



SOMERLEY LIMITED

10/F., The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong
Telephone: 2869 9090 Fax: 2845 0614 E-Mail: somerley@somerley.com.hk

23 July 2012

To: *the Independent Privateco Shareholders*

Dear Sirs,

**VOLUNTARY UNCONDITIONAL CASH OFFER
BY STANDARD CHARTERED BANK (HONG KONG) LIMITED
ON BEHALF OF WING TAI PROPERTIES INVESTMENT LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN THE CAPITAL OF
CHERRYTIME INVESTMENTS LIMITED (OTHER THAN THOSE
ALREADY OWNED OR AGREED TO BE ACQUIRED BY IT
OR WING TAI PROPERTIES LIMITED)**

INTRODUCTION

We refer to our appointment to advise the Independent Privateco Shareholders in connection with the Privateco Offer. Details of the Privateco Offer are contained in the Composite Document dated 23 July 2012, of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

On 9 July 2012, the resolution in respect of the Distribution In Specie and the Special Cash Dividend was duly approved at the Winsor EGM. On 16 July 2012, the same date as the Share Sale Completion, the Distribution In Specie and the payment of the Special Cash Dividend were made to the Winsor shareholders, on the basis of one Privateco Share and HK\$0.7803 in cash for every share of Winsor held. Following the completion of the Distribution In Specie, the Privateco and its subsidiaries ceased to be subsidiaries of Winsor, and the Privateco Shares became directly held by the Winsor shareholders.

As at the Latest Practicable Date, WTPIL, a wholly-owned subsidiary of Wing Tai, together with its associates and parties acting in concert with it (but excluding the Wing Tai Connected Persons to whom the Privateco Offer extends), were interested in 205,835,845 Privateco Shares, representing approximately 79.26% of the entire issued share capital of the Privateco. SCB, for and on behalf of WTPIL and pursuant to the Takeovers Code, has made the Privateco Offer, which is a voluntary unconditional cash offer to acquire all the issued Privateco Shares, other than those already owned or agreed to be acquired by WTPIL or Wing Tai.



As set out in the letter from the Privateco Board in the Composite Document, since the Privateco Board does not have any non-executive directors or any independent non-executive directors, no independent committee of the Privateco Board can be formed to give a recommendation to the Independent Privateco Shareholders in connection with the Privateco Offer. In these circumstances, we have been appointed to advise the Independent Privateco Shareholders as to whether the terms of the Privateco Offer are fair and reasonable so far as the Independent Privateco Shareholders are concerned, and whether the Independent Privateco Shareholders should accept the Privateco Offer.

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

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the directors of the Privateco, which we have assumed to be true, accurate and complete at the time they were made and at the date of the Composite Document. We have also assumed that all representations contained or referred to in the Composite Document are true, accurate and complete at the time they were made and at the date of the Composite Document. The Privateco Shareholders will be informed as soon as practicable if we become aware of any material change to such information. We have reviewed the financial information on the Privateco Group as set out in Appendix II to the Composite Document, the unaudited pro forma financial information of the Privateco Group as set out in Appendix III to the Composite Document, the property valuation reports of properties comprised in the Distributed Business as set out in Appendix IV to the Composite Document, and the statements about the future of the Privateco Group under the control of Wing Tai as set out in the letter from SCB in the Composite Document. We have sought and received confirmation from the Privateco Directors that no material facts have been omitted from the information supplied and opinions expressed by them. We consider that the information we have received is sufficient for us to reach our opinion and advice as set out in this letter. We have no reason to doubt the truth and accuracy of the information provided to us or to believe that any material facts have been omitted or withheld. We have not, however, conducted any independent investigation into the business and affairs of the Privateco Group, nor have we carried out any independent verification of the information supplied.

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



PRINCIPAL TERMS OF THE PRIVATECO OFFER

On 23 July 2012, SCB has made, on behalf of WTPIL and pursuant to the Takeovers Code, the Privateco Offer, which is a voluntary unconditional cash offer to acquire all the issued Privateco Shares, other than those already owned or agreed to be acquired by it or Wing Tai, on the following basis:

**for each Privateco Share held HK\$27.60 in cash
(the "Privateco Offer Price")**

As at the Latest Practicable Date, there were 259,685,288 Privateco Shares in issue. WTPIL, together with its associates and parties acting in concert with it (but excluding the Wing Tai Connected Persons to whom the Privateco Offer extends), were interested in 205,835,845 Privateco Shares. Based on the Privateco Offer Price of HK\$27.60 per Privateco Share, the 53,849,443 Privateco Shares subject to the Privateco Offer are valued at approximately HK\$1,486.2 million, and the entire issued share capital of the Privateco is valued at approximately HK\$7,167.3 million.

Mr. Chow Wai Wai, John, the Privateco Director, intends to accept the Privateco Offer in respect of all the Privateco Shares beneficially held by him. Save as disclosed above, no person had irrevocably committed to accept or reject the Privateco Offer as at the Latest Practicable Date.

As stated in the letter from SCB in the Composite Document, since no application will be made for the listing of the Privateco Shares on the Stock Exchange or any other stock exchange, it is expected that the Privateco, a company incorporated in the BVI, will continue to be unlisted.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background to and reasons for the Privateco Offer

On 13 May 2012, the Share Sale Agreement was entered into between Wing Tai, Vanke Property (Hong Kong) Company Limited and Vanke Real Estate (Hong Kong) Company Limited relating to, among other things, the sale and purchase of Wing Tai's entire interest in Winsor, the Distribution In Specie and the payment of the Special Cash Dividend, details of which are contained in the Wing Tai Circular. As one of the conditions precedent to the Share Sale Completion, the Winsor Group underwent the Group Reorganisation, whereby its businesses were separated into (i) the business of the Remaining Group, which is now held by Winsor, and (ii) the Distributed Businesses, which are now held by the Privateco.

The Share Sale Completion took place on 16 July 2012. On the same date as the Share Sale Completion, the Distribution In Specie and the payment of the Special Cash Dividend were made to the Winsor shareholders, on the basis of one Privateco Share and HK\$0.7803 in cash for every share of Winsor held. Upon completion of the Distribution In Specie, the Privateco and its subsidiaries ceased to be subsidiaries of Winsor.



Following the Distribution In Specie, WTPIL, together with its associates and parties acting in concert with it (but excluding the Wing Tai Connected Persons to whom the Privateco Offer extends), has become interested in 205,835,845 Privateco Shares, representing approximately 79.26% of the entire issued share capital of the Privateco. On 23 July 2012, SCB, for and on behalf of WTPIL and pursuant to the Takeovers Code, has made the Privateco Offer. On the same date as the Privateco Offer, the Listco Offer is being made for the acquisition of the shares of Winsor by Wkland Investments, details of which are contained in the separate composite document relating to the Listco Offer dated 23 July 2012.

The Privateco Group

Following the completion of the Group Reorganisation, the Privateco Group holds the Distributed Businesses, representing all the former businesses of the Winsor Group other than the business of holding or relating to the Property, which comprises certain units and carparks in Regent Centre. The Distributed Businesses principally include (i) the rental and property management business which currently holds office properties comprising Landmark East (Kwun Tong) and W Square (Wan Chai), and industrial properties comprising Winner Godown Building (Tsuen Wan) and Shui Hing Centre (Kowloon Bay); (ii) warehousing business; (iii) investment holding; and (iv) from time to time, property development activities. According to the financial information of the Privateco Group as set out in Appendix II to the Composite Document, the revenue and the profit attributable to the Privateco Shareholders in 2011 were approximately HK\$414.8 million and HK\$2,326.1 million respectively. Excluding the effect of the change in fair value of investment properties and derivative financial instruments and gain on acquisition of an associated company of approximately HK\$1,907.5 million, the profit attributable to the Privateco Shareholders amounted to approximately HK\$418.6 million according to the Management Discussion and Analysis of the Privateco Group as contained in Appendix III to the Wing Tai Circular. The pro forma net asset value ("NAV") of the Privateco Group was approximately HK\$9,864.9 million as at 31 December 2011 according to the unaudited pro forma financial information of the Privateco Group as set out in Appendix III of the Composite Document.

Mr. Chow Wai Wai, John and Mr. Au Hing Lun, Dennis, both being executive directors of Winsor, were appointed as the Privateco Directors, and the businesses of the Privateco Group will continue to be operated by the former management team of Winsor.

Reasons for and benefits of the Privateco Offer

As stated in the letter from SCB in the Composite Document, no application will be made for the listing of the Privateco Shares on the Stock Exchange or any other stock exchange. The Privateco, a company incorporated in the BVI, is and will continue to be an unlisted company. The Privateco may continue to be a public company under the Takeovers Code if, taking into account factors such as number of Hong Kong shareholders and the location of its business and assets, the Executive determines that the Privateco should be so regarded. The Independent Privateco Shareholders are entitled to keep the Privateco Shares, although there will be no liquid market for the trading of shares in the Privateco so that it is difficult for the Independent Privateco Shareholders to realise their



holdings of the Privateco Shares except through the Privateco Offer. The Privateco Offer enables Independent Privateco Shareholders to realise their holdings of the Privateco Shares for an all-cash consideration at HK\$27.60 per Privateco Share, which represents a discount of approximately 27.6% to the pro forma NAV attributable to the Privateco Shareholders, calculated as follows:

Pro forma NAV attributable to the Privateco Shareholders as extracted from Appendix III	HK\$9,864.9 million
Upward adjustment based on valuation of investment properties of the Privateco Group as at 30 April 2012 (<i>Note</i>)	<u>HK\$ 37.0 million</u>
	HK\$9,901.9 million
- per Privateco Share	HK\$38.13
Privateco Offer Price	HK\$27.6
Discount to pro forma NAV attributable to the Privateco Shareholders	<u><u>27.6%</u></u>

Note: Most of the Privateco Group's assets represent investment properties, which are stated at valuation in the combined balance sheet of the Privateco Group as at 31 December 2011 in the financial information of the Privateco Group as contained in Appendix II to the Composite Document. We have, for the purpose of assessing the above discount, checked against the valuation of the Privateco Group's investment properties as at 30 April 2012 according to the valuation reports contained in Appendix IV to the Composite Document. The valuation of the Privateco Group's investment properties as at 30 April 2012 of approximately HK\$11,075.6 million was approximately HK\$37.0 million higher than their valuation as at 31 December 2011 of approximately HK\$11,038.6 million, analysed as follows:

	Page reference	Valuation HK\$'million
Properties of the Privateco Group as at 30 April 2012		
- as valued by B.I. Appraisal Limited	IV-10	7.9
- as valued by Jones Lang LaSalle Limited	IV-21	<u>11,067.7</u>
Total		(A) 11,075.6
The Privateco Group's investment properties as at 31 December 2011 as extracted from Appendix II	II-5	11,027.8
Add: transfer of Units 505-510, 5/F, Tower B, Regent Centre and one car parking space located at Landmark East from the Remaining Group to the Privateco Group	VIII-4 (Wing Tai Circular)	<u>10.8</u>
Total		(B) 11,038.6
Difference		(A) — (B) 37.0



A comparison of the above discount to the discounts of other comparable companies, which are all engaged in property investment and have a similar size to the Privateco Group, is set out detailed in the section below headed "Comparables".

2. Limited protection for Independent Privateco Shareholders as regards their interests in the Privateco

The Privateco is a company incorporated in the BVI. A summary of the constitution of the Privateco and BVI company law is contained in Appendix V to the Composite Document. Independent Privateco Shareholders should note that the Privateco, as an unlisted company, is only governed by the Listing Rules as a subsidiary of Wing Tai, a listed company, where the interests of the shareholders of Wing Tai are being safeguarded. From the perspective of the Independent Privateco Shareholders, the Privateco is not subject to the same corporate governance and minority protection requirements as set out in the Listing Rules. In particular, protections under the Chapter 14 and Chapter 14A of the Listing Rules regarding notifiable transactions and connected transactions that currently apply to Winsor as a listed company do not apply to the Privateco so far as the minority shareholders of the Privateco are concerned. This means, for example, Wing Tai could sell properties to the Privateco for cash or agree large transactions without the need for any approval from minority shareholders of the Privateco. In relation to dilution of shareholdings, there are currently no pre-emption rights under the articles of the Privateco in relation to issues of new shares in the Privateco, in contrast to the more stringent requirements under the Listing Rules, such as the requirement of shareholders' approval for general mandate to issue new shares, which is limited to a maximum of 20% of the issued share capital without specific shareholders' approval and if such limit has been exceeded, specific shareholders' approval is required. Requirements for appointing independent non-executive directors under the Listing Rules also do not apply to the Privateco.

Certain provisions under the SFO also do not apply to the Privateco. For instance, certain market misconduct provisions and the provisions concerning offences relating to dealings in securities, as provided for in Parts XIII and XIV of the SFO, do not apply in relation to the Privateco Shares. However, were the Privateco minded ever to raise additional funds by means of an allotment of new securities to the public in Hong Kong (which includes any class of the public, and may include the holders of the Privateco Shares from time to time) the provisions relating to offers of investments, as contained in Part IV of the SFO (including all potentially relevant exemptions provided for therein), would apply to the Privateco.

Following the completion of the Distribution In Specie, the Privateco has become a public company in Hong Kong and is accordingly subject to the Takeovers Code as long as it remains a public company. The Privateco may continue to be a public company under the Takeovers Code if, taking into account factors such as number of Hong Kong shareholders and the location of its business and assets, the Executive determines that the Privateco should be so regarded. In the event that the Privateco ceases to be a public company, it would no longer be subject to the Takeovers Code. In that case, the interests of the minority shareholders of the Privateco would be safeguarded primarily by the memorandum and articles of association of the Privateco and provisions regarding minority shareholders' interest protection under the BVI Business Companies Act, which do not provide the level of minority protections that would be available had the Takeovers Code continued to apply.



3. Information about the Privateco Group

The Privateco Group currently holds the Distributed Businesses, representing all the former businesses of the Winsor Group other than the business of holding or relating to certain units and car parks in the Regent Centre. The Distributed Businesses principally include (i) the rental and property management business which currently holds office properties comprising Landmark East (Kwun Tong) and W Square (Wan Chai), and industrial properties comprising Winner Godown Building (Tsuen Wan) and Shui Hing Centre (Kowloon Bay); (ii) warehousing business; (iii) investment holding; and (iv) from time to time, property development activities.

Financial information of the Privateco Group

Financial performance of the Privateco Group:

Set out below is a summary of the combined financial information of the Privateco Group for the three years ended 31 December 2011 based on the financial information of the Privateco Group as set out in Appendix II to the Composite Document and the Management Discussion and Analysis of the Privateco Group as set out in Appendix III to the Wing Tai Circular:

	Year ended		
	31/12/2009	31/12/2010	31/12/2011
	HK\$'million	HK\$'million	HK\$'million
Revenue	228.4	341.5	414.8
<i>Rental and property management</i>	213.9	328.2	399.0
<i>Warehousing</i>	14.5	13.3	15.8
Gross profit	140.5	265.4	320.8
<i>Increase in fair value of investment properties</i>	279.3	1,727.1	1,855.2
Profit attributable to the Privateco Shareholders	389.9	2,351.9	2,326.1
Profit attributable to the Privateco Shareholders excluding change in fair value of investment properties and derivative financial instruments and gain on acquisition of an associated company	47.5	607.8	418.6

As shown above, over 90% of the revenue of the Privateco Group is generated from its rental and property management business, which consists of a diversified property portfolio in Hong Kong from Grade A office buildings to industrial buildings.



(i) Rental and property management segment

The Privateco Group recorded revenue of approximately HK\$328.2 million in 2010, demonstrating a growth of approximately 53.4% when compared to 2009. Such increase was mainly attributable to improved occupancy in Landmark East during the year. In 2011, the revenue from the rental and property management segment increased by approximately 21.6% to approximately HK\$399.0 million. Such increase in revenue was mainly due to the increase in leasing of Landmark East during the year.

(ii) Warehousing segment

The revenue in this segment decreased by approximately 8.3% from approximately HK\$14.5 million in 2009 to approximately HK\$13.3 million in 2010, which was mainly attributable to reduced storage from one of the major customers of the Privateco Group's warehouse located in Hong Kong. The increase in revenue in 2011 as compared to the prior year was mainly due to the increase in revenue from the above-mentioned major customer during the year.

The gross profit margin of the Privateco Group is directly related to the Privateco Group's rental and property management segment, which is the major revenue source of the Privateco Group. In 2010, it showed an increase from approximately 61.5% in 2009 to approximately 77.7%, which was primarily due to increased profitability in Landmark East. In 2011, the gross profit margin was maintained at around 77.3%.

A substantial part of the Privateco Group's profit comes from its increase in fair value of the Privateco Group's investment properties, which amounted to HK\$279.3 million, HK\$1,727.1 million and HK\$1,855.2 million in 2009, 2010 and 2011 respectively. The increase in fair value by approximately 5.2 times from 2009 to 2010 was mainly due to the appreciation in capital value of investment properties considering the turnaround of global economy since the first half of 2009 and the higher occupancy rate in Landmark East during 2010. The increase in fair value of investment properties in 2011 was in line with the further strengthening of the property market in Hong Kong during the year. However, this element in profit is a "non-cash" item which would not sustain, for example, cash dividends.

The profit attributable to the Privateco Shareholders excluding change in fair value of investment properties and derivative financial instruments and gain on acquisition of an associated company (the "Adjusted Privateco Profit") was approximately HK\$47.5 million in 2009, which increased to approximately HK\$607.8 million in 2010, principally due to (i) the approximately HK\$300.3 million shares of profits of associated companies (2009: losses of approximately HK\$3.1 million) and (ii) the gains on disposals of investment properties in 2010 of approximately HK\$146.5 million (2009: Nil). The Adjusted Privateco Profit dropped to approximately HK\$418.6 million in 2011 which was mainly due to the absence of the above-mentioned gains on disposal of investment properties in 2010 and reduced share of profits of associated companies to approximately HK\$151.2 million, which were partially offset by the increase in gross profit of approximately HK\$55.4 million.



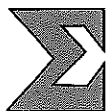
Major assets and liabilities of the Privateco Group:

Set out below is a breakdown of the pro forma assets and liabilities of the Privateco Group as at 31 December 2011 (on the assumption that the proposed Group Reorganisation, the Distribution In Specie and payment of the Special Cash Dividend had been completed) as extracted from Appendix III to the Composite Document:

	31/12/2011
	<i>HK\$'million</i>
Non-current assets	
Investment properties	11,038.6
Interests in associated companies	696.1
Available-for-sale financial assets	319.4
Other non-current assets	<u>115.9</u>
	12,170.0
Current assets	168.9
Current liabilities	(781.4)
Non-current liabilities	(1,690.4)
Non-controlling interest	<u>(2.2)</u>
Equity attributable to the Privateco Shareholders	9,864.9

As at 31 December 2011, pro forma total assets of the Privateco Group amounted to approximately HK\$12,338.9 million, which mainly comprised (i) investment properties of approximately HK\$11,038.6 million, representing approximately 89.5% of the total assets; (ii) interests in associated companies of approximately HK\$696.1 million. Interests in associated companies mainly represented (a) a 30% interest in a cold storage business in Mainland China, (b) a residential project in Hong Kong controlled by Wing Tai in which the Privateco Group is entitled to a 20% interest, (c) a residential project in Singapore controlled by Wing Tai Holdings Limited in which the Privateco Group is entitled to a 30% interest, (d) a 40% interest in a property located in Hong Kong where the Lanson Place Hotel is situated, and (e) a 24.8% interest in a commercial property located in Mainland China; (iii) the Privateco Group's available-for-sale financial assets of HK\$319.4 million, mainly representing real estate investment trust units listed outside Hong Kong; and (iv) bank balances and cash of approximately HK\$103.3 million which mainly consisted of short-term bank deposits.

As at 31 December 2011, pro forma total liabilities of the Privateco Group amounted to approximately HK\$2,471.8 million, mainly comprised of secured bank loans of approximately HK\$2,076.8 million.



The pro forma NAV attributable to the Privateco Shareholders of approximately HK\$9,864.9 million as at 31 December 2011 is different from the NAV attributable to the Privateco Shareholders of approximately HK\$7,135.7 million on the same date as extracted from the financial information of the Privateco Group as contained in Appendix II to the Composite Document. As advised by the management of the Privateco Group, the difference of approximately HK\$2,729.2 million represented mainly the settlement of the outstanding payable by the Privateco Group to Winsor by issuing ordinary shares of certain members of the Privateco Group to Winsor pursuant to the Group Reorganisation. For the purpose of assessing the NAV of the Privateco Group as if the proposed Group Reorganisation, the Distribution In Specie and payment of the Special Cash Dividend had been completed, you should refer to the pro forma NAV of the Privateco Group of approximately HK\$9,864.9 million.

According to the indebtedness statement as contained in Appendix II to the Composite Document, the Privateco Group had total outstanding borrowings of approximately HK\$1,975.1 million as at 30 April 2012, comprising secured bank loans of approximately HK\$1,876.8 million and the fair value of derivative financial instruments liabilities of approximately HK\$98.3 million in relation to interest rate swap contracts with aggregate notional principal amount of HK\$1,000 million. This level of indebtedness seems to us prudent and sustainable compared to the pro forma NAV of the Privateco Group of approximately HK\$9,864.9 million.

Net asset value of the Privateco Group adjusted for the latest valuation:

The valuations of the investment properties held by the Privateco Group as at 30 April 2012 are set out in the valuation reports by Jones Lang Lasalle Limited and B.I. Appraisals Limited (the "Privateco Group Valuers") contained in Appendix IV to the Composite Document. The Privateco Group Valuers have carried out inspections, made relevant enquiries and searches for the purpose of the valuation. We have reviewed and discussed with the Privateco Group Valuers the bases and assumptions adopted for the valuation of the investment properties held by the Privateco Group. According to the valuation reports of the Privateco Group Valuers, the aggregate valuation of the investment properties of the Privateco Group as at 30 April 2012 was approximately HK\$11,075.6 million, which was approximately 0.3% (or approximately HK\$37.0 million) higher than their aggregate valuation as at 31 December 2011 of approximately HK\$11,038.6 million.

As advised by the management of the Privateco Group, except for certain units in Shenzhen, the PRC, valued at HK\$3.8 million as at 30 April 2012, where no valuation was performed as at 31 December 2011 and which we considered insignificant, the valuation of investment properties of the Privateco Group held as interests in associated companies as at 30 April 2012 was the same as their valuation as at 31 December 2011. We also understand from the management of the Privateco Group that other property interests held as interests in associated companies are mainly properties for sale which are carried at cost instead of valuation. The carrying value of these properties is considered insignificant compared to the carrying value of the Privateco Group's investment properties.

Outlook for the Privateco Group

The net profit of the Privateco Group has fluctuated in the last three financial years due to factors such as fair value changes to the investment properties. However, the revenue stream and gross profit



are steadily increasing, and the Privateco Group is not highly geared. It appears, based on the above analysis and the present business model of the Privateco Group, that the Privateco Group has a sustainable business, although the future dividend stream from the Privateco, as an unlisted company, is uncertain.

4. Information about WTPIL and Wing Tai

WTPIL is a company incorporated in the BVI, and is a wholly-owned subsidiary of Wing Tai, an investment holding company, the shares of which are listed on the main board of the Stock Exchange. The principal subsidiaries of Wing Tai, including the Privateco Group, are engaged in property development, property investment and management, hospitality investment and management, garment manufacturing and investing activities.

Intention of WTPIL regarding the Privateco

Business of the Privateco Group

As disclosed in the letter from SCB in the Composite Document, it is the intention of WTPIL and Wing Tai that the Privateco Group will not make changes to its principal businesses nor conduct any business other than the Distributed Businesses. It is also the intention of WTPIL and Wing Tai that the Privateco Group will not hold any assets other than those relating to the Distributed Businesses, nor have any major assets injected, nor dispose of any major assets, after the close of the Privateco Offer. There is no plan for WTPIL or Wing Tai to redeploy any fixed assets of the Privateco Group other than in its ordinary course of business. Independent Privateco Shareholders should also note that the Privateco has not given any assurance that it will make future dividends, and that any dividends proposed by the Privateco Directors are discretionary.

Mr. Chow Wai Wai, John and Mr. Au Hing Lun, Dennis, both being executive directors of Winsor, were appointed as directors of the Privateco, and the businesses of the Privateco Group will continue to be operated by the former management team of Winsor.

Compulsory acquisition of the Privateco Shares

In the event that WTPIL holds not less than 90% of Privateco Shares in issue, and has received acceptances of the Privateco Offer during the period of 4 months after posting of this Composite Document amounting to not less than 90% of the disinterested Privateco Shares, WTPIL intends to exercise its right to direct the Privateco to redeem all the remaining Privateco Shares under the BVI Business Companies Act after the close of the Privateco Offer.

5. Comparables

The Privateco Group is principally engaged in property investment and management, warehousing and investment holding, and derives most of its revenue from its investment properties situated in Hong Kong. In order to assess the Privateco Offer Price, we have identified companies (the "Comparable Companies") (i) which are engaged in property investment in Hong Kong with over 50% of consolidated revenue derived from such segment in the latest financial year as set out in their



published annual reports, (ii) have their shares listed on the Stock Exchange, and (iii) have either their consolidated NAV attributable to equity holders or their market capitalisations within a range of 50% to two times the pro forma NAV attributable to the Privateco Shareholders of approximately HK\$9,864.9 million as extracted from Appendix III to the Composite Document or the market capitalisation of the Privateco Group of approximately HK\$7,167.3 million as implied by the Privateco Offer Price. We consider (i) the above selection criteria represent an unbiased approach to identify the Comparable Companies which are engaged in business that are similar to the Privateco Group and with sizes that are similar to the Privateco Group, and (ii) the table below represents an exhaustive list of companies with the above criteria that we were able to identify from the Stock Exchange's website. Set out below is the result of our research:

	Closing share price on the Latest Practicable Date <i>(Note 1)</i> <i>HK\$</i>	Market capitalisation as at the Latest Practicable Date <i>(Note 1)</i> <i>HK\$ million</i>	Consolidated net asset value attributable to equity holders <i>(Note 1)</i> <i>HK\$ million</i>	Discount of market capitalisation to net asset value attributable to equity holders <i>(Note 2)</i> <i>(Note 3)</i> <i>%</i>
Fortune Real Estate Investment Trust (stock code: 778)	5.00	8,476.7	13,227.77	(35.9)%
Associated International Hotels Ltd. (stock code: 105)	16.84	6,062.4	9,954.05	(39.1)%
Sunlight Real Estate Investment Trust (stock code: 435)	2.70	4,335.1	8,622.77	(49.7)%
Lai Sun Garment (International) Limited (stock code: 191)	0.77	1,245.4	6,968.96	(82.1)%
Melbourne Enterprises Limited (stock code: 158)	129	3,225.0	4,970.81	(35.1)%
Mean				(48.4)%
Median				(39.1)%
Maximum				(82.1)%
Minimum				(35.1)%
Privateco Offer Price	27.6	7,167.3	9,901.9	(27.6)%

Notes:

- (1) The closing share price and market capitalisation of the Comparable Companies as at the Latest Practicable Date are sourced from Bloomberg. The consolidated net asset values attributable to equity holders are extracted from the latest annual reports or interim reports of the Comparable Companies.
- (2) The figure of HK\$7,167.3 million represents the value of the Privateco as implied by the Privateco Offer Price of HK\$27.6 per Privateco Share, based on the 259,685,288 issued Privateco Shares as at the Latest Practicable Date.



- (3) The pro forma NAV attributable to the Privateco Shareholders as at 31 December 2011 takes into account the upward adjustment based on valuation of the investment properties of the Privateco Group as at 30 April 2012.
- (4) To avoid duplication in our analysis, we have excluded the relevant data of Tian Teck Land Limited (stock code: 266) from the above calculation of mean, median, maximum and minimum discount to NAV, as its property investment business is principally carried out by its subsidiary, Associated International Hotels Ltd. (stock code: 105), the relevant data of which is included in the above analysis. For the similar reason, the relevant data of Wing Tai was excluded from the above analysis as majority of its property investment business is carried out by its subsidiary, the Privateco.

As shown in the table above, the discount of market capitalisation to consolidated net asset value of the Comparable Companies ranged from 35.1% to 82.1%, with mean and median discounts of approximately 48.4% and 39.1% respectively. The discount of the Privateco Offer Price to the adjusted pro forma NAV attributable to the Privateco Shareholders of approximately 27.6% is lower than the mean, median and minimum discounts to consolidated net asset value of the Comparable Companies, which we consider beneficial to the Independent Privateco Shareholders.

DISCUSSION AND ANALYSIS

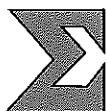
To provide Independent Privateco Shareholders with an exit following the distribution of the Privateco Shares, WTPIL has made an offer for the newly distributed Privateco Shares. The Privateco has become an unlisted subsidiary of Wing Tai and it is the intention of WTPIL, a wholly-owned subsidiary of Wing Tai, that the businesses of the Privateco Group will continue to be operated by the former management team of Winsor. It is also the intention of WTPIL and Wing Tai that the Privateco Group will not make changes to its principal businesses nor conduct any business other than the Distributed Businesses.

As explained above, the level of investor protection for minority shareholders of the Privateco is substantially less than that enjoyed by the Winsor shareholders, particularly as regards connected transactions and dilution by issues of new shares. In addition, no dividend policy for the Privateco has been disclosed and the Privateco Shares have very limited liquidity.

In particular, we wish to highlight the position of any Independent Privateco Shareholders who fail to accept the Privateco Offer. The Independent Privateco Shareholders may have grown accustomed to holding listed shares from their experience in holding the shares of Winsor, which pay regular dividends. However, following the completion of the Distribution In Specie, the great majority of their investment has been converted into unlisted shares which may not pay dividends. If they do not accept the Privateco Offer, they may have to hold the Privateco Shares indefinitely.

WTPIL has stated that it will exercise its right of compulsory acquisition of the Privateco minorities provided it reaches the required threshold of shareholding and acceptance of the Privateco Offer, which we consider not an unreasonable expectation given the attractive level of cash consideration available under the Privateco Offer and the drawbacks for the Independent Privateco Shareholders of retaining the Privateco Shares.

In view of the above factors and bearing in mind that discount of the Privateco Offer Price to NAV of approximately 27.6% is considerably less than those of the Comparable Companies, we



consider the terms of the Privateco Offer, including the Privateco Offer Price of HK\$27.6 per Privateco Share, are fair and reasonable so far as the Independent Privateco Shareholders are concerned.

OPINION AND RECOMMENDATION

Based on the above principal factors and reasons, we consider the terms of the Privateco Offer to be fair and reasonable so far as the Independent Privateco Shareholders are concerned. Accordingly, we recommend that the Independent Privateco Shareholders should accept the Privateco Offer. Independent Privateco Shareholders should note that the last day for acceptance of the Privateco Offer is 13 August 2012. The Privateco Offer is unconditional and the closing date of 13 August 2012 may not be extended. Independent Privateco Shareholders should therefore take urgent action to accept the Privateco Offer.

Yours faithfully,
for and on behalf of
SOMERLEY LIMITED

M. N. Sabine
Chairman