009. This increase in net asset value is due to the Company's successful financial management and its ability to raise capital through the KSL Offer.

The Partners have also reviewed the Company's management and have concluded that the Company has a strong management team. The Company's management team has a proven track record of successful business performance and has the ability to continue to improve the Company's financial performance.

The Partners have also reviewed the Company's market position and have concluded that the Company is a leading player in its market. The Company's market position is a result of its successful marketing and sales strategy and its ability to provide high-quality products and services.

The Partners have also reviewed the Company's risk profile and have concluded that the Company has a low risk profile. The Company's risk profile is a result of its strong financial position, its successful management team, and its leading market position.

The Partners have also reviewed the Company's future prospects and have concluded that the Company has a bright future. The Company's future prospects are a result of its strong financial performance, its successful management team, and its leading market position.

The Partners have also reviewed the Company's compliance with applicable laws and regulations and have concluded that the Company is in full compliance with all applicable laws and regulations.

The Partners have also reviewed the Company's corporate governance and have concluded that the Company has a strong corporate governance structure. The Company's corporate governance structure is a result of its strong financial performance, its successful management team, and its leading market position.

The Partners have also reviewed the Company's environmental, social and governance (ESG) performance and have concluded that the Company has a strong ESG performance. The Company's ESG performance is a result of its strong financial performance, its successful management team, and its leading market position.

The Partners have also reviewed the Company's intellectual property and have concluded that the Company has a strong intellectual property position. The Company's intellectual property position is a result of its strong financial performance, its successful management team, and its leading market position.

The Partners have also reviewed the Company's human resources and have concluded that the Company has a strong human resources position. The Company's human resources position is a result of its strong financial performance, its successful management team, and its leading market position.

The Partners have also reviewed the Company's information technology and have concluded that the Company has a strong information technology position. The Company's information technology position is a result of its strong financial performance, its successful management team, and its leading market position.

The Partners have also reviewed the Company's legal and regulatory affairs and have concluded that the Company has a strong legal and regulatory affairs position. The Company's legal and regulatory affairs position is a result of its strong financial performance, its successful management team, and its leading market position.

The Partners have also reviewed the Company's tax affairs and have concluded that the Company has a strong tax affairs position. The Company's tax affairs position is a result of its strong financial performance, its successful management team, and its leading market position.

The Partners have also reviewed the Company's other matters and have concluded that the Company has a strong other matters position. The Company's other matters position is a result of its strong financial performance, its successful management team, and its leading market position.

LETTER FROM PARTNERS CAPITAL

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

LETTER FROM PARTNERS CAPITAL

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... K\$...
... 31 200 ... K ...
... K ...
200 ... 33.3 ... K\$.1

... 30 2010, K ...
K\$ 1. ... %
...
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... K\$12.0 ... K
... K\$13. ...

LETTER FROM PARTNERS CAPITAL

[The following text is mirrored and largely illegible due to bleed-through from the reverse side of the page. It appears to be a list of items or conditions.]

(ii) The principal terms of the KSL Offer

[This section contains mirrored, illegible text that appears to be the principal terms of the KSL Offer, including financial figures and percentages.]

LETTER FROM PARTNERS CAPITAL

(iii) Price-earnings multiple

As at 31 December 2009, the closing share price of the Company was HK\$0.10. The latest published earnings per share before the first last trading day was HK\$0.012. The price/earnings multiple of the Company is 8.33 times.

| Company name | Year end date | Closing share price as at 11 June 2010 (HK\$) | Approximate Market Capitalisation (HK\$ million) | Latest published earnings per share before the First Last Trading Day (HK\$) | Price/earnings multiple (times) |
|--|--------------------|---|--|--|---------------------------------|
| China Resources Beer (Holdings) Limited (Note 1) | 31 December | 0.00 | ... | 0.12 | ... |
| China Resources Beer (Holdings) Limited (Note 2) | 31 December | 0.10 | 3,303 | 0.01 | 13 |
| | | | | | 2 |
| | | | | | 2 |
| KSL Offer Price (HK\$) | 31 December | 0.192 | N/A (Note 3) | 0.0178 (Note 4) | 10.79 |

Source: www.hkex.com.hk

Notes:

- China Resources Beer (Holdings) Limited is a company listed on the Hong Kong Stock Exchange. The closing share price of the Company as at 11 June 2010 was HK\$0.10. The latest published earnings per share before the first last trading day was HK\$0.012. The price/earnings multiple of the Company is 8.33 times.
- China Resources Beer (Holdings) Limited is a company listed on the Hong Kong Stock Exchange. The closing share price of the Company as at 11 June 2010 was HK\$0.10. The latest published earnings per share before the first last trading day was HK\$0.012. The price/earnings multiple of the Company is 8.33 times.
- The market capitalisation of the Company as at 11 June 2010 was HK\$2,000,000,000.

LETTER FROM PARTNERS CAPITAL

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 11. ... / ... K
 11 June 2010, ... (...) K
 K ... 1 June 2010

... K
 ... K

(iv) Net Assets

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 ... / (...)

| Company name | Year end date | Closing share price as at 11 June 2010 (HK\$) | Latest published net asset value per share (HK\$) | Premium/ (discount) of the closing share price on 11 June 2010 over/(to) the latest published net asset value per share |
|--------------|---------------|---|--|--|
|--------------|---------------|---|--|--|

LETTER FROM PARTNERS CAPITAL

11 2010, 3.1% 1.0%.

K 30 2010 13.1%

K 30 2010 31.3%

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LETTER FROM PARTNERS CAPITAL

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LETTER FROM PARTNERS CAPITAL

RECOMMENDATION

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Partners Capital International Limited
Alan Fung
Managing Director

PROCEDURES FOR ACCEPTANCE

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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).

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NOMINEE REGISTRATION

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ACCEPTANCE PERIOD, EXTENSIONS AND REVISIONS

Unless the KSL Offer has previously been extended or revised, the latest time for acceptance under the KSL Offer is at 4:00 p.m. on Thursday, 11 November 2010 (being the Closing Date).

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RIGHT OF WITHDRAWAL

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..... L₄ i₂
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- () K ... y_A ... K ... y_A ...
- () y_A ... K ... y_A ... K ... y_A ...

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 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (千港元) | (千港元) | (千港元) | (千港元) | (千港元) |
| Revenue | 2, 130 | 1, 2,2 | 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, 1 | (10, 4) | 0, 0 | (13,13) | 13, 1 |
| Attributable to KSL Shareholders | 3, 1 | (10, 302) | 0, 2 | (13, 1) | 11, 1 |

Notes:

- () A 100% owned subsidiary of the KSL Group, established in 2008. The company's financial statements are prepared in accordance with the accounting standards of the People's Republic of China. The company's financial statements for the period from January 1, 2009 to December 31, 2010 are included in the financial statements of the KSL Group for the period from January 1, 2009 to December 31, 2010.
- () A 100% owned subsidiary of the KSL Group, established in 2008. The company's financial statements are prepared in accordance with the accounting standards of the People's Republic of China. The company's financial statements for the period from January 1, 2009 to December 31, 2010 are included in the financial statements of the KSL Group for the period from January 1, 2009 to December 31, 2010.
- () A 100% owned subsidiary of the KSL Group, established in 2008. The company's financial statements are prepared in accordance with the accounting standards of the People's Republic of China. The company's financial statements for the period from January 1, 2009 to December 31, 2010 are included in the financial statements of the KSL Group for the period from January 1, 2009 to December 31, 2010.
- () A 100% owned subsidiary of the KSL Group, established in 2008. The company's financial statements are prepared in accordance with the accounting standards of the People's Republic of China. The company's financial statements for the period from January 1, 2009 to December 31, 2010 are included in the financial statements of the KSL Group for the period from January 1, 2009 to December 31, 2010.

A. FINANCIAL INFORMATION

Combined Statements of Comprehensive Income

| <i>Notes</i> | Year ended 31 December | | | Six months ended | |
|--------------|-------------------------------|-----------------|-----------------|-------------------------|-----------------|
| | 2007 | 2008 | 2009 | 2009 | 2010 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | | | | (continued) | |
| 15 | 2, 1, 130 | 1, 2, 2 | 1, 2, 21 | 1, 1 | 1, 2 |

Combined Statements of Financial Position

| | As at 31 December | | | As at |
|---------------------------|--------------------------|-----------------|-----------------|-----------------|
| | 2007 | 2008 | 2009 | 30 June |
| <i>Notes</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | 2010 |
| | | | | <i>HK\$'000</i> |
| Non-current Assets | | | | |
| 1 | | | | 1 |

| | | As at 31 December | | | As at |
|-----------------------------|-------|-------------------|----------|----------|----------|
| | | 2007 | 2008 | 2009 | 30 June |
| | Notes | HK\$'000 | HK\$'000 | HK\$'000 | 2010 |
| | | | | | HK\$'000 |
| Capital and Reserves | | | | | |
| 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 | Capital reserve | Property revaluation reserve | Translation reserve | Retained profits | Attributable to owners of the KSL Group entities | Non-controlling interests | Total |
|------------------------------|---------------|-----------------|------------------------------|---------------------|------------------|--|---------------------------|------------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| A. 1 January 200 | | | | 1,111 | 111,123 | 123,001 | 1,000 | 1,000,300 |
| Profit for the year | | | | 2,000 | | 2,000 | | 1,133,000 |
| Dividend | | | | | | | | |
| Share issue | | | | 2,000 | | 3,000 | 1,000 | 6,000 |
| Share repurchase | | 2,300 | | | | 2,300 | | 2,300 |
| Transfer to retained profits | | | | | | | (32,000) | (32,000) |
| A. 31 December 200 | | | | 2,111 | 1,122,000 | 1,122,000 | 22,320 | 2,100,200 |
| Profit for the year | | | 0 | | | 0 | | 0 |
| Dividend | | | | 3,333 | | 3,333 | 330 | 3,033 |
| Share repurchase | | | | | (10,302) | (10,302) | (2,100) | (10,302) |
| Share issue | | | 0 | 3,333 | | | (1,100) | (103,300) |
| Transfer to retained profits | | | | | | | (3,000) | (3,000) |
| A. 31 December 200 | | | 3,000 | 3,111 | 1,122,000 | 1,122,000 | 20,110 | 11,020,000 |
| Profit for the year | | | | | | | 301 | 301 |
| Dividend | | | | | 2,000 | 2,000 | 2,000 | 6,000 |
| Share repurchase | | | | | 2,000 | 3,000 | 2,333 | 10,333 |
| Share issue | | | | | | | | |
| Transfer to retained profits | | | | | (1,300) | (1,300) | (2,332) | (20,232) |
| A. 31 December 200 | | | 3,000 | 3,111 | 1,122,000 | 1,122,000 | 1,000 | 10,310,000 |

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 2011 | | | | | (22,000) | (22,000) | (3, 31) | (2, 31) |
| At 30 June 2010 | | | , 3 | , | ,22 | , 11 | 1,3 1 | , 2, , 2 |

Combined Statements of Cash Flows

| | Year ended 31 December | | | Six months ended | |
|--|------------------------|----------|----------|------------------|----------|
| | 2007 | 2008 | 2009 | 2009 | 2010 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Operating activities | 1,311 | 1,111 | 1,033 | 1,033 | 310 |
| Investing activities | (1,110) | (1,321) | (1,211) | (1,312) | (111) |
| Financing activities | (2,000) | 12,000 | 3,000 | 2,000 | 2,100 |
| Net change in cash and cash equivalents | (1,800) | 10,690 | 2,822 | 1,721 | 2,300 |
| Effect of exchange rate changes on cash and cash equivalents | (100) | (100) | (112) | (112) | (112) |
| Change in cash and cash equivalents | (1,900) | 10,590 | 2,710 | 1,609 | 2,188 |
| Cash and cash equivalents at the beginning of the period | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Cash and cash equivalents at the end of the period | (900) | 11,590 | 3,710 | 2,609 | 3,188 |

| Year ended 31 December | | | Six months ended | | |
|-------------------------------|-------------|-------------|-------------------------|-------------|--------------|
| | | | 30 June | | |
| 2007 | 2008 | 2009 | 2009 | 2n90 | -1.43 |

Notes to the Financial Information

1. GENERAL

KSL Group (the "Company") is a public company listed on the New York Stock Exchange under the symbol "KSLA". The Company's principal executive offices are located at 1000 West 1000 South, Salt Lake City, Utah 84119. The Company's website is located at www.ksl.com. The Company's fiscal year ends on December 31. The Company's financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Company's financial statements are audited by PricewaterhouseCoopers LLP, Salt Lake City, Utah. The Company's financial statements are available on its website at www.ksl.com.

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 1 y, y, 2010. ... K... 2 (...).
 ... y, ... K... 1 y, y, 2010.

A ... 1 y, y, 2010 ... K...
 3 (...), ... K... 2 (...), ... K... 3 (...), ... K...
 K... K... y, ... y, ... K... 3 (...),
 K... 2 (...).

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

K... A ... K... 200 ... K... 2, A... 3,
 K(...) ... K(...) ... 1, ... 0 ... K... 3¹
 K... A ... K... 2010²
 K... 2 (...)
 K... 32A (...)
 K... 1A (...)
 K...
 K(...) ... 1
 A (...)
 K(...) ... 1 ...

¹ A ... 1 y, y, 2011
² ... 1 y, y, 2010. ... 1 y, y, 2011,
³ ... 1 y, y, 2010
 ... 1 y, y, 2010
 ... 1 y, y, 2011
 ... 1 y, y, 2013

3. SIGNIFICANT ACCOUNTING POLICIES

...
 K ... K ...

Revenue recognition

...
 ...
 ...

Leasehold land and building

| | 2019 | 2018 |
|--------------------------|-----------|-----------|
| Cost | 1,000,000 | 1,000,000 |
| Accumulated depreciation | (100,000) | (100,000) |
| Net book value | 900,000 | 900,000 |

Associates

| | 2019 | 2018 |
|-----------------|-----------|-----------|
| Cost | 1,000,000 | 1,000,000 |
| Share of profit | 100,000 | 100,000 |
| Share of losses | (100,000) | (100,000) |
| Net book value | 1,000,000 | 1,000,000 |

Inventories

| | 2019 | 2018 |
|----------------|-----------|-----------|
| Cost | 1,000,000 | 1,000,000 |
| Net book value | 1,000,000 | 1,000,000 |

Impairment of tangible assets

| | 2019 | 2018 |
|--------------------------|-----------|-----------|
| Cost | 1,000,000 | 1,000,000 |
| Accumulated depreciation | (100,000) | (100,000) |
| Net book value | 900,000 | 900,000 |

| | 2019 | 2018 |
|--------------------------|-----------|-----------|
| Cost | 1,000,000 | 1,000,000 |
| Accumulated depreciation | (100,000) | (100,000) |
| Net book value | 900,000 | 900,000 |

Financial instruments

| | 2019 | 2018 |
|----------------|-----------|-----------|
| Cost | 1,000,000 | 1,000,000 |
| Net book value | 1,000,000 | 1,000,000 |

Financial assets

... K ... (...) ...
 ... A ...
 ...
 ...

Effective interest method

...
 ...
 ...
 ...
 ...

Financial assets at FVTPL

...
 ...
 ...
 ...
 ...

...
 ...
 ...

...
 ...
 ...
 ...

...
 ...
 ...

Loans and receivables

...
 ...
 ...
 ...

Equity instruments

... ..

Derecognition

... ..

... ..

Taxation

... ..

... ..

... ..

... ..

... ..

... ..

Leasing

... ..

4. SEGMENT INFORMATION

The following table shows the sales of the KSL Group's reportable segments for the year ended 31 December 2007 and 2006. The sales are stated in HK\$ million.

The KSL Group's reportable segments are: (i) Sales of chemicals and metals; (ii) Property investments; (iii) Securities investments; and (iv) Other businesses.

1. Sales of chemicals and metals: Sales of chemicals and metals include the sales of the Group's subsidiaries, KSL Chemicals Limited, KSL Metals Limited, KSL Chemicals (China) Limited and KSL Chemicals (India) Limited.

2. Property investments: Property investments include the sales of the Group's subsidiaries, KSL Property Investments Limited, KSL Property Investments (China) Limited and KSL Property Investments (India) Limited.

3. Securities investments: Securities investments include the sales of the Group's subsidiaries, KSL Securities Investments Limited, KSL Securities Investments (China) Limited and KSL Securities Investments (India) Limited.

4. Other businesses: Other businesses include the sales of the Group's subsidiaries, KSL Other Businesses Limited, KSL Other Businesses (China) Limited and KSL Other Businesses (India) Limited.

The following table shows the sales of the KSL Group's reportable segments for the year ended 31 December 2007 and 2006.

For the year ended 31 December 2007

| | Sales of chemicals and metals | Property investments | Securities investments | Eliminations | Combined |
|-----------------|--|---------------------------------|-----------------------------------|---------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| <i>Turnover</i> | | | | | |
| 2007 | 2, 2, 2 | 3, 2 | 1, 1 | () | 2, 2, 130 |
| 2006 | 2, 2, 2 | 2, 2 | 1, 1 | () | 2, 2, 130 |
| 2007 | 3, 11 | 0, 2 | 1, 13 | | 103, 0 |
| 2006 | | | | | 2, 1 |
| 2007 | | | | | () |
| 2006 | | | | | (2, 0) |
| 2007 | | | | | , 21 |

For the year ended 31 December 2008

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

APPENDIX II
FINANCIAL INFORMATION ON THE KSL GROUP

For the six months ended 30 June 2009 (unaudited)

| | Sales of chemicals and metals <i>HKS'000</i> | Property investments <i>HKS'000</i> | Securities investments <i>HKS'000</i> | Eliminations <i>HKS'000</i> | Combined <i>HKS'000</i> |
|---|--|---|---|---------------------------------------|-----------------------------------|
| <i>Turnover</i> | | | | | |
| Revenue | 3,10 | 1,0 | 2 | | 1,2 |
| Cost of sales | 20 | | | () | |
| | <u>3,12</u> | <u>2,20</u> | <u>2</u> | <u>()</u> | <u>1,2</u> |
| Gain on disposal of property, plant and equipment | | 3, | (,3) | | (10,002) |
| Gain on disposal of securities | | | | | 2,2 |
| Gain on disposal of investments | | | | | , |
| Gain on disposal of other assets | | | | | () |
| Loss on disposal of other assets | | | | | (2,0) |
| Gain on disposal of other assets | | | | | (12,10) |
| Loss on disposal of other assets | | | | | (1,02) |
| Gain on disposal of other assets | | | | | (13,13) |

For the six months period ended 30 June 2010

| | Sales of chemicals and metals <i>HKS'000</i> | Property investments <i>HKS'000</i> | Securities investments <i>HKS'000</i> | Eliminations <i>HKS'000</i> | Combined <i>HKS'000</i> |
|---|--|---|---|---------------------------------------|-----------------------------------|
| <i>Turnover</i> | | | | | |
| Revenue | 3,30 | 1,2 | 3,0 | | 1,2 |
| Cost of sales | 0 | | | (0) | |
| | <u>3,30</u> | <u>2,100</u> | <u>3,0</u> | <u>(0)</u> | <u>1,2</u> |
| Gain on disposal of property, plant and equipment | | 1, | (,0) | | 20,30 |
| Gain on disposal of securities | | | | | 3,0 |
| Gain on disposal of investments | | | | | 1, |
| Gain on disposal of other assets | | | | | (1,1,2) |
| Loss on disposal of other assets | | | | | (2,1,) |
| Gain on disposal of other assets | | | | | 1,33 |
| Loss on disposal of other assets | | | | | (,20) |
| Gain on disposal of other assets | | | | | 13,1 |
| Gain on disposal of other assets | | | | | () |
| Gain on disposal of other assets | | | | | K |

For the year ended 31 December 2007

Other segment information

Sales of

APPENDIX II

FINANCIAL INFORMATION ON THE KSL GROUP

For the year ended 31 December 2009

Other segment information

| | Sales of chemicals and metals <i>HK\$'000</i> | Property investments <i>HK\$'000</i> | Securities investments <i>HK\$'000</i> | Segment Total <i>HK\$'000</i> |
|---|---|--|--|---|
| A | | | | |
| A | 1 | 1 | | 2 |
| | 23 | 3 | | 26 |
| | | 1 | | 1 |
| | | | 2,2 | 2,2 |
| | | | 112 | 112 |
| | | 1 | | 1 |
| | 2 | | | 2 |
| | 1,1 | | | 1,1 |

For the six months ended 30 June 2009 (unaudited)

Other segment information

| | Sales of chemicals and metals <i>HK\$'000</i> | Property investments <i>HK\$'000</i> | Securities investments <i>HK\$'000</i> | Segment Total <i>HK\$'000</i> |
|---|---|--|--|---|
| A | | | | |
| A | 1 | | | 1 |
| | 3 | 22 | | 25 |
| | | 21 | | 21 |
| | | | 10,3 | 10,3 |
| | | | 3 | 3 |
| | | (3) | | (3) |
| | 0 | | | 0 |
| | 11 | | | 11 |

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

For the six months ended 30 June 2010

Other segment information

| Sales of chemicals and metals | Property investments | Securities investments | Segment Total |
|--|---------------------------------|-----------------------------------|--------------------------|
| <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 | 1,123 | 1,130 | 1,112 | 1,131 |
| Deferred tax | 2,300 | 1,122 | 1,133 | 1,130 | 3,321 |
| Income tax expense (credit) | (2) | (13) | (23) | (1) | 33 |
| Income tax expense (credit) | (1) | (2) | (1) | (1) | 33 |
| Income tax expense (credit) | 1,010 | 1,108 | 1,106 | 1,100 | 3,331 |
| Income tax expense (credit) (note 21) | 3,010 | (1,302) | (310) | 130 | 1,100 |
| Income tax expense (credit) | (1) | (1,011) | 2 | (1) | 1,100 |
| Income tax expense (credit) | 3,009 | (2,313) | (308) | 129 | 1,100 |
| Income tax expense (credit) | 1,010 | (1,302) | 1,106 | 1,020 | 1,200 |

2009年2008年2007年及2009年6月30日止六個月，本集團的稅務開支(抵免)總額分別為1,130,000港元、1,123,000港元及1,013,000港元。2009年6月30日止六個月，本集團的稅務開支(抵免)總額分別為1,112,000港元及1,131,000港元。

1. 2009年2008年2007年及2009年6月30日止六個月，本集團的稅務開支(抵免)總額分別為1,130,000港元、1,123,000港元及1,013,000港元。2009年6月30日止六個月，本集團的稅務開支(抵免)總額分別為1,112,000港元及1,131,000港元。

21.

8. PROFIT (LOSS) FOR THE YEAR/PERIOD

| | Year ended 31 December | | | Six months ended | |
|---|------------------------|--------------|--------------|------------------|----------|
| | 2007 | 2008 | 2009 | 30 June | |
| | HK\$'000 | HK\$'000 | HK\$'000 | 2009 | 2010 |
| | (HK\$'000) | | | | |
| Profit before income tax | 1,132 | 1,131 | 1,120 | 1 | 1 |
| Income tax expense | 2 | | 20 | 20 | |
| Profit after income tax | 1,130 | 1,131 | 1,100 | 1 | 1 |
| Profit attributable to equity holders of the parent | 1,130 | 1,131 | 1,100 | 1 | 1 |
| Profit attributable to non-controlling interests | | | | | |
| Profit attributable to minority shareholders | 3 | 11,232 | 11,233 | 31 | 310 |
| Profit attributable to non-controlling interests | | 32 | | | |
| Profit attributable to equity holders of the parent | 3 | 11,264 | 11,233 | 31 | 310 |
| Profit attributable to non-controlling interests | | | | | |
| Profit attributable to minority shareholders | | | | | |
| Profit attributable to equity holders of the parent | | | | | |
| Profit attributable to non-controlling interests | | | | | |
| Profit attributable to minority shareholders | | | | | |

9. INVESTMENT PROPERTIES

| | |
|---------------------|-----------------|
| | <i>HK\$'000</i> |
| At 1 January 2008 | 3,213 |
| Disposals | 23 |
| Depreciation | 0,0 |
| | (2,1) |
| At 31 December 2008 | 10,13 |
| Disposals | 3,3 |
| Depreciation | 3,33 |
| | (20,0) |
| At 31 December 2009 | 13,33 |
| Disposals | 20 |
| Depreciation | 1,1 |
| | (3,3) |
| At 31 December 2010 | 12,0 |
| Disposals | 22 |
| Depreciation | 12,0 |
| | (1,132) |
| At 30 June 2010 | 0,3 |

As at 30 June 2010

| | 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> |
| Cost | 1,000 | 0,32 | 2,02 | 1,00 |
| Accumulated depreciation | 1,00 | 1,223 | 1,00 | 1,00 |
| | 3,00 | 3,3 | 1,02 | 0,0 |

... 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 |
| As at 31 December 2007 | 2 | 2 | | |
| As at 30 June 2010 | 3 | 3 | | |

12. FOREIGN EXCHANGE YIELD LINKED DEPOSIT

As at 31 December 2007, the Group had a foreign exchange yield linked deposit of \$1 million (equivalent to HK\$7.7 million) with a maturity date of 31 December 2012. The deposit is denominated in US dollars and is held in a bank in the United States. The deposit is classified as a financial asset at fair value through profit or loss. The fair value of the deposit is determined by discounting the future cash flows at the market rate of return for similar instruments. The fair value of the deposit is HK\$7.7 million as at 31 December 2007, 2008 and 2009.

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 |
| | HK\$'000 | HK\$'000 | HK\$'000 | 2010 |
| | | | | HK\$'000 |
| At 1 January | 12,0 | 11,1 | 1,1 | 20,202 |
| At 31 December | (,0) | (1,) | (,3) | |
| Mov | 519.01980 | | | |

16. OTHER FINANCIAL ASSETS

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

| | 2010 | 2009 |
|------------------------|-----------|-----------|
| As at 30 June 2010 | 1,000,000 | 1,000,000 |
| As at 31 December 2009 | 1,000,000 | 1,000,000 |
| As at 31 December 2008 | 1,000,000 | 1,000,000 |
| As at 30 June 2010 | 1,000,000 | 1,000,000 |
| As at 31 December 2009 | 1,000,000 | 1,000,000 |
| As at 31 December 2008 | 1,000,000 | 1,000,000 |

17. CREDITORS AND ACCRUED CHARGES

| | As at 31 December | | | As at 30 June 2010 |
|------------------------|-------------------|----------|----------|--------------------|
| | 2007 | 2008 | 2009 | 2010 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| As at 30 June 2010 | 30,000 | 1,000 | 10,000 | 23,100 |
| As at 31 December 2009 | 30,000 | 1,000 | 12,000 | 43,000 |
| As at 31 December 2008 | 0 | 2,300 | 1,000 | 2,100 |

| | As at 31 December | | | As at 30 June 2010 |
|------------------------|-------------------|----------|----------|--------------------|
| | 2007 | 2008 | 2009 | 2010 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| As at 30 June 2010 | 30,200 | 1,300 | 10,000 | 23,010 |
| As at 31 December 2009 | 30,200 | 1,300 | 12,000 | 43,500 |
| As at 31 December 2008 | 0 | 2,300 | 1,000 | 2,100 |
| As at 30 June 2010 | 30,200 | 1,300 | 10,000 | 23,010 |

As at 30 June 2010, the Group's other financial assets 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 the fair values.

As at 31 December 2010, the amounts due from related companies and non-controlling shareholders of subsidiaries are as follows:

| | 2010 | 2009 | 2008 |
|---|-----------|-----------|-----------|
| Amounts due from related companies | 1,113,000 | 1,112,000 | 1,002,000 |
| Amounts due from non-controlling shareholders of subsidiaries | 1,113,000 | 1,112,000 | 1,002,000 |
| Total | 2,226,000 | 2,224,000 | 2,004,000 |

19. BANK BORROWINGS

| | As at 31 December | | | As at 30 June |
|------------------------|-------------------|----------|----------|---------------|
| | 2007 | 2008 | 2009 | 2010 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Bank borrowings | 3,002 | 1,112 | 1,112 | 1,113 |
| Bank borrowings (Note) | 1,003 | 10,003 | 1,220 | 1,000 |
| Total | 4,005 | 11,115 | 2,332 | 2,113 |

Note: Bank borrowings are secured by the assets of the subsidiaries.

As at 31 December 2010, the bank borrowings are as follows:

| | 2010 | 2009 | 2008 |
|------------------------|-----------|-----------|------------|
| Bank borrowings | 1,113,000 | 1,112,000 | 1,002,000 |
| Bank borrowings (Note) | 1,000,000 | 1,220,000 | 10,003,000 |
| Total | 2,113,000 | 2,332,000 | 11,005,000 |

As at 30 June 2010, the bank borrowings are as follows:

| | 2010 | 2009 | 2008 |
|------------------------|-----------|-----------|------------|
| Bank borrowings | 1,113,000 | 1,112,000 | 1,002,000 |
| Bank borrowings (Note) | 1,000,000 | 1,220,000 | 10,003,000 |
| Total | 2,113,000 | 2,332,000 | 11,005,000 |

| | As at 31 December | | | As at 30 June |
|------------------------|-------------------|----------|----------|---------------|
| | 2007 | 2008 | 2009 | 2010 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Bank borrowings | 2,220 | 20,003 | 22,112 | 21,000 |
| Bank borrowings (Note) | 1,003 | 10,003 | 1,000 | 10,110 |
| Total | 3,223 | 30,006 | 23,112 | 31,110 |

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 | 303 | | (122) | | 31 |
| Revaluation of leasehold land and buildings | (3) | | (11) | | (14) |
| Accelerated tax depreciation | | | 3 | | 3 |
| A 31 December 2007 | 3 | 1,223 | 2 | | 108 |
| Change in fair value of investment properties | (1) | | (31) | (1,01) | (1,02) |
| Revaluation of leasehold land and buildings | (1) | (0) | (3) | | (4) |
| Accelerated tax depreciation | | | | 2 | 2 |
| A 31 December 2008 | 32 | 1,13 | 13 | (3) | 12 |
| Change in fair value of investment properties | (2) | | 10 | (1) | (1) |
| Revaluation of leasehold land and buildings | (22) | | (1) | | (23) |
| Accelerated tax depreciation | | | | (20) | (20) |
| A 31 December 2009 | 10 | 1,13 | 22 | (1,01) | 2 |
| Change in fair value of investment properties | 1,0 | | (20) | | (10) |
| 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.

22. OPERATING LEASE COMMITMENTS

The KSL Group as lessee:

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

26. RELATED PARTY TRANSACTIONS

The KSL Group has entered into related party transactions with related parties in the ordinary course of business. The related party transactions are disclosed in the following table:

| | Year ended 31 December | | | Six months ended | |
|---|------------------------|----------|----------|------------------|----------|
| | 2007 | 2008 | 2009 | 2009 | 2010 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| KSH | | | | | |
| Interest income | 10,100 | 3,300 | 3,300 | 2,200 | 2,200 |
| Interest expense | 2,200 | | 1,100 | 1,200 | 1,000 |
| Dividend income | | | 1,300 | | 22,000 |
| Income tax expense | | | 1,011 | | 2 |
| Interest expense | 322 | | 3 | 21 | 23 |
| Interest income | | 100 | 20 | 13 | |
| Subsidiaries of KSH not included in KSL Group entities | | | | | |
| Interest income | 3 | 0 | 32 | 20 | 3 |
| Interest expense | | 1 | 2 | 1 | 13 |

27. KEY SOURCES OF ESTIMATION UNCERTAINTY

The KSL Group's financial statements are prepared using accounting estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. The key sources of estimation uncertainty that have a material effect on the financial statements are as follows:

Allowance of doubtful debts

The KSL Group's allowance of doubtful debts is determined based on the creditworthiness of the debtors and the historical experience of the KSL Group. The allowance of doubtful debts is reviewed at the end of each reporting period. The allowance of doubtful debts is based on the creditworthiness of the debtors and the historical experience of the KSL Group. The allowance of doubtful debts is reviewed at the end of each reporting period.

| | 31 December 2009 | 30 June 2009 | 31 December 2008 | 30 June 2008 | 31 December 2007 | 30 June 2007 |
|-----------------------------|------------------|--------------|------------------|--------------|------------------|--------------|
| Allowance of doubtful debts | K\$211,000 | K\$11,000 | K\$1,000 | K\$1,000 | K\$1,000 | K\$1,000 |
| Allowance of doubtful debts | K\$20,202,000 | K\$1,000 | K\$1,000 | K\$1,000 | K\$1,000 | K\$1,000 |

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 |
| 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 financial position. The Group's capital structure is reviewed regularly to ensure that it remains appropriate to the Group's business strategy and risk profile.

The Group's capital structure consists of equity, including issued share capital and reserves, and debt, including bank borrowings and other financial liabilities. The Group's capital risk management is focused on maintaining a balance between equity and debt to ensure that the Group has sufficient resources to meet its operational requirements and to maintain a strong financial position.

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 | 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) | (0,000) |

(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 financial position. The Group's financial risk management is focused on maintaining a balance between equity and debt to ensure that the Group has sufficient resources to meet its operational requirements and to maintain a strong financial position.

The Group's financial risk management policies are designed to ensure that the Group has sufficient resources to meet its operational requirements and to maintain a strong financial position. The Group's financial risk management is focused on maintaining a balance between equity and debt to ensure that the Group has sufficient resources to meet its operational requirements and to maintain a strong financial position.

| | As at 31 December | | | | | | As at 30 June | |
|------------------|---|--------------------------|---|--------------------------|---|--------------------------|---|--------------------------|
| | 2007 | | 2008 | | 2009 | | 2010 | |
| | Increase (decrease) in foreign exchange rates | Effect on profit or loss | Increase (decrease) in foreign exchange rates | Effect on profit or loss | Increase (decrease) in foreign exchange rates | Effect on profit or loss | Increase (decrease) in foreign exchange rates | Effect on profit or loss |
| | HK\$'000 | | HK\$'000 | | HK\$'000 | | HK\$'000 | |
| Interest income | 10% | (2) | 10% | (2) | 10% | 1 | 10% | (1,00) |
| Interest expense | (10%) | 2 | (10%) | 2 | (10%) | (1) | (10%) | 1,00 |
| Other income | 10% | 23 | 10% | () | 10% | () | 10% | 32 |
| Other expense | (10%) | (23) | (10%) | () | (10%) | () | (10%) | (32) |
| Other income | 10% | 1 | 10% | 21 | 10% | 3 | 10% | 20 |
| Other expense | (10%) | (1) | (10%) | (21) | (10%) | (3) | (10%) | (20) |
| Other income | 1% | () | 1% | () | 10% | 11 | 10% | () |
| Other expense | (1%) | () | (1%) | () | (10%) | (11) | (10%) | () |

(d) Interest rate risk management

The Group's interest rate risk management policy is to manage the interest rate risk arising from the Group's operations. The Group uses interest rate derivatives to hedge its interest rate risk. The Group's interest rate risk management policy is to manage the interest rate risk arising from the Group's operations. The Group uses interest rate derivatives to hedge its interest rate risk.

Interest rate sensitivity

The Group's interest rate sensitivity is measured by the change in profit or loss that would result from a 1% increase or decrease in interest rates. The Group's interest rate sensitivity is measured by the change in profit or loss that would result from a 1% increase or decrease in interest rates. The Group's interest rate sensitivity is measured by the change in profit or loss that would result from a 1% increase or decrease in interest rates.

(e) Other price risks

The Group's other price risks are managed through the use of derivatives. The Group's other price risks are managed through the use of derivatives. The Group's other price risks are managed through the use of derivatives.

Price sensitivity

The Group's price sensitivity is measured by the change in profit or loss that would result from a 10% increase or decrease in the price of the underlying asset. The Group's price sensitivity is measured by the change in profit or loss that would result from a 10% increase or decrease in the price of the underlying asset.

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 | 3,2 |
| Financial assets | | 2,32 | 111,0 | | 3,103 | 3,3 |
| Financial liabilities | | | | | | |
| Total | | 3,2 | 12,0 | 1,1 | 3,1 | 3,0 |
| <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 | | 1,0 | 3,0 | | 3,1 | 3,0 |
| Financial assets | | | | | | |
| Financial liabilities | | | | | | |
| Total | | 3,2 | 3,0 | 1,11 | 3,0 | 3,0 |
| <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 | 31,0 | | 1,20 | 1,2 |
| Other payables | | 0,1 | 31,30 | 2,2 | 0,33 | 0,112 |
| Financial assets | | | | | | |
| Financial liabilities | | | | | | |
| Total | | 3,2 | 31,30 | 2,2 | 3,0 | 3,0 |
| <i>30 June 2010</i> | | | | | | |
| Trade receivables | | 23,0 | 1,0 | 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 | | | | | | |
| Total | | 3,2 | 13,2 | 3,1 | 3,0 | 3,0 |

| | | | | | | | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| K\$1,000,000 | K\$1,000,000 | K\$1,000,000 | K\$1,000,000 | K\$1,000,000 | K\$1,000,000 | K\$1,000,000 | K\$1,000,000 |
| 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 |

(h) Fair value of financial instruments

Fair value measurements recognised in the combined statements of financial position

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|-----|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 |
|---|---|---|---|---|---|---|---|---|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|-----|

| | As at 31 December 2009 | | | As at 30 June 2010 | | |
|--|------------------------|---------------------|-------------------|---------------------|---------------------|-------------------|
| | Level 1 HK\$'000 | Level 2 HK\$'000 | Total HK\$'000 | Level 1 HK\$'000 | Level 2 HK\$'000 | Total HK\$'000 |
| | 3,1 | 32,03 | ,02 | 2, | 33,33 | ,0 |

1. 2.

12. 1,

12. 1,

30. ENTITIES COMPRISING KSL GROUP

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

| 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 |
| 1. KSL Group | Malaysia | Malaysia | KS1,000,000 | | 100 | Investment holding |
| 2. KSL Group | Malaysia | Malaysia | KS1,000,000 | | 100 | Investment holding |
| 3. KSL Group | Malaysia | Malaysia | KS2 | | 100* | Investment holding |
| 4. KSL Group | Malaysia | Malaysia | KS10,000 | | 100* | Investment holding |
| 5. KSL Group | Malaysia | Malaysia | KS10,000 | | 0 | Investment holding |
| 6. KSL Group | Malaysia | Malaysia | KS10,000 | | 0 | Investment holding |
| 7. KSL Group | Malaysia | Malaysia | KS10,000 | | 0 | Investment holding |
| 8. KSL Group | Malaysia | Malaysia | US\$3,000 | | 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 Pacific Finance (Investment) Limited | \$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

Notes:

1. $\frac{200}{200} \times \frac{Y_1}{Y_2}$... Y_1 ... 31 ... 200,200 ...
20Q ... Y_2 ... $\frac{Y_1}{Y_2}$... $\frac{Y_1}{Y_2}$... $\frac{Y_1}{Y_2}$... $\frac{Y_1}{Y_2}$...
2. $\frac{200}{200} \times \frac{Y_1}{Y_2}$... Y_1 ... 31 ... 200,200 ...
20Q ... Y_2 ... $\frac{Y_1}{Y_2}$... $\frac{Y_1}{Y_2}$... $\frac{Y_1}{Y_2}$... $\frac{Y_1}{Y_2}$...
3. $\frac{200}{200} \times \frac{Y_1}{Y_2}$... Y_1 ... 31 ... 200,200 ...
20Q ... Y_2 ... & $\frac{Y_1}{Y_2}$... $\frac{Y_1}{Y_2}$... $\frac{Y_1}{Y_2}$... $\frac{Y_1}{Y_2}$... $\frac{Y_1}{Y_2}$...

3. STATEMENT OF INDEBTEDNESS

A

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

K\$20 , 0, K\$,300, 31, 1/2 y, 2010. K\$,000,000.

31 1/2 y, 2010, K\$,000,000.

4. MATERIAL CHANGE

A

30 1/2 y, 2010, K\$,000,000.

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:

| | 30 June 2010 |
|---------------------------------|--------------|
| Assets | |
| Current assets | |
| – Cash and bank balances | |
| – Accounts receivable | |
| – Prepaid expenses | |
| – Other receivables | |
| – Inventory | |
| – Other current assets | |
| Non-current assets | |
| – Property, plant and equipment | |
| – Intangible assets | |
| – Investment properties | |
| – Other non-current assets | |
| Liabilities | |
| Current liabilities | |
| – Accounts payable | |
| – Other payables | |
| – Other current liabilities | |
| Non-current liabilities | |
| – Other non-current liabilities | |

The unaudited pro forma financial position of the KSL Group as at 30 June 2010 is derived from the audited financial statements of the KSL Group as at 30 June 2010. The unaudited pro forma financial position of the KSL Group as at 30 June 2010 is derived from the audited financial statements of the KSL Group as at 30 June 2010. The unaudited pro forma financial position of the KSL Group as at 30 June 2010 is derived from the audited financial statements of the KSL Group as at 30 June 2010.

The unaudited pro forma financial position of the KSL Group as at 30 June 2010 is derived from the audited financial statements of the KSL Group as at 30 June 2010. The unaudited pro forma financial position of the KSL Group as at 30 June 2010 is derived from the audited financial statements of the KSL Group as at 30 June 2010. The unaudited pro forma financial position of the KSL Group as at 30 June 2010 is derived from the audited financial statements of the KSL Group as at 30 June 2010.

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE KSL GROUP

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

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

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

... 30 2010
...
...

... 30 2010 ...

| | 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> |
|-----------------------------|--|---|---|
| INVESTING ACTIVITIES | | | |
| 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> |
| FINANCING ACTIVITIES | | | |

Notes:

1. *[Faint, illegible text]*
2. *[Faint, illegible text]*

.....

PROPERTY CATEGORIZATION AND VALUATION METHODOLOGY

.....

.....

TITLE DOCUMENTS AND ENCUMBRANCES

.....

.....

.....

INSPECTION AND MEASUREMENT

.....

Group II – Property held by the KSL Group for Investment in Hong Kong

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 July 2010 |
|----------|------------------------|--------------------------|---|
| 2. | | | K\$23,000 |
| | | | (100%) |
| | | 2011 | |
| | | K\$,000 | |
| | | 3, 1 | |
| 1 /22 | | | |
| | | 1 0 | |
| | | 1. 01. | |
| | | | |
| 10 | | 2010 | |
| | K\$1,2 | | |
| | | K\$3 , 00 | |

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 | | K\$, , ,000 |
| | #03-01 | 200 | (1%) |
| | 1 2 | \$3,000 | K\$3,0 , 0) |
| | 21/ | | |
| | 1, 0' | | |
| | 1, 0' | | |
| | 2 | | |
| | 1 | | |
| | 31 | | |
| | (3, 23) | | |
| | 200 | | |
| | 1- | | |
| | 2. | | |

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 directors may, if so authorised by the Company in general meeting, exercise all or any of the powers of the Company to allot or issue shares or warrants to subscribe for shares, and to make such contracts, agreements and arrangements as they may think fit in connection with the exercise of those powers, provided that the aggregate amount of shares or warrants so allotted or issued does not exceed the amount of shares or warrants which the Company is authorised to allot or issue by the Company in general meeting. The directors may also, if so authorised by the Company in general meeting, exercise all or any of the powers of the Company to allot or issue shares or warrants to subscribe for shares, and to make such contracts, agreements and arrangements as they may think fit in connection with the exercise of those powers, provided that the aggregate amount of shares or warrants so allotted or issued does not exceed the amount of shares or warrants which the Company is authorised to allot or issue by the Company in general meeting.

The directors may, if so authorised by the Company in general meeting, exercise all or any of the powers of the Company to allot or issue shares or warrants to subscribe for shares, and to make such contracts, agreements and arrangements as they may think fit in connection with the exercise of those powers, provided that the aggregate amount of shares or warrants so allotted or issued does not exceed the amount of shares or warrants which the Company is authorised to allot or issue by the Company in general meeting. The directors may also, if so authorised by the Company in general meeting, exercise all or any of the powers of the Company to allot or issue shares or warrants to subscribe for shares, and to make such contracts, agreements and arrangements as they may think fit in connection with the exercise of those powers, provided that the aggregate amount of shares or warrants so allotted or issued does not exceed the amount of shares or warrants which the Company is authorised to allot or issue by the Company in general meeting.

... (21) ...

... (1) ...

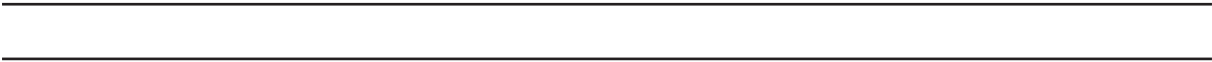
(f) Voting rights (generally and on a poll) and right to demand a poll

... () ...

... (3) ...

(g) Requirements for annual general meetings

... (1) ...



A. *[Faint, illegible text]*

() *[Faint, illegible text]*

() *[Faint, illegible text]*

A. *[Faint, illegible text]*

() *[Faint, illegible text]*

() *[Faint, illegible text]*

() *[Faint, illegible text]*

() *[Faint, illegible text]*

() *[Faint, illegible text]*

(j) Transfer of shares

A. *[Faint, illegible text]*

[Faint, illegible text]

APPENDIX V SUMMARY OF THE NEW ARTICLES OF ASSOCIATION OF KSL

Article 1.1. The name of the Association shall be "KSL Association".

Article 1.2. The Association shall have a legal personality of its own.

Article 1.3. The Association shall be established in the State of Utah.

Article 1.4. The Association shall have its principal office in the State of Utah.

Article 1.5. The Association shall have a fiscal year ending on December 31st of each year.

Article 1.6. The Association shall have a minimum of 10 members.

Article 1.7. The Association shall have a maximum of 100 members.

Article 1.8. The Association shall have a minimum of 10% of its members who are Utah residents.

Article 1.9. The Association shall have a minimum of 10% of its members who are KSL members.

Article 1.10. The Association shall have a minimum of 10% of its members who are KSL members who are Utah residents.

Article 2.1. The Association shall have a Board of Directors consisting of 10 members.

() ()2 ☒ y₃ - y₃ ☒

(m) Dividends and other methods of distribution

Article 10. Dividends and other methods of distribution. The Board of Directors may, in its discretion, declare dividends or other distributions of the assets of the Association to the members of the Association. The Board of Directors may also, in its discretion, declare dividends or other distributions of the assets of the Association to the members of the Association who are not members of the Association. The Board of Directors may also, in its discretion, declare dividends or other distributions of the assets of the Association to the members of the Association who are not members of the Association.

Article 11. Dividends and other methods of distribution. The Board of Directors may, in its discretion, declare dividends or other distributions of the assets of the Association to the members of the Association. The Board of Directors may also, in its discretion, declare dividends or other distributions of the assets of the Association to the members of the Association who are not members of the Association. The Board of Directors may also, in its discretion, declare dividends or other distributions of the assets of the Association to the members of the Association who are not members of the Association.

Article 12. Dividends and other methods of distribution. The Board of Directors may, in its discretion, declare dividends or other distributions of the assets of the Association to the members of the Association. The Board of Directors may also, in its discretion, declare dividends or other distributions of the assets of the Association to the members of the Association who are not members of the Association. The Board of Directors may also, in its discretion, declare dividends or other distributions of the assets of the Association to the members of the Association who are not members of the Association.

(q) Quorum for meetings and separate class meetings

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

(r) Reserved matters

... A ...

SHAREHOLDINGS AND DEALINGS

Interest in KSL

A _____
K _____

| Name | Capacity | Number of KSL Shares held | Percentage of shareholding |
|-------------|-----------------|--------------------------------------|---------------------------------------|
|-------------|-----------------|--------------------------------------|---------------------------------------|

Interest in Merit Gala

A

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

A

Dealings in securities of KSL

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

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

1

MARKET PRICE

A K ... K ...

SERVICE CONTRACT

A ... K ... 1 2010 ... 12 ...

EXPERTS AND CONSENTS

... (...) ...

Name

Qualification

... 1 (...) ...

... 1 (...) ...

(...) ...

K ... (K ...) ...

... K ...

LITIGATION

A ... K ...

MATERIAL CONTRACTS

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

GENERAL

- () ...
() ...
() ...
() ...
() ...

DOCUMENTS AVAILABLE FOR INSPECTION

- ...
() ...
() ...

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