

**PAN HONG PROPERTY GROUP LIMITED**

(Incorporated in Bermuda on 20 December 2005)

(Co. Reg. No: 37749)

**FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2010**

*Pan Hong Property Group Limited ("Pan Hong" or the "Group") changed its financial year end from 31 December to 31 March in previous financial year. Accordingly, the previous financial year covered a period of 15 months from 1 January 2008 to 31 March 2009 ("FP2009"). Figures presented in these financial statements for the financial year ended 31 March 2010 ("FY2010") were compared with the previous financial year ended 31 March 2009. The financial information for FY2010 has not been audited.*

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS**

**1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

RMB'000	Group		Increase/ (Decrease)
	Year ended 31 March 2010 (Unaudited)	Fifteen months ended 31 March 2009 (Audited)	
Revenue	432,684	39,859	985.5%
Cost of Sales	(256,042)	(23,154)	1005.8%
<b>Gross Profit</b>	176,642	16,705	957.4%
Other income and gains	97,764	22,837	328.1%
Selling expenses	(14,896)	(9,394)	58.6%
Administrative expenses	(18,390)	(20,867)	(11.9%)
Other operating expenses	(506)	(42,964)	(98.8%)
<b>Operating profit/(loss)</b>	240,614	(33,683)	814.3%
Finance costs	(4,211)	(6,949)	(39.4%)
Share of result of			
- jointly controlled entity	(611)	(876)	(30.3%)
- associate	(69)	-	NM
<b>Profit/(loss) before income tax</b>	235,723	(41,508)	667.9%
Income tax (expense)/credit	(65,044)	4,289	(1616.5%)
<b>Profit/(loss) for the year/period</b>	170,679	(37,219)	558.6%
<b>Other comprehensive income</b>			
Exchange differences on translation of financial statements of foreign operations	(6,465)	2,171	(397.8%)
Total comprehensive income/(loss) for the year/period	<u>164,214</u>	<u>(35,048)</u>	568.5%
Profit/(loss) for the year/period attributable to:			
Owners of the Company	171,463	(36,985)	563.6%
Minority interests	(784)	(234)	235.0%
	<u>170,679</u>	<u>(37,219)</u>	558.6%
Total comprehensive income/(loss) attributable to:			
Owners of the Company	164,998	(34,814)	573.9%
Minority interests	(784)	(234)	235.0%
	<u>164,214</u>	<u>(35,048)</u>	568.5%
<b>Dividends</b>	<u>12,645</u>	-	NM
<b>Earnings/(Loss) per share for profit/(loss) attributable to the owners of the Company during the year/period (in RMB cents):</b>			
- Basis	33.87	(7.55)	548.6%
- Diluted	N/A	N/A	NM

NM: Not Meaningful

Note:

RMB'000	Group	
	Year ended 31 March 2010 (Unaudited)	Fifteen months ended 31 March 2009 (Audited)
Profit/(Loss) before income tax is arrived at after charging/(crediting):		
Finance costs wholly repayable within five year		
- Bank loans	12,800	16,507
- Other loans	1,277	3,263
Less: amount capitalised in properties held under development	(9,866)	(12,821)
	4,211	6,949
Cost of properties held for sale recognised as expense	233,352	20,850
Depreciation of property, plant and equipment	1,248	1,432
Less: amount capitalised in properties held under development	(171)	(278)
	1,077	1,154
Loss on disposal of property, plant and equipment	-	44
Operating lease charge in respect of land and buildings	137	134
Outgoings in respect of investment properties that generated rental income during the year/period arrangements	222	497
Staff costs, including directors' remuneration		
- Wages and salaries	9,198	10,934
- Retirement benefit scheme contributions - defined contribution plans	867	1,070
Less: amount capitalised in properties held under development	(1,880)	(1,871)
	8,185	10,133
Impairment losses of goodwill	-	6,030
Write down of properties held for sale to net realisable value	-	19,811
Amortisation of leasehold interest in land	204	181
and crediting :		
Other income and gains		
Commission income	791	1,202
Consultancy fee income	17,548	6,395
Compensation income	31,255	-
Exchange gain, net	2,274	928
Government grant	7,461	-
Gain on disposal of property, plant and equipment	63	-
Net fair value gain/(loss) for		
- properties held for sale upon transfer to investment properties	7,008	-
- investment properties	(3,705)	(16,172)
	3,303	(16,172)
Net fair value gain for financial assets at fair value through profit or loss	6,618	1,144
Gain on disposal of subsidiary	9,070	-
Interest income		
- from bank deposits and cash at banks	3,973	5,125
- from other deposits	1,800	247
- from other receivables and amount due from jointly controlled entity	8,594	5,410
Rental income	4,314	2,791

Note: There are no non-audit fee incurred during the year under review. ( Fifteen months ended 31 March 2009: NIL)

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	31 March 2010 Unaudited	31 March 2009 Audited	31 March 2010 Unaudited	31 March 2009 Audited
<b>RMB'000</b>				
<b>ASSETS AND LIABILITIES</b>				
<b>Non-current assets</b>				
Property, plant and equipment	8,201	8,204	-	-
Investment properties	59,227	67,209	-	-
Investment properties under construction	49,436	-	-	-
Leasehold interest in land	6,863	7,067	-	-
Investments in subsidiaries	-	-	278,608	278,608
Interest in a jointly controlled entity	134,148	91,080	-	-
Interest in an associate	2,931	-	-	-
Other receivables	7,000	-	-	-
Deferred tax assets	10,300	10,300	-	-
	<b>278,106</b>	<b>183,860</b>	<b>278,608</b>	<b>278,608</b>
<b>Current assets</b>				
Properties held under development	1,118,574	730,472	-	-
Properties held for sale	566,764	114,685	-	-
Account receivables	12,825	13,363	-	-
Deposits paid, prepayments and other receivables	235,131	209,439	-	169
Amounts due from related parties	805	14,978	323,581	246,182
Financial assets at fair value through profit or loss	18,559	8,468	-	-
Pledged bank deposits	233,490	105,045	-	-
Cash and bank balances	71,176	120,414	92	92
	<b>2,257,324</b>	<b>1,316,864</b>	<b>323,673</b>	<b>246,443</b>
<b>Current liabilities</b>				
Account payables	11,408	2,478	-	-
Accruals, receipts in advance and other payables	879,212	305,322	24	16
Provision for tax	128,911	91,364	-	-
Amounts due to related parties	4,002	684	7,969	7,606
Amount due to an associate	9,100	-	-	-
Bank and other loans	207,415	244,599	-	-
	<b>1,240,048</b>	<b>644,447</b>	<b>7,993</b>	<b>7,622</b>
<b>Net current assets</b>	<b>1,017,276</b>	<b>672,417</b>	<b>315,680</b>	<b>238,821</b>
<b>Total assets less current liabilities</b>	<b>1,295,382</b>	<b>856,277</b>	<b>594,288</b>	<b>517,429</b>
<b>Non-current liabilities</b>				
Bank and other loans	154,752	105,121	-	-
Deferred tax liabilities	7,545	6,065	-	-
	<b>162,297</b>	<b>111,186</b>	-	-
<b>Net assets</b>	<b>1,133,085</b>	<b>745,091</b>	<b>594,288</b>	<b>517,429</b>
<b>EQUITY</b>				
<b>Equity attributable to the Company's owners</b>				
Share capital	313,446	298,164	313,446	298,164
Reserves	585,211	386,387	268,197	219,265
Proposed final dividend	12,645	-	12,645	-
	<b>911,302</b>	<b>684,551</b>	<b>594,288</b>	<b>517,429</b>
<b>Minority interests</b>	<b>221,783</b>	<b>60,540</b>	-	-
<b>Total equity</b>	<b>1,133,085</b>	<b>745,091</b>	<b>594,288</b>	<b>517,429</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities. Amount repayable in one year or less, or on demand**

**Amount repayable in one year or less, or on demand**

As at 31/03/2010		As at 31/03/2009	
Secured	Unsecured	Secured	Unsecured
RMB\$'000	RMB\$'000	RMB\$'000	RMB\$'000
207,415	-	240,199	4,400

**Amount repayable after one year**

As at 31/03/2010		As at 31/03/2009	
Secured	Unsecured	Secured	Unsecured
RMB\$'000	RMB\$'000	RMB\$'000	RMB\$'000
154,752	-	105,121	-

**Details of any collateral**

Bank loans of approximately RMB169,241,000 were secured by the Group's land use rights, including the land classified as "properties held under development" and "leasehold interest in land and building" as at 31 March 2010. Bank and other loans of HKD219,110,000 were secured by a deposit of RMB207,500,000 which was classified as "Pledged bank deposits" as at 31 March 2010.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

RMB'000	Group	
	Year ended 31 March 2010 (Unaudited)	Fifteen months ended 31 March 2009 (Audited)
<b>Cash flows from operating activities</b>		
Profit/(loss) before income tax	235,723	(41,508)
Adjustments for:		
Interest income	(14,367)	(10,782)
Interest expense	4,211	6,949
Depreciation	1,077	1,154
Amortisation of leasehold interest in land	204	181
(Gain)/Loss on disposal of property, plant and equipment	(63)	44
Gain on disposal of subsidiary	(9,070)	-
Share of loss of jointly controlled entity	611	876
Share of loss of associate	69	-
Fair value adjustment on investment properties	3,705	16,172
Fair value change of properties held for sale upon transfer to investment properties	(7,008)	-
Write down of properties held for sale to net realisable value	-	19,811
Impairment losses of goodwill	-	6,030
<b>Operating profit/(loss) before working capital changes</b>	<b>215,092</b>	<b>(1,073)</b>
Increase in properties held under development and properties held for sale	(455,998)	(320,945)
(Increase)/decrease in account and other receivables, prepayments and deposits paid	(17,415)	30,917
Decrease/(increase) in amounts due from related parties	14,173	(14,440)
Increase in account and other payables, accruals and receipts in advance	424,409	146,558
Increase in amounts due to related parties	12,418	593
(Increase)/Decrease in pledged bank deposits	(127,545)	3,360
<b>Cash generated from/(used in) operations</b>	<b>65,134</b>	<b>(155,030)</b>
Interest received	5,773	5,125
Income taxes paid	(26,016)	(15,125)
<b>Net cash generated from/(used in) operating activities</b>	<b>44,891</b>	<b>(165,030)</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(1,600)	(2,216)
Proceeds from disposal of property, plant and equipment	130	582
Additions to investment properties at fair value	(2,642)	(2,368)
Additions to investment properties under construction	(40,221)	-
Proceeds from disposal of investment properties	22,100	-
Investment in an associate	(3,000)	-
Acquisition of additional interest of a subsidiary from a minority equity holder	(9,610)	-
Acquisition of subsidiaries, net	(63,359)	-
Proceeds from disposal of a subsidiary, net	3,863	-
Advance to a jointly controlled entity	(40,000)	(40,000)
Acquisition of financial assets at fair value through profit or loss	(3,473)	(7,324)
<b>Net cash used in investing activities</b>	<b>(137,812)</b>	<b>(51,326)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of share capital	55,766	-
Repurchase of shares	(7,944)	-
Proceeds from disposal of treasury shares	4,572	-
Dividend paid	-	(9,178)
New borrowings	257,408	283,580
Repayment of borrowings	(244,961)	(105,563)
Interest paid	(14,077)	(19,770)
Decrease in pledged other receivables and other deposits	-	36,000
<b>Net cash generated from financing activities</b>	<b>50,764</b>	<b>185,069</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(42,157)</b>	<b>(31,287)</b>
<b>Effect of foreign exchange difference</b>	<b>(6,181)</b>	<b>3,395</b>
<b>Cash and cash equivalents at beginning of the year/period</b>	<b>216,014</b>	<b>243,906</b>
<b>Cash and cash equivalents at end of the year/period (note)</b>	<b>167,676</b>	<b>216,014</b>

Note:

Analysis of balances of cash and cash equivalents

<b>RMB'000</b>	Group	
	Year ended 31 March 2010 (Unaudited)	Fifteen months ended 31 March 2009 (Audited)
Cash and bank balances	71,176	120,414
Time deposits with maturity of less than three months	96,500	95,600
Cash and cash equivalents	167,676	216,014



**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Group	Equity attributable to equity holders of the Company											
	Share capital	Treasury shares	Share premium	Merger reserve	Statutory reserve	Capital reserve	Exchange reserves	Retained earnings	Proposed final dividend	Total	Minority interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2008 (Audited)</b>	298,164	-	153,080	(2,243)	4,257	3,838	(9,420)	271,689	9,178	728,543	60,774	789,317
2007 dividend paid during the period	-	-	-	-	-	-	-	-	(9,178)	(9,178)	-	(9,178)
<b>Transactions with owners</b>	-	-	-	-	-	-	-	-	(9,178)	(9,178)	-	(9,178)
Loss for the period	-	-	-	-	-	-	-	(36,985)	-	(36,985)	(234)	(37,219)
<b>Other comprehensive income</b>	-	-	-	-	-	-	2,171	-	-	2,171	-	2,171
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	2,171	-	-	2,171	-	2,171
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	2,171	(36,985)	-	(34,814)	(234)	(35,048)
Transfer to statutory reserves	-	-	-	-	21	-	-	(21)	-	-	-	-
<b>At 31 March 2009 and 1 April 2009</b>	298,164	-	153,080	(2,243)	4,278	3,838	(7,249)	234,683	-	684,551	60,540	745,091
Issue of shares on placement	12,607	-	43,159	-	-	-	-	-	-	55,766	-	55,766
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	181,490	181,490
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	(9,977)	(9,977)
Additional interest in subsidiary	-	-	-	-	-	-	-	(124)	-	(124)	(9,486)	(9,610)
Issue of shares on acquisition of a subsidiary	2,675	-	6,808	-	-	-	-	-	-	9,483	-	9,483
Purchases of treasury shares	-	(7,944)	-	-	-	-	-	-	-	(7,944)	-	(7,944)
Disposal of treasury shares	-	4,369	203	-	-	-	-	-	-	4,572	-	4,572
Final dividend proposed for the year	-	-	-	-	-	-	-	(12,645)	12,645	-	-	-
<b>Transactions with owners</b>	15,282	(3,575)	50,170	-	-	-	-	(12,769)	12,645	61,753	162,027	223,780
Profit for the year	-	-	-	-	-	-	-	171,463	-	171,463	(784)	170,679
<b>Other comprehensive income</b>	-	-	-	-	-	-	(6,465)	-	-	(6,465)	-	(6,465)
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	(6,465)	-	-	(6,465)	-	(6,465)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	(6,465)	171,463	-	164,998	(784)	164,214
Transfer to statutory reserves	-	-	-	-	21,339	-	-	(21,339)	-	-	-	-
<b>At 31 March 2010 (unaudited)</b>	313,446	(3,575)	203,250	(2,243)	25,617	3,838	(13,714)	372,038	12,645	911,302	221,783	1,133,085

Company	Share capital	Treasury shares	Share premium	Contributed surplus	Retained profits	Proposed final dividend	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2008 (Audited)</b>	298,164	-	153,080	59,579	2,494	9,178	522,495
Profit for the period	-	-	-	-	4,112	-	4,112
2007 dividend paid during the period	-	-	-	-	-	(9,178)	(9,178)
<b>At 31 March 2009 (Audited)</b>	298,164	-	153,080	59,579	6,606	-	517,429
Profit for the year	-	-	-	-	14,982	-	14,982
Issue of shares on placement	12,607	-	43,159	-	-	-	55,766
Issue of shares on acquisition of a subsidiary	2,675	-	6,808	-	-	-	9,483
Purchases of treasury shares	-	(7,944)	-	-	-	-	(7,944)
Disposal of treasury shares	-	4,369	203	-	-	-	4,572
Final dividend proposed for the year	-	-	-	-	(12,645)	12,645	-
<b>At 31 March 2010 (Unaudited)</b>	313,446	(3,575)	203,250	59,579	8,943	12,645	594,288

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

**State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

**SHARE CAPITAL**

Date	Particulars	Number of shares		Amount	
		Issued share capital	Treasury share	Share capital RMB'000	Treasury share RMB'000
01 April 2009	Balance at beginning of the period	490,000,000	-	298,164	-
24 July 2009	Share buy back - held as treasury	-	(361,000)	-	(675)
24 August 2009	Placement of 23,800,000 ordinary share of HK\$0.60 each at S\$0.50 per placement	23,800,000	-	12,607	-
21 October 2009	Listing and quotation of the 5,055,024 ordinary share of HK\$0.6 each at S\$0.4209 per share	5,055,024	-	2,675	-
13 November 2009	Share buy back - held as treasury	-	(391,000)	-	(1,075)
16 November 2009	Share buy back - held as treasury	-	(93,000)	-	(258)
17 November 2009	Share buy back - held as treasury	-	(310,000)	-	(862)
24 November 2009	Share buy back - held as treasury	-	(95,000)	-	(252)
02 December 2009	Share buy back - held as treasury	-	(450,000)	-	(1,247)
09 December 2009	Sale of treasury shares	-	1,700,000	-	4,369
10 February 2010	Share buy back - held as treasury	-	(300,000)	-	(710)
12 February 2010	Share buy back - held as treasury	-	(500,000)	-	(1,208)
22 February 2010	Share buy back - held as treasury	-	(330,000)	-	(797)
23 February 2010	Share buy back - held as treasury	-	(190,000)	-	(464)
24 February 2010	Share buy back - held as treasury	-	(160,000)	-	(396)
31 March 2010	Balance at end of the year	518,855,024	(1,480,000)	313,446	(3,575)

For the year ended 31 March 2010, the Company purchased 3,180,000 (Fifteen months ended 31 December 2009: NIL) of its ordinary shares by way of on-market purchases at share prices ranging from S\$0.385 to S\$0.560 (Fifteen months ended 31 December 2009: NIL) and these shares were held as treasury shares.

The Company sold 1,700,000 (Fifteen months ended 31 December 2009: NIL) of treasury shares during the financial year at share price S\$0.55 (Fifteen months ended 31 December 2009: N/A) to finance the development of the Company's projects in the PRC.



## **WARRANTS**

As at 31 March 2010, there were 155,506,206 warrants (31 March 2009: NIL) that may be exercised into ordinary shares. Each warrant will carry the right to subscribe for one (1) new ordinary share in the capital of the Company.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued ordinary shares as at 31 March 2010 was 518,855,024 (31 March 2009: 490,000,000) of which 1,480,000 (31 March 2009: NIL) shares were held by the Company as treasury shares.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The movement of treasury shares is as follows:

As at 1 April 2009	: Nil
Purchase of treasury shares	: 3,180,000 shares
Sale of treasury shares	: 1,700,000 shares
As at 31 March 2010	: 1,480,000 shares

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted the same accounting policies and methods of computations as stated in the audited financial statements for the fifteen months ended 31 March 2009, except for the adoption for the new and amended International Financial Reporting Standards (IFRSs) which become effective on 1 April 2009. The adoption of these new and amended IFRSs did not give rise to significant change to the financial statements.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Year ended 31 March 2010	Fifteen months ended 31 March 2009
Earnings / (Loss) per ordinary share (in RMB cents):	(Unaudited)	(Audited)
(a) Basic	33.87	(7.55)
(b) Diluted	NA	NA

Note:

The calculation of basic earnings / (loss) per share was based on the profit/(loss) attributable to equity holders of the Company of approximately RMB171,463,000 (2009: loss of RMB36,985,000) divided by weighted average of 506,211,000 ordinary shares (excluding treasury shares) (2009: the weighted average of 490,000,000) during the year/period.

Diluted earnings per share for the year has not been presented as there is no dilutive potential share (2009: Nil).

**7. Net asset value (for the issuer and group) per ordinary share based on of the total number of issued shares excluding treasury shares of the issuer at the end of the:**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	Group		Company	
	As at 31/03/2010	As at 31/03/2009	As at 31/03/2010	As at 31/03/2009
<b>Net asset value per ordinary share (in RMB cents)</b>	<b>219.01</b>	<b>152.06</b>	<b>114.87</b>	<b>105.60</b>

Note:

The number of ordinary shares of the Company as at 31 March 2010 was 517,375,024 (excluding treasury shares) (31 March 2009: 490,000,000).

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period report on.**

**(a) REVIEW OF FINANCIAL RESULTS FOR FY2010 COMPARED TO 15M2009**

	Year ended 31 March 2010	Fifteen months ended 31 March 2009
Revenue (RMB '000)		
Residential	419,686	38,081
Commercial and others	12,998	1,778
	432,684	39,859

**Revenue**

The Group revenue for FY2010 was RMB432.7 million compared to RMB39.9 million in 15M2009, an increase of 985.5%.

The substantially higher revenue in FY2010 was due primarily to the higher number of residential units sold from the Group's property development projects such as Huzhou Liyang Jingyuan Phase 2 (湖州丽阳景苑二期), Hangzhou Liyang Yuan (杭州丽阳苑) and Nanchang Honggu Kaixuan Phase 2 (南昌红谷凯旋二期), and the remaining units of Nanchang Honggu Kaixuan Phase 1 (南昌红谷凯旋一期), Huzhou Liyang Jingyuan Phase 1 (湖州丽阳景苑一期) and Huzhou Zhili Yazhoucheng Phase 2 (湖州织里亚洲城二期).

As at 31 March 2010, the Group sold 147 of 150 units at Huzhou Liyang Jingyuan Phases 2, 133 of 226 units at Hangzhou Liyang Yuan and 230 of 649 of residential units at Nanchang Honggu Kaixuan Phase 2.

As the Group is primarily engaged in property development business, revenue recognition is dependent on the launch of new projects and completion of handover of properties that are sold. Hence, this may result in lumpy revenue and profitability for the Group on a quarterly basis.

**Cost of Sales and Gross Profit Margin**

In line with the increase in revenue, cost of sales in FY2010 increased substantially from RMB23.2 million to RMB256.0 million. Gross profit margin in FY2010 was slightly lower at 40.8% compared to 41.9% in 15M2009. The slight decrease in gross profit margin was attributable to variation in projects sold in the respective financial periods, as well as the sale of car park lots at Nanchang Honggu Kaixuan Phase 1 which affected gross profit margin in 1QFY2010.

**Other Income and Gains**

Other income and gains increased from RMB22.8 million in 15M2009 to RMB97.8 million, in FY2010 due mainly to the receipt of ex-gratia payment of HK\$27.5 million in 3QFY2010 as settlement for the Group's acquisition of a 90% stake in Ever Sure Industries Limited. Other income and gains also include consultancy fee income, interest income, gain on disposal of Jiangman subsidiary, compensation income in relation to the delay in handover of land parcels in Fuzhou and Huzhou cities, government grant in relation to the Group's project in Dushan port district, and net fair value gain of financial assets and investment properties.

### **Selling Expenses**

Selling expenses in FY2010 amounted to RMB14.9 million compared to RMB9.4 million in 15M2009. The majority of the selling expenses in FY2010 comprised sales agency fees, and advertising & promotional expenses in respect of the Group's property presale launches for Hangzhou Liyang Yuan, Nanchang Honggu Kaixuan Phase 2 and Hua Cui Ting Yuan Phase 1 (萃庭院第一期) projects.

### **Administrative Expenses**

Administrative expenses in FY2010 amounted to RMB18.4 million, a decrease of 12.0% from RMB20.9 million in 15M2009. The decrease was attributable to the shorter reporting period in FY2010 compared to a 15 months reporting period in 15M2009.

### **Other Operating Expenses**

Other operating expenses decreased from RMB43.0 million in 15M2009 to RMB0.5 million in FY2010 due to an impairment provision made and goodwill which arose from an acquisition in the previous corresponding period.

### **Profit for the Year**

As a result of stronger sales, higher gross profit and other income and gains, the Group achieved a profit before tax of RMB235.7 million in FY2010, reversing the loss before tax of RMB41.5 million in 15M2009.

Consequently, income tax expenses for FY2010 were higher at RMB65.0 million. The Group recorded with a profit after tax of RMB170.7 million in FY2010 compared to a loss of RMB37.2 million in 15M2009.

## **(b) Review of Financial Position as at 31 March 2010 and Cash Flow for FY2010**

### **Investment Properties**

As at 31 March 2010, the Group had investment properties amounted to RMB108.7 million comprising properties completed at fair value and under construction. This represented an increase of RMB41.5 million from 31 March 2009, due primarily to the inclusion of the acquired land parcels in Pinghu city.

### **Interests in a Jointly Controlled Entity**

The Group has a 50% interest in Jiangxi Ganghong Industrial Co. Ltd ("Jiangxi Ganghong"), which is a joint-venture company that was established to develop residential and commercial properties in Yichun city, Jiangxi Province. The Group's interests in this jointly-controlled entity was RMB134.1 million as at 31 March 2010, an increase from RMB 91.1 million as at 31 March 2009, due primarily to a fund transfer from the Group to Jiangxi Ganghong in 1QFY2010, through a short-term loan of RMB 40 million, to finance the construction costs of the aforesaid property development.

### **Interests in Associates**

The Group's interests in associates of RMB2.9 million as at 31 March 2010 represents the Group's capital injection in an associated company, Pinghu City Pan Hong Port Limited, which is held by the Group's subsidiary Pinghu Jiahai Warehousing Limited and Pinghu City Dushan Port Investments Limited (a wholly state-owned enterprise in the PRC) in the ratio of 30% and 70% respectively.

### **Properties Held Under Development**

As at 31 March 2010, the Group's properties held under development increased to RMB 1,118.6 million from RMB730.5 million as at 31 March 2009. This increase was in tandem with the construction progress of the Group's property projects, including Hua Cui Ting Yuan Phase 1 and development cost of commercial units under the projects Huzhou Liyang Phase 2 and Nanchang Honggu Phase 2. Properties held under development also included cost of the Group's land parcels in Huzhou Runyuan, Huzhou Hailian and Nanchang Dingxun.

### **Properties Held for Sale**

Properties held for sale increased to RMB566.8 million as at 31 March 2010, from RMB114.7 million as at 31 March 2009 due mainly to property units not recognized as revenue for the projects of Nanchang Honggu Kaixuan Phase 2 and Hangzhou Liyang Yuan.

### **Deposits, Prepayments and Other Receivables**

As at 31 March 2010, the Group's deposits, prepayments and other receivables increased to RMB235.1 million, compared to RMB209.4 million as at 31 March 2009. The increase was attributable mainly to deposit paid for acquisition of a piece of land located in Fuzhou City and consideration receivable from disposal of Jiangman subsidiary.

### **Pledged Bank Deposits**

Pledged bank deposits increased to RMB233.5 million as at 31 March 2010, from RMB105.0 million as at 31 March 2009. This was attributable primarily to an increase in deposits that were used as collateral to secure bank borrowings and deposit pledged against banking facilities granted to the mortgagees.

### **Accounts Payables, Accruals, Receipts in Advance and Other Payables**

Accounts payables increased to RMB11.4 million as at 31 March 2010 from RMB2.5 million as at 31 March 2009, due to a higher number of property projects which are nearing completion at the end of the financial year.

Accruals, receipts in advance and other payables increased significantly to RMB879.2 million as at 31 March 2010 due mainly to advance receipts from deposits and prepayments relating to the Group's property pre-sales. Accruals, receipts in advance and other payables also comprised accrued construction costs and project-related expenses that were based on the progress of project development but were not due for payment as at 31 March 2010.

### **Bank and Other Loans**

As at 31 March 2010, the Group had total borrowings of RMB 362.2 million, an increase from RMB 349.7 million as at 31 March 2009. Of these borrowings at the end of the financial year, a bank loan of HKD219.1 million was secured by a deposit of RMB207.5 million which was classified as "Pledged bank deposit" as at 31 March 2010.

Based on its total equity of RMB1,133.1 million and a deposit collateral of RMB207.5 million, the Group's gearing ratio (total borrowings less deposit collateral / total equity) as at 31 March 2010 was 13.7%.

### **Cash Flow Analysis**

During FY2010, the Group recorded a cash inflow of RMB44.9 million from its operating activities, mainly contributed by the profit generated in FY2010 (Profit before income tax of RMB235.7 million) compared to a loss for 15M2009.

Net cash used in investing activities in FY2010 amounted to RMB137.8 million due primarily to the acquisition of subsidiaries, addition to investment properties under construction and the advance to a jointly controlled entity.

Net cash from financing activities in FY2010 amounted to RMB50.8 million contributed mainly by proceeds from issuance of shares.

At the end of March 2010, the Group had cash and cash equivalents of RMB167.7 million, comprising cash and bank balances of RMB71.2 million and time deposits with maturity of less than three months of RMB96.5 million.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast or prospect statement has been previously disclosed to shareholders.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

**Industry Review**

In response to the increase in housing prices in some cities, the Chinese government had announced various measures such as reintroduction of sales tax on residences that were resold within five years of purchase, and 40% down payment on purchase of second residential property, to curb investment and speculative purchases and to ensure healthy development of the real estate sector. The Central Bank had also raised the reserve requirement for commercial lenders in an effort to control property-related loans to buyers and property developers.

Such measures had curbed the growth in sales volume but generally, property prices in the second and third tier cities had not decreased. There were greater stability in the property prices in the second and third tier cities as demand in these cities tends to be driven by a higher proportion of owner-occupiers compared to a greater proportion of speculators in the first tier cities.

In addition, the property market cooling measures announced by the Chinese Government were targeted at residential property. Hence, the demand and price levels of the Group's commercial property comprising retail and office were not affected. The Group plans to launch its commercial units under the projects Huzhou Liyang Phase 2 and Nanchang Honggu Phase 1 and 2 in the new financial year.

The Group believes the outlook for China's property market remain positive as demand for private housing is largely supported by rising urbanisation and growing affluence of the population.

## Company Update

### Property Pre-sales

The pre-sales activity for the Group's projects in Nanchang, Huzhou and Hangzhou cities remained strong. The Summary of Property Pre-sale Launches (as at 16 May 2010) is shown in the table below:

Property	Nanchang Honggu Kaixuan Phase 2	Hangzhou Liyang Yuan	Hua Chui Ting Phase 1
Date of pre-sales launch	July 2008	Jan 2009	June 2009
Estimated construction completion date*	1 <sup>st</sup> quarter 2010	1 <sup>st</sup> quarter 2010	2 <sup>nd</sup> quarter 2010
Total residential units released for sale	1003	226	138
Units pre-sold in total (GFA)	844 (103,960 sq m)	222 (24,464 sq m)	102 (23,627 sq m)
Take-up rate	84%	98%	74%
Average selling price <sup>#</sup>	RMB 5,500 per sq m	RMB 10,100 per sq m	RMB 7,250 per sq m
Accumulated pre-sales value**	RMB420.4 million	RMB105.9 million	RMB171.3 million
<b>Aggregate Pre-sales Value = RMB697.6 million</b>			

\*Estimated construction completion dates for the residential component of the respective properties are subject to change.

\*\*Pre-sales can only be recognised as revenue after the completion of handover to buyers. The figures are computed by subtracting realized revenue from previous pre-sales values and adding new units that are pre-sold.

<sup>#</sup>Subject to variations of around ±RMB 100 per sq m

### Company Strategies / Plans

The Group will continue with its growth strategies in several fronts. It will continue to enhance its brand and reputation in the property market of lower-tier cities and increase its market competitiveness as an entrenched residential property developer in the fast growing lower-tier cities.

The Group will also seek strategic land parcels at low cost through acquisitions or joint ventures to further strengthen its land bank. The Group also plans to expand its business into property investments to provide long-term and stable returns through rental income.

Looking ahead into the new financial year, the Group will strengthen the sales and pre-sales of existing properties, maintain financial prudence and a strong cash and credit position. In the new financial year, the Group will also commence construction in the following projects:

- Yichun Project Phase I (GFA: 122,341 sqm)
- Fuzhou Project Phase I (GFA: 85,000 sqm)
- Huzhou Runyuan Project Phase I (GFA: 100,000 sqm)
- Nanchang Dingxun Project Phase I (GFA: 200,000 sqm)

**11. Dividend**

**(a) Current Financial Period Reported On**

Name of dividend:	Final
Dividend Type:	Cash
Dividend amount per share:	S\$0.005 per ordinary share (tax not applicable)
Par value per share:	HK\$0.60
Tax rate:	Tax not applicable

**(b) Corresponding Period of the Immediately Preceding Financial Year**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

None.

**(c) Date payable**

To be announced later.

**(d) Books closure date**

To be announced later.

**12. If no dividend has been declared/recommended, a statement to that effect.**

Not Applicable.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT  
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's executive directors in order to allocate resources and assess performance of the segment. For the year presented, executive directors have determined that the Group has only one single business component/reportable segment as the Group is only engaged in the business of sale and lease of properties which is the basis to allocate resources and assess performance.

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets is based on the physical location of asset.

The Group's revenue from external customers are derived from PRC and the Group's major assets and capital expenditure are principally attributable to a single geographical region, which is the PRC.





**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

None

**15. A breakdown of sales.**

<b>(RMB'000)</b>		<b>Year ended 31 March 2010</b>	<b>Fifteen months ended 31 March 2009</b>	<b>% increase / (decrease)</b>
(a)	Sales reported for the first half year	36,417	NA	NM
(b)	Operating profit after tax before deducting minority interests reported for the first half year	34,030	NA	NM
(c)	Sales reported for the second half year	396,267	NA	NM
(d)	Operating profit/(loss) after tax before deducting minority interests reported for the second half year	136,649	NA	NM

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	<b>Full year ended 31 March 2010</b>	<b>Full year ended 31 March 2009</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Ordinary	12,645	Nil
Preference	Nil	Nil
Total annual dividend	12,645	Nil

BY ORDER OF THE BOARD

Wong Lam Ping  
Chairman  
27 May 2010