Annual Report 2009/2010

汎港地產集團
PAN HONG PROPERTY GROUP

PAN HONG PROPERTY GROUP LIMITED

Contents

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE

Wong Lam Ping *(Chairman)*
Chan Heung Ling *(Deputy Chairman)*
Shi Feng
Wang Cuiping
Zheng Yunyan (appointed on 20 August 2009 and resigned on 31 May 2010)

NON-EXECUTIVE

Chan Kin Sang *(Non-Independent Director)*
Sim Wee Leong *(Lead Independent Director)*
Dr. Choo Kian Koon *(Independent Director)*
Dr. Zheng Haibin *(Independent Director)*

AUDIT COMMITTEE

Sim Wee Leong *(Chairman)*
Dr. Choo Kian Koon
Dr. Zheng Haibin

NOMINATING COMMITTEE

Dr. Choo Kian Koon *(Chairman)*
Sim Wee Leong
Wong Lam Ping

REMUNERATION COMMITTEE

Dr. Zheng Haibin *(Chairman)*
Dr. Choo Kian Koon
Chan Kin Sang

COMPANY SECRETARIES

Chan Chun Kit
Yvonne Choo

ASSISTANT SECRETARY

Richard J Evans

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

BUSINESS OFFICE

Rooms 1214 & 1215, 12 Floor, Tower B
Hunghom Commercial Centre
37-39 Ma Tau Wai Road
Hunghom, Hong Kong
Tel: 852-2363-1300
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SHARE REGISTRARS/SHARE TRANSFER AGENT

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2 Church Street
Hamilton, HM 11
Bermuda

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

AUDITORS

Grant Thornton
6th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

AUDIT PARTNER-IN-CHARGE

Lo Ngai Hang
(since financial year ended 31 December 2007)

INVESTOR RELATIONS CONSULTANT

Financial PR Pte Ltd
4 Robinson Road
#04-01 The House of Eden
Singapore 048543
Tel: 65 6438 2990
Fax: 65 6438 0064

Corporate Profile

Headquartered in Hong Kong, Pan Hong Property Group Limited (汎港地产集团) ("Pan Hong" or the "Group") is a boutique property developer that focuses primarily on developing high quality residential and commercial properties in the second and third-tier cities in the People's Republic of China ("PRC"). The Group is an early entrant in property development sector in these lower-tier cities. Rising industrialization, urbanization and consumer affluence in China underpin the promising prospects of property markets in lower tier cities, as demand there tends to be inelastic to the property cycles.

Backed by over 20 years of management experience in the PRC's property development industry, Pan Hong has established its presence in Hangzhou and Huzhou cities in Zhejiang Province, and Nanchang city in Jiangxi Province. At present, the Group has interests in strategically-located land parcels in Huzhou, Fuzhou, Yichun, Leping and Pinghu cities in the PRC. These land parcels amounting to approximately 2.5 million sq m in Site Area will provide the Group with a pipeline of new developments over years to come.

As a testament to the strong brand identity that Pan Hong has built in the second and third-tier cities as well as the quality of its property developments, the Group has received several awards for its projects. In 2007, the Group's Nanchang Honggu Kaixuan project was conferred the '4th Annual Nanchang City Best Property Award', 'Most Popular Property in Nanchang', as well as accolades such as 'Reputable Brand of the Year in Jiangxi" and 'Professional Property Developer of International Standard'. The Group's Hua Cui Ting Yuan project also clinched the China Classic Villa Award 2008.

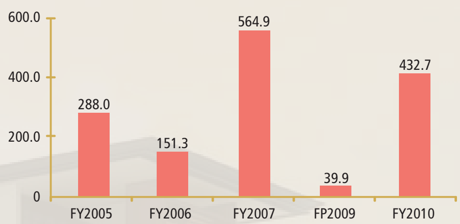
Pan Hong was listed on the Main Board of the SGX-ST on 20 September 2006.

Management Astute Foresight

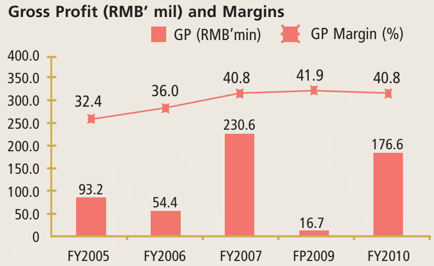
"Our focus on second and third tier cities since 1980s and our insight into the timing of our property launches have paid off. The financial success we achieved for FY2010 is testament of the management's astute foresight."

(RMB'000)	FY2010	FP2009	Change
PROFIT AND LOSS			
Revenue	**432,684**	39,859	985.5%
Gross Profit	**176,642**	16,705	957.4%
Gross profit margin	**40.8%**	41.9%	(1.1 % pt)
Other income and gains	**97,764**	22,837	328.1%
Profit/(loss) after tax	**170,679**	(37,219)	N.M.
Profit/(loss) attributable to the owners of the Company	**171,463**	(36,985)	N.M.
REVENUE ANALYSIS BY TYPE OF PROPERTIES			
Residential	**419,686**	38,081	1002.1%
Commercial and others	**12,998**	1,778	631.0%

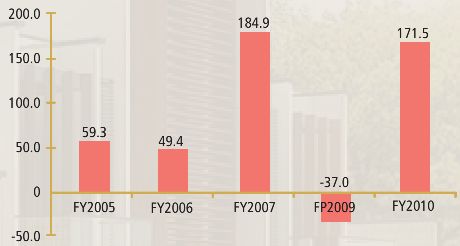
Revenue (RMB' mil)



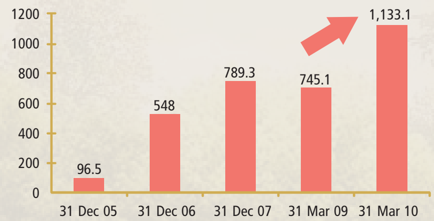
Gross Profit (RMB' mil) and Margins



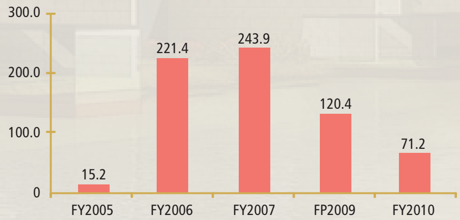
Profit Attributable to owners of the Company (RMB' mil)



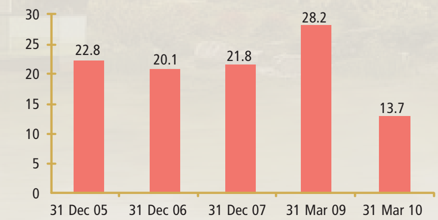
Net Assets (RMB' mil)



Cash and bank balances (RMB' mil)



Gearing (%) : Total borrowing (excluding shareholder's loan) less deposit collateral / Total Equity



FY2010: April 2009 to March 2010
FP2009: January 2008 to March 2009
FY2007: January 2007 to December 2007
FY2006: January 2006 to December 2006
FY2005: January 2005 to December 2005
N.M.: Not meaningful

Chairman's Statement

Dear Shareholders,

FY2010 has been a momentous year for us. We recorded a remarkable ten-fold increase in revenue of RMB432.7 million compared to RMB39.9 million in FP2009. More importantly, we returned the year with a net profit of RMB170.7 million, reversing the loss of RMB37.2 million incurred in the previous financial period.

RIGHT FOCUS, RIGHT TIMING

Our stellar financial performance has reaffirmed the efficacy of our strategies – not only as key drivers of long-term sustainable growth, but also as pre-emptive measures against unpredictable property market conditions. Our focus on second and third tier cities since 1980s and the timing of our property launches have paid off. The financial success we achieved for FY2010 is a testament to the management's astute foresight.

During the financial year, the property market in the People's Republic of China (PRC) saw a reversal of the government policies implemented previously to accelerate recovery of the sector in 2008. The revision was carried out to curb increasing speculative activities and prevent rising housing prices from spiraling out of control. For instance, sales tax was imposed on residences that were resold within five years of purchase and a 40% down payment was made mandatory on purchase of a second residential property. The reserve requirement for commercial lenders was also raised by the Central Bank to restrict property-related loans to buyers and property developers.

Astute timing of launches of our projects has enabled us to secure healthy profit margins for our residential projects. We launched our sale of residential property at the right time for our recent and current projects such as Nanchang Honggu Kaixuan Phase 2 ("南昌红谷凯旋二期"), Huzhou Liyang Jingyuan Phase 2 ("湖州丽阳景苑二期"), Hangzhou Liyang Yuan ("杭州丽阳苑") and Hua Cui Ting Yuan Phase I ("华萃庭院一期"). Most units were sold before the market cooling measures were implemented.

STERLING RESULTS

We ended FY2010 financially stronger with a total of RMB304.7 million in cash and bank balances and pledged bank deposits as at 31 March 2010, compared to RMB225.5 million as at 31 March 2009. Our net asset value of the Group, computed using the actual cost of land acquisition, excluding market value, had also improved from 152.06 RMB cents at 31 March 2009 to 219.01 RMB cents as at 31 March 2010.

Following our sterling performance for FY2010, we are proposing a final dividend of 0.5 Singapore cents per share to shareholders, subject to the approval of shareholders to be obtained at the forthcoming Annual General Meeting. This is one of our long-term intent to bring value to our shareholders. In October 2009, we had also issued free warrants to shareholders on the basis of three free warrants for every ten ordinary shares.

Bringing Value to Shareholders

"With our sterling performance in FY2010, we are proposing a final dividend of 0.5 Singapore cents per share. This demonstrates our long-term intent to bring returns to our shareholders."

Yichun Project

ATTRACTING STRATEGIC INVESTOR – BOCOM INTERNATIONAL

During financial year 2010, we have placed out 23.8 million new shares at S$0.50 per share each to Bank of Communications ("BOCOM") International, which represents a 4.64% stake in our enlarged share capital of 513,439,000 ordinary shares at the placement date. BOCOM International is a subsidiary of Bank of Communications, one of the top 5 banks in China and top 10 banks globally. The net proceeds of S$11.76 million has and will be deployed as working capital for our construction and land acquisition purposes.

GROWTH STRATEGIES AND OUTLOOK

1. STRONG PRE-SALES ON HAND

As at 31 March 2010, the Group accumulated RMB697.6 million in aggregate pre-sale value from 3 major properties – Nanchang Honggu Kaixuan Phase 2, Hangzhou Liyang Yuan and Hui Cui Ting Yuan Phase 1. Nanchang Honggu Kaixuan Phase 2 shined with the highest pre-sale value of RMB420.4 million, generated from a substantial 844 units pre-sold in total. This is followed by Hua Cui Ting Yuan Phase 1 which was also well-received with a pre-sale value of RMB171.30 million. Finally, Hangzhou Liyang Yuan boasted the highest take-up rate of 98% with RMB105.9 million in pre-sale value.

Revenue of the pre-sales will be recognized after the completion of handover to buyers. The strong pre-sale number has provided us with a strong revenue foundation in the coming quarters. Our future earnings are relatively visible and we are in a good position to report with another successful financial year.

As we step into FY2011, we plan to launch the retaining units of Nanchang Honggu Kaixuan Phase 2 and Huzhou Hua Cui Ting Yuan Phase1. These 2 projects had won several property awards previously and earned us much prestige and recognition. We are confident that their popularity will persist and their sales will contribute to our future bottom line.

2. FOCUS ON LAUNCHING COMMERCIAL PROPERTIES IN THE NEAR TERM

The recent market-cooling measures have not affected the commercial property market as they are targeted at speculative demand of residential property. We plan to launch more commercial units under the projects Huzhou Liyang Jingyuan Phase 2 and Nanchang Honggu Kaixuan Phase 1 ("南昌红谷凯旋一期") and 2 in the upcoming months.

3. MID TO LONG TERM OPTIMISTIC FOR SECOND AND THIRD TIER CITIES RESIDENTIAL PROPERTIES

Despite the recent tightening of government policies, we believe the outlook for the property development market in second and third tier cities remains healthy. With the relaxation of urban residency restriction, continued rapid urbanization will spur demand and prices of properties in our target

market. Rising disposable income with growing affluence will further sweeten the conditions in the property market.

In the new financial year, we will commence construction on four large-scale projects, namely Yichun Project Phase 1 ("江西宜春一期"), Fuzhou Project Phase 1 ("江西抚州一期"), Huzhou Runyuan Project Phase 1 ("湖州润源一期") and Nanchang Dingxun Project Phase 1 ("南昌鼎迅一期"). These projects have an estimated completion date of 2011 and 2012. Our ability to undertake a considerable number of projects simultaneously demonstrates our capabilities and strong fundamentals. These new projects will contribute positively to the Group's financial performance in the coming years.

We will continue to expand our land bank by seeking strategic land parcels through acquisitions or joint ventures. Today, we still sit on a sizeable land bank that consists of undeveloped land reserves with a total site area of approximately 2.5 million square metres.

With strong pre-sale numbers, a robust balance sheet and sizable fully paid land bank, we are optimistic of the outlook for FY2011 and beyond.

APPRECIATION

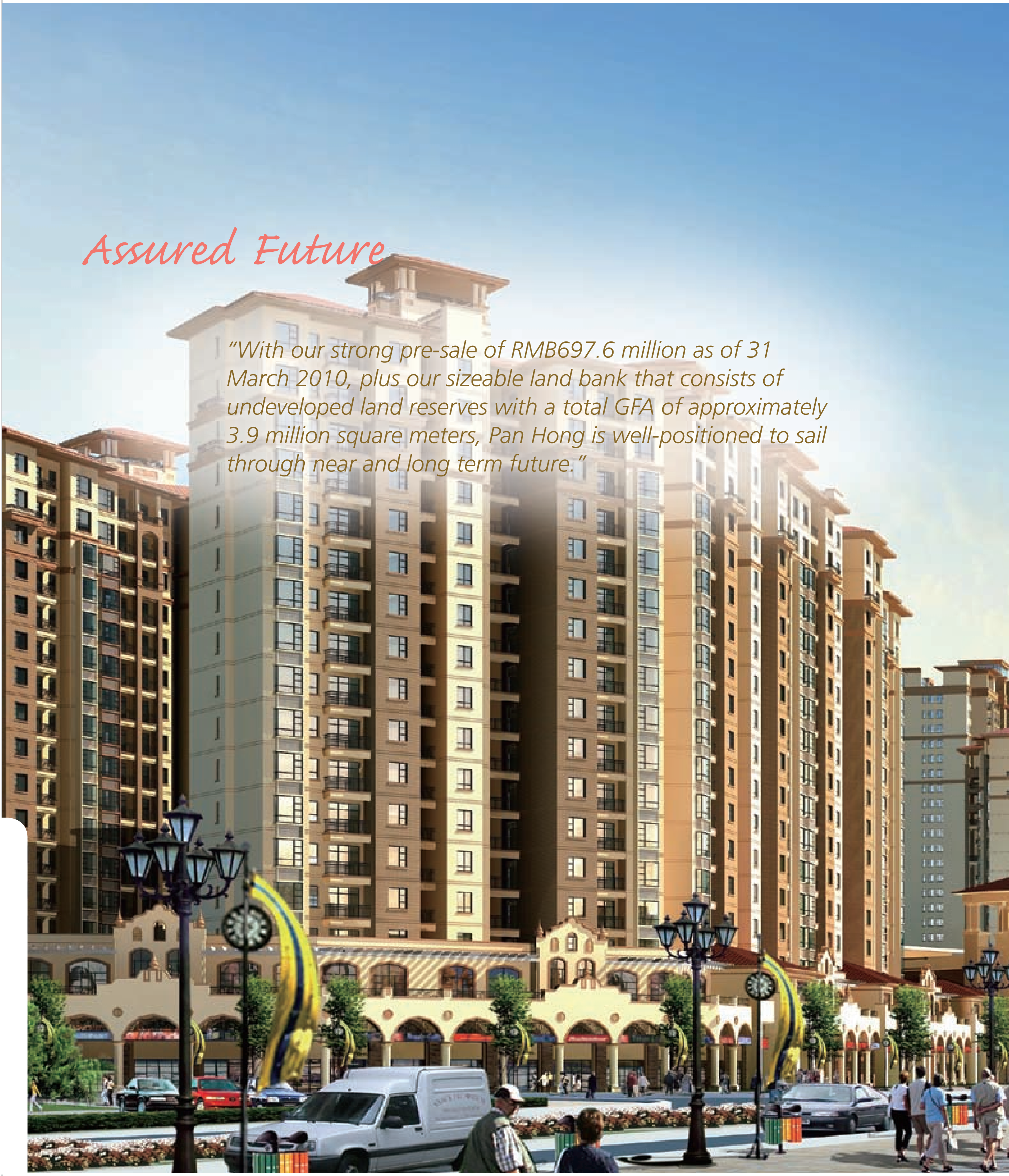
In closing, I would like to express my utmost appreciation to our shareholders for your unyielding support and confidence in the Group. I would also like to extend my gratitude to the Board of Directors for their guidance and steadfastness. Last but not least, I thank the Group's management and staff for their diligence, dedications and resilience – they are the fuel that drives the Group towards the success we are enjoying today.

Wong Lam Ping
Executive Chairman
30 June 2010

Fuzhou Project

Assured Future

"With our strong pre-sale of RMB697.6 million as of 31 March 2010, plus our sizeable land bank that consists of undeveloped land reserves with a total GFA of approximately 3.9 million square meters, Pan Hong is well-positioned to sail through near and long term future."



1. STATUS OF PROPERTY DEVELOPMENT

Over the financial year ended 31 March 2010, the Group completed the following 3 projects and 1 project to be completed in the 3rd quarter of calendar year 2010:

Name of Project	Total Units Launched	% age pre-sale	Estimated Completion Date
Nanchang Honggu Kaixuan Phase 2	1003	84%	1st Quarter of CY2010
Huzhou Liyang Jingyuan Phase 2	150	98%	4th Quarter of CY2009
Hangzhou Liyang Yuan	226	98%	1st Quarter of CY2010
Hua Cui Ting Yuan Phase 1	138	74%	3rd Quarter of CY2010

The above 4 projects have an area of 109,796 sq m that had not been handed over to buyers. The detail are as follows:

Name of Project	Pre-sold in total GFA (sq m)	Handed over to buyers GFA (sq m)	Not handed over to buyers GFA (sq m)
Nanchang Honggu Kaixuan Phase 2	103,960	29,988	73,972
Huzhou Liyang Jingyuan Phase 2	18,179	16,528	1.651
Hangzhou Liyang Yuan	24,464	13,918	10,546
Hua Cui Ting Yuan Phase 1	23,627	0	23,627


Hua Cui Ting Yuan Phase 1


Huzhou Liyang Jingyuan Phase 2

Given the current climate of residential properties, the Group plans to launch the following commercial properties in FY2011:

Name of Project	Estimated GFA (sq m)
Nanchang Honggu Kaixuan Phase 1	19,241
Nanchang Honggu Kaixuan Phase 2	51,260
Huzhou Liyang Jingyuan Phase 2	12,781
Hangzhou Liyang Yuan	8,189

In line with the mid-to-long term optimistic views of the Group in the property market for second and third tier cities in the PRC, the Group plans to commence construction of the following 4 projects in FY2011 with a total planned development GFA of 507,341 sq m:

Name of Project	Equity Interests	Location	Planned Development GFA (sq m)
Yichun Project Phase 1	50%	Yichun, Jiangxi Province	122,341
Fuzhou Project Phase 1	100%	Fuzhou, Jiangxi Province	85,000
Huzhou Runyuan Project Phase 1	100%	Huzhou, Zhejiang Province	100,000
Nanchang Dingxun Project Phase 1	55%	Nanchang, Jiangxi Province	200,000

2. LAND BANK EXPANSION

During the financial year of FY2010, the Group has managed to opportunistically strengthen its land bank in prime locations of its core tier second and third tier cities in the PRC.

On 2 July 2009, the Group has announced its acquisition of land parcels of 226,102 sq m in Pinghu of Zhejiang province for RMB45.7 million. The land is strategically located in the Dushan port and is well connected to Jinshan port where facilities of Shell and other oil majors are located. The Group plans to develop the land parcels into warehouse and storage facilities with a total estimated GFA of 135,661 sq m.

On 30 July 2009, the Group announced a land acquisition in Huzhou Ruyuan of Zhejiang province of RMB221 million. The total estimated GFA is 216,000 sq m. The region is slated for the development of commercial and residential properties.

On 14 January 2010, the Group announced its strategic acquisition of a 55% stake in Nanchang Dingxun Co., Ltd for a consideration of RMB221.8 million. Incorporated in 2003, Nanchang Dingxun owns land parcels of 719,548 sq m in Nanchang city, the capital of Jiangxi province in the PRC. The land parcels are located in the Nanchang Economic Development Zone, and are close to the Group's present development of Nanchang Honggu Kaixuan. The estimated GFA for these land parcels, which are zoned for residential and commercial property development is around 1,034,000 sq m.

As a result of the above strategic land acquisitions, the Group ended the financial year with a strong land bank of 2.5 million sq m, which translates into an estimated planned development area of 3.9 million sq m.

3. PLACEMENT OF SHARES

In August 2009, the Group placed 23.8 million new shares to the BOCOM International group at a placement price of S$0.50 for each placement share (the "Placement"). The net proceeds from the Placement amounted to S$11.76 million. In the financial year ended 31 March 2010, the Group has utilized the placement proceeds as follows:

- Payment of the purchase consideration for the land parcels in Fuzhou city, Jiangxi Province (as announced on 30 September 2009) – S$2.1 million
- Payment of the purchase consideration for the land parcels in Huzhou city, Zhejiang Province – S$9.1 million
- Working capital – S$0.56 million

4. ISSUE OF WARRANTS

In October 2009, the Group issued 155,506,206 free warrants on the basis of one free warrant for every three ordinary shares. Each warrant carries the right to subscribe for one new ordinary share at an exercise price of S$0.66. The purpose of these free warrants was to reward shareholders. The warrants issue also provided shareholders with the opportunity to increase their equity participation in the Group and increased the Group's capital base. The Group intends to use the proceeds for the expansion of the its property portfolio and/or general working capital purposes.

FINANCIAL RESULTS

	Group	
	FY2010	FP2009*
Revenue (RMB'000)		
Residential	**419,686**	38,081
Commercial and others	**12,998**	1,778
Total Revenue	**432,684**	39,859

* FP2009 comprises of 15 months from January 2008 to March 2009.

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

The revenue in FY2010 was substantially higher due mainly to the higher number of residential units sold from the Group's property development projects such as Huzhou Liyang Jingyuan Phase 2, Hangzhou Liyang Yuan and Nanchang Honggu Kaixuan Phase 2, and the remaining units of Nanchang Honggu Kaixuan Phase 1, Huzhou Liyang Jingyuan Phase 1 (湖洲丽阳景苑一期) and Huzhou Zhili Yazhoucheng Phase 2 (湖洲织裹亚洲城二期).

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.


Hua Cui Ting Yuan Showroom

With the drastic increase in revenue, cost of sales in FY2010 also increased significantly from RMB23.2 million to RMB256.0 million. Gross profit margin in FY2010 dipped slightly to 40.8% compared to 41.9% in 15M2009. The fall 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, as car park lots are typically attached to the units sold for free.

Other income and gains surged from RMB22.8 million in 15M2009 to RMB97.8 million in FY2010 due mostly 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 in FY2010 amounted to RMB14.9 million compared to RMB9.4 million in 15M2009. Most of the selling expenses in FY2010 came from 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 projects.

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

Other operating expenses fell from RMB43.0 million in 15M2009 to RMB0.5 million in FY2010 because an impairment provision was made and goodwill was recorded from an acquisition in the previous corresponding period.

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.

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

FINANCIAL POSITION

As at 31 March 2010, the Group's properties held under development expanded to RMB1,118.6 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 Jingyuan Phase 2 and Nanchang Honggu Kaixuan Phase 2. Properties held under development also included cost of the Group's land parcels in Huzhou Runyuan Project, Huzhou Hailian Project and Nanchang Dingxun Project.

Properties held for sale rose 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.

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 is related to the deposit paid for acquisition of a piece of land located in Fuzhou City and consideration receivable from disposal of Jiangman subsidiary.

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 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 were 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 associated with the Group's property pre-sales. Accruals, receipts in advance and other payables also include 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.

As at 31 March 2010, the Group had total borrowings of RMB362.2 million, an increase from RMB349.7 million as at 31 March 2009.

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%.

During FY2010, the Group recorded a cash inflow of RMB44.9 million from its operating activities, contributed mainly 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 mostly 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 totaled 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, consisting of cash and bank balances of RMB71.2 million and time deposits with maturity of less than three months of RMB96.5 million.

Board of Directors

Mr. Wong Lam Ping is our Executive Chairman and founder of our Group. He was appointed to our Board on 3 January 2006 and is responsible for the formulation and execution of overall business strategies and policies as well as the overall management of our Group. Mr. Wong has over 20 years of property development experience since he established Pan Hong Co., Ltd. in 1983. Mr. Wong also sits on the board of several investment holding companies. He has been a director of Jiangxi Ganxun Electronic Technology Ltd., a telecommunications company, since 1992. In 2004, he was appointed a director of Chaozhou Jinaote Sanitary Ware Ltd. Mr. Wong completed a postgraduate course in Economics of Science and Technology and Management from the Zhejiang University of Technology in 2000. He holds an honorary degree of a Doctor of Business Management from Armstrong University.

Ms. Chan Heung Ling is our Deputy Chairman and an Executive Director of our Group. She was appointed to our Board on 3 January 2006 and is responsible for the management of overall project strategy of our Group. She was a statistician with Jieyang Sugar, Tobacco and Wine Company in 1979 until 1982. In 1983, she co-founded Pan Hong Co., Ltd. together with Mr. Wong Lam Ping, and has been involved in property development since then. Ms. Chan graduated from Jieyong No 1. Secondary School in 1975.

Mr. Shi Feng is an Executive Director of our Group. He was appointed to our Board on 14 August 2006 and is responsible for the management of project plans, quality control and contractors, as well as the management of our subsidiaries. He started his career as an engineer at the Changsha Design Institute of Light Industry (轻工业部长沙设计院) from 1982 to 1992. He subsequently joined Guangdong Huizhou City Hui Long Housing and Landing Development Co., Ltd. (广东惠州隆房地产开发有限公司) in 1992 as the manager of the engineering department which involved project development and engineering management. This was followed by six years as an assistant general manager in charged of project development and engineering management in Guangdong Huizhou City Hui Long Group Co., Ltd. Until (广东惠州隆集团有限公司) 1999. From 1996 to 1999, he was also the general manager of Shenzhen Jin Yue Long Investment Co., Ltd. Between 1999 and 2002, he was the general manager of 3A Electronics Co., Ltd. He joined our Group in 2002. In 2003, he was appointed, and still holds the offices of, Director and General Manager of Jiangxi Asia City Company. Mr. Shi graduated with a Bachelor Degree in Industrial and Civil Construction from the Construction and Building Department of Hunan University in 1982. He was certified as an engineer and senior engineer by the Changsha Design Institute of Light Industry in 1987 and 1993 respectively.

Ms. Wang Cuiping is an Executive Director of our Group, being appointed on 14 August 2006. She joined our Group in 2002, and is responsible for the planning and financial management, and the human resource management of our Group. Before joining our Group, she spent 13 years from 1982 with the Inner Mongolia Hai Bo Wan Mining Bureau (内蒙古海勃湾矿务局) handling accounting matters, eventually becoming the head of the financial department from 1992 to 1995. From 1995 to 2002, she worked as a tax expert for the Inner Mongolia Wu Hai City State Administration of Taxation (内蒙古马海市国税局). She later joined 999 Huzhou Pharmaceutical Company (三九湖州药业) as the head of the financial department, before joining our Group as senior accountant in 2002. Ms. Wang graduated from the Inner Mongolia Coal Industrial School (内蒙古煤炭工业学校) with a degree in Financial Accounting, and from the Inner Mongolia Broadcast and Television University (内蒙古广播电视大学) with a degree in Industrial Accounting in 1982 and 1986 respectively. She was certified as a PRC Certified Tax Expert by the PRC Ministry of Finance, State Administration of Taxation in 2000 and as a PRC Certified Public Accountant by the Chinese Institute of Certified Public Accountants in 2004.

Mr. Chan Kin Sang is a Non-Executive Director and was appointed to our Board on 14 August 2006. He is currently a sole proprietor of Messrs. Peter K.S. Chan & Co., Solicitors and Notaries, where he is involved in corporate and commercial law, civil law, conveyancing, litigation matters and notarial work. Mr. Chan has been a practising solicitor in Hong Kong since 1982. He was an assistant solicitor in Messrs. John Ku & Tam from 1982 to 1985 and a partner of Messrs. Wong and Chan from 1985 to 1996. He holds and has held several executive and non-executive directorships in various companies, including companies listed in Hong Kong and Singapore. Mr. Chan graduated from the University of Hong Kong with a Bachelor of Laws degree in 1979. He was admitted first as an associate in 1985 and subsequently as a member of the Chartered Institute of Arbitrators. He was admitted as a solicitor of England and Wales in 1985, a barrister and solicitor of Australia in 1989 and an advocate and solicitor of Singapore in 1990. Mr. Chan has also been a notary public in Hong Kong since 1997 and a China-appointed attesting officer since 2000.

Mr. Sim Wee Leong is our lead Independent Director and was appointed to our Board on 14 August 2006. He is currently practising as a certified public accountant in Smalley & Co, a well established local accounting practice. He started his professional career in 1989 with an international accounting firm, before leaving in 1997 to join his current firm. He graduated with a Bachelor of Accountancy from the National University of Singapore in 1989.

Dr. Choo Kian Koon is an Independent Director and was appointed to our Board on 14 August 2006.

Dr. Choo has over 30 years of experience in the property industry. He was formerly the Senior Vice President (Malaysia Investment) of CapitaLand Residential Limited, and was on the board of United Malayan Land Bhd, a real estate developer listed on Bursa Malaysia. Prior to joining the CapitaLand group of companies, Dr. Choo was the National Director and head of Research and Consultancy at Jones Lang LaSalle Property Consultants Pte Ltd where he was the Asia Pacific regional head of research. Before that, he was with Richard Ellis Property Consultants as the Director and the Head of Development and Consultancy. Dr. Choo was also previously a senior lecturer with the School of Building and Estate Management of the National University of Singapore.

Dr. Choo is currently the CEO of Real Estate Developers' Association of Singapore (REDAS) and a member on the NTUC Choice Homes' board of directors. He also serves on the Valuation Review Board under the Financial Ministry of Singapore.

Dr. Choo obtained a Doctorate in Urban Planning from the University of Washington with a Certificate of Achievement in Urban Design in 1998, a Master of Philosophy in Environmental Planning from the University of Nottingham in 1979, and a Bachelor of Science in Estate Management from the University of Singapore in 1974. He is a fellow of the Singapore Institute of Surveyors and Valuers and an affiliate member of the Singapore Institute of Planners.

Dr. Zheng Haibin is an Independent Director and was appointed to our Board on 14 August 2006. He is presently the President of CCH High-Tech Enterprise Ltd. and the General Manager of Shenzhen Scinfo Venture Capital Management Co., Ltd. He was also a visiting Assistant Professor at the University of Waterloo from 1989 to 1991. Dr. Zheng graduated from Copenhagen University with a Doctorate in Natural Science in 1987 and a Bachelor degree from Zhongshan University in 1982.

Ms. Chan Heung Ling is the spouse of Mr. Wong Lam Ping. Mr. Chan Kin Sang is the nephew of Mr. Wong Lam Ping. Save as disclosed, none of our Directors is related to each other or to any of our Executive Officers.

None of our Directors had been appointed pursuant to any arrangement or understanding with a substantial shareholder, customer or supplier.

Key Executive Officers

Mr. Wang Yinjian is our Group's Human Resources Manager, and is responsible for our Group's human resource management. He joined the Zhejiang Provincial Bureau of Materials (Chemical and Light Industrial Company (浙江省物资局化工轻工总公司) in 1983 and rose to become Head of the Planning Department. In 1993, he became the Import and Export Manager of the same company for the next five years. Concurrently, he was also appointed Assistant General Manager of the China Chemical Construction Zhejiang Material Trading Company Ltd. (中国化工建设浙江物化有限公司). He then became Trading Manager of both Huzhou Jinquan Trading Co., Ltd. (湖洲金泉贸易有限公司) as well as Huzhou Yiyuan Trading Co., Ltd. (湖洲怡源有限公司), from 1998 to 2002. He subsequently joined Huzhou Longhai Biological Pharmaceutical Co. Ltd. (湖州怡海生物药业有限公司) as the assistant general manager before joining our Group in 2004. Mr. Wang graduated from Zhejiang University of Technology (浙江工业大学)in 1983 with a Bachelor degree in Inorganic Chemical Engineering. He was later conferred a Master of Business Administration degree by the Zhejiang Province Degree Committee (浙江省学位委员会) in 2000. Mr. Wang was also certified as an Economist by the Zhejiang Provincial Bureau of Materials (浙江省物资局) in 1991.

Mr. Chan Chun Kit is our Group's Financial Controller and Company Secretary. He joined our Group in 2008 and is responsible for the Group's finance and accounting functions. He is also responsible for statutory compliance and corporate governance of our Group, as well as coordination with our Group's stakeholders. Prior to joining the Group, he was an auditor with an international public accounting firm. Mr. Chan graduated from The Hong Kong Polytechnic University with a Bachelor of Arts in Accountancy (Hons). Mr. Chan is also a Certified Public Accountant and an associate member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Mr. Xu Guangquan is our Group's Property Management Manager. He is responsible for the property management, decoration management and development, as well as the management of certain of our subsidiaries. He has over 37 years of work experience, with the greater part of the last decade based in the real estate industry. Mr. Xu started working in 1967 with the Hangzhou Machine Tool Group Co., Ltd. (杭州机床厂) where he rose to become the Head of the Supply and Marketing Department. In 1988, he joined Hangzhou City Jiang Ping Sales and Trading Centre (杭州市江平供销贸易中心) as the Business Manager. He joined our Group as the General Manager of our subsidiary, Hangzhou Asia City Company in 1997, before being appointed as the General Manager of Hangzhou Liyang Company in 2004. Mr. Xu graduated from Zhejiang Radio and TV University (浙江广播电视大学) in 1988 with a Bachelor of Law degree.

Mr. Zhang Ning is the Construction Quality Control Manager of our Group and is responsible for the quality control of construction materials and cost control, as well as the management of certain of our subsidiaries. His experience in quality control began in 1975 when he started work with the Nanxun Construction Engineering Company (南浔建筑工程公司). He subsequently rose to become the Chief of the Biological Department, Quality Control Department and Planning and Operation Department. In 1992 he joined Zhejiang Chuan Ling Electrical Company Limited (浙江川菱电器有限公司) as Chief of the Infrastructure Department before leaving to take up the concurrent positions as General Manager of Nanxun Municipal Main Company (南浔市政总公司) and an assistant supervisor in the Nanxun Economic Development Zone Construction Office (南浔经济开发建设办公室) in 1994. He joined our Group in 1995 as the General Manager of Nanxun Yazhoucheng Company. In 2000, he was appointed as the General Manager of Huzhou Asia City Company, as well as Assistant General Manager of Huzhou Xiandai Company. Mr. Zhang graduated from Nan Xun Secondary School (南浔中学) in 1972. Mr. Zhang was certified as a Engineer in 2008 by the Huzhou Municipal Bureau of Urban Construction (湖洲市城建局). Aside from these positions, Mr. Zhang is also a member of the Fifth Huzhou Municipal Political Committee (湖洲市第五届政治协商委员会) as well as a member of the Nanxun District Industry and Commerce Standing Committee (南浔区工商联常发委员).

Mr. Wu Jie is the Public Relations Manager of our Group, and is responsible for the coordination of public relations as well as the management of certain of our Group's subsidiaries and the research and development of new projects. He started his career in 1988 with the Huzhou branch of the Agricultural Bank of China in Zhejiang Province (浙江省农业行湖州市分行), working in the Capital Organization Department. In 1994, he joined the Bank of Communications (交通银行湖洲分行) for nine years until 2003 during which he held various positions such as the Chief of the Industrial Loans Team in the Loan Department, General Manager of the Personal Financial Business Department and the Assistant General Manager of Business (Loans Department). He joined our Group in 2005 as the Assistant Chairman of two of our subsidiaries, namely Huzhou Jiangnan Halian Company and Huzhou Hongjin Market Company. He is also the Assistant General Manager of the Huzhou Hongjin Market Company. Mr. Wu graduated from Zhejiang Radio and TV University (浙江广播电视大学) in 1988, majoring in Finance. Mr. Wu is also a qualified economist as accredited by the Evaluation Committee for Professional Skills in Business Departments of the Agricultural Bank of China, Zhejiang Branch (农行浙江省分行专业技术职务评审委员会) in 1993.

None of our Executive Officers is related to each other or to any of our Directors or substantial shareholders.

None of our Executive Officers had been appointed pursuant to any arrangement or understanding with a substantial shareholder, customer or supplier.

The Board of Directors ("the Board") of Pan Hong Property Group Limited (the "Company") is committed to maintaining high standard of corporate governance within the Company and its subsidiaries (the "Group") by adopting and complying, where possible, with the principles and guidelines of the Code of Corporate Governance 2005 (the "Code"). The Company recognizes that good corporate governance establishes and maintains a legal and ethical environment, which is essential for preserving and enhancing the interests of all stakeholders.

This report describes the Group's corporate governance framework and practices that were in place throughout the financial year under review. Where there are deviations from the Code, appropriate explanations are provided.

(A) BOARD MATTERS

PRINCIPLE 1: BOARD'S CONDUCT OF ITS AFFAIRS

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's values and standards and ensure that the requisite financial and human resources support are in place for the Group to achieve its objectives.

The Board's role includes:

(i) guiding the corporate strategy and directions of the Group;

(ii) dealing with matters brought up by the Audit Committee relating to the Group's system of internal controls, including financial, operational and compliance controls, and risk management to enable risk to be assessed and managed;

(iii) reviewing the performance of the Group, including but not limited to approving announcements relating to the financial results of the Group and the audited financial statements;

(iv) making decisions in the interests of the Group. Major investments and funding decisions are approved by the Board;

(v) approving major acquisitions and disposals;

(vi) reviewing the corporate governance processes.

To facilitate effective management and to assist the Board in discharging its responsibilities to enhance the Group's corporate governance framework, the Board is supported by the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). All Board Committees are chaired by an independent Director and a majority of the members, other than the AC, are independent Directors. These Committees function within clearly defined terms of reference and operating procedures.

The Board accepts that while the Board Committees have the delegated powers to make decisions, execute actions or make recommendation in their specific areas respectively, the ultimate responsibility for the decision and actions rest with the Board.

The Board meets on a quarterly basis to review interim and annual results and accounting policies. Ad-hoc meetings will be held as and when required to address any significant issues that may arise in-between scheduled meetings. The Company's Bye-laws provides for meetings to be held via telephone, electronic or other communication facilities which permits all persons participating in the meeting to communicate with each other simultaneously.

Where physical Board and Board Committee meeting is not possible, timely communication with members of the Board or Board Committee can be achieved through electronic means and circulation of written resolutions for approval by the relevant Board and Board Committee members.

Details of Board and Board committee meetings held during the financial year ended 31 March 2010 are summarized in the table below:

Meeting	Board of Directors	Audit Committee	Nominating Committee	Remuneration Committee
Total meetings held in FY2010	4	4	2	1
Name of Director	**Attended**	**Attended**	**Attended**	**Attended**
Wong Lam Ping	4	N.A.	2	N.A.
Chan Heung Ling	3	N.A.	N.A.	N.A.
Sim Wee Leong	4	4	2	N.A.
Dr. Choo Kian Koon	4	4	2	1
Dr. Zheng Haibin	4	4	N.A.	1
Chan Kin Sang	4	N.A.	N.A.	1
Shi Feng	3	N.A.	N.A.	N.A.
Wang Cuiping	4	N.A.	N.A.	N.A.
Zheng Yunyan(1)	1	N.A.	N.A.	N.A.

Note:

(1) Madam Zheng Yunyan was appointed as Executive Director on 20 August 2009 and had resigned on 31 May 2010.

All directors, including newly appointed directors to be appointed will be briefed and given an orientation by the Management to familiarise themselves with the businesses and operations of the Group. Directors who do not have prior experience or are not familiar with the duties and obligations required of a listed company in Singapore, will undergo the necessary training and briefing.

The Directors also have the opportunity to visit the group's operating facilities and meet with the Management to gain a better understanding of the group's business operations and governance practices. The Directors may join institutes and group associations of specific interests, and attend relevant training seminars or informative talks from time to time to apprise themselves of legal, financial and other regulatory developments. As an ongoing exercise, the Directors will also be briefed by professionals during Board meetings on amendments and requirements of the Singapore Exchange Trading Securities ("SGX-ST") and other statutory and regulatory changes which may have an important bearing on the Company and the Directors' obligations to the Company, from time to time.

PRINCIPLE 2: BOARD COMPOSITION AND BALANCE

As at the date of this report, the Board comprises eight Directors, of whom four are executives, one non-executive and three Independent Directors, as follows:

Executive Directors:

Mr. Wong Lam Ping *(Chairman)*
Ms. Chan Heung Ling *(Deputy Chairman)*
Mr. Shi Feng
Ms. Wang Cuiping

Non-Executive Directors:

Mr. Chan Kin Sang *(Non-Independent Director)*
Mr. Sim Wee Leong *(Lead Independent Director)*
Dr. Choo Kian Koon *(Independent Director)*
Dr. Zheng Haibin *(Independent Director)*

The size and composition of the Board will be reviewed by the NC to ensure that the Board has the appropriate mix of expertise and experience and collectively possesses the relevant and necessary skills sets and core competencies for effective decision making and which the Group may tap for assistance in furthering its business objectives and shaping its business strategies. The Board is of the opinion that its current board size of eight Directors is appropriate, taking into account the nature and scope of the Group's operations. As a Group, the members of the Board bring with them a broad range of expertise in areas such as accounting, finance, legal, management experience, understanding of industry and customers as well as familiarity with regulatory requirements. The diversity of the Directors' experience allows for useful exchange of ideas and views.

The Independent Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. When challenging Management proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest or other complexities.

The present composition of the Board complies with the Code's guideline that Independent Directors make up at least one-third of the Board.

The NC which is responsible for reviewing the independence of each Director on an annual basis, had adopted the Code's definition of an independent director and guidelines as to relationships in determining the independence of a director.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

Mr. Wong Lam Ping is currently the Executive Chairman and CEO of the Group. Mr. Wong is the founder of the Group. He plays a key role in developing the business of the Group and provides the Group with strong leadership and vision. He is responsible for the business strategy and directions, formulation and execution of overall business strategies and policies, including executive decision making, day-to-day running of the Group's operations.

Although the roles and responsibilities for the Chairman and CEO are vested in Mr. Wong and this is a deviation from the recommendation of the Code, the Board believes that vesting the roles of both Chairman and CEO on the same person who is knowledgeable in the business of the Group, provides the Group with a strong and consistent leadership and allows for more effective planning and execution of long-term business strategies.

All major decisions made by the Executive Chairman and CEO are reviewed by the Board. The Board believes that there are adequate safeguards and checks in place to ensure that the process of decision-making by Board is independent and based on collective decisions without any individual exercising any considerable concentration of power of influence. As such, there is a balance of power and authority and no one individual can control or dominate the decision-making process of the Company. The Board does not consider separating the role of Chairman and CEO at this moment. The NC will review the need to separate the roles from time to time and make its recommendation.

In line with the recommendations in the Code, Mr. Sim Wee Leong has been appointed the Lead Independent Director of the Company to coordinate and lead independent directors to provide a non-executive perspective and to contribute a balanced viewpoint to the Board and to address the concerns, if any, of the Company's shareholders.

PRINCIPLE 4: BOARD MEMBERSHIP

The NC comprises three members, majority of whom, including the Chairman, are independent Directors.

Dr. Choo Kian Koon *(Chairman)*
Mr. Sim Wee Leong
Mr. Wong Lam Ping

The NC is responsible for the following under its terms of reference:

(i) reviewing the Board and Board Committees' structure, size and composition and make recommendations to the Board, where appropriate;

(ii) determining the process for search, nomination, selection and appointment of new board members and assessing nominees or candidates for appointment to the Board;

(iii) making recommendations to the Board on the nomination of retiring directors standing for re-election at the Company's annual general meeting, having regard to the director's contribution and performance;

(iv) determining annually whether a Director is independent;

(v) determining whether or not a director is able to and has been adequately carrying out his duties as a director of the Company, particularly when he has multiple board representations;

(vi) assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual director to the effectiveness of the Board.

The NC had in place a process for selection and appointment of new Directors. In selecting potential new directors, the NC will seek to identify the competencies required to enable the Board to fulfill its responsibilities. The NC will evaluate the suitability of the nominee or candidate based on his qualifications, business and related experience, commitment, ability to contribute to the Board process and such other qualities and attributes that may be required by the Board.

Upon appointment of each Director, the Executive Director is provided with a Service Agreement for an initial period of 3 years, setting out the terms and conditions of his appointment and thereafter shall automatically continue from year to year unless terminated by either party giving the other not less than three (3) months' notice in writing. For Independent Director, a formal letter will be issued setting out the terms and conditions for his appointment.

The NC had reviewed the independence of the Board members with reference to the guidelines set out in the Code and had determined that Dr. Choo Kian Koon, Mr. Sim Wee Leong and Dr. Zheng Haibin to be independent and free from any relationship as outlined in the Code.

The NC had also reviewed the multiple-board seats held by the non-Executive Directors and is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors of the Company.

In accordance with the provision of the Company's Bye-laws, all Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years and newly appointed Directors will submit themselves for re-nomination and re-election at the next Annual General Meeting ("AGM") following their appointment.

The NC having considered the attendance and participation of the following Directors at Board and Board Committees meetings, in particular, their contributions to the business and operations of the Company as well as Board processes, had recommended their nomination to the Board:

(i) Mr. Wong Lam Ping;

(ii) Ms. Chan Heung Ling; and

(iii) Dr. Choo Kian Koon,

for re-election as Directors of the Company at the forthcoming AGM.

PRINCIPLE 5: BOARD PERFORMANCE

The Group has in place a system to assess the performance of the Board as a whole of the Board.

The evaluation of the Board's performance is conducted annually. Each director is required to complete a questionnaire relating to the size and composition of the Board, information flow to the Board, Board procedures and accountability as well as matters concerning CEO/Senior Management and standards of conduct of Board members.

The Board has taken the view that the financial indicators as recommended by the Code to be included as part of the performance criteria for Board evaluation might not be appropriate as these are more of a measurement of Management's performance and therefore less applicable to the Board.

For the year under review, an evaluation of the Board's performance was conducted. The evaluation exercise provided feedback from each Director, his views on the Board, procedures, processes and effectiveness of the Board as a whole. The results of the Board performance evaluation were collated and the findings presented to the NC for discussion. The NC is generally satisfied with the Board performance for FY2010 and will continue to review its procedure, effectiveness and development from time to time.

PRINCIPLE 6: ACCESS TO INFORMATION

The Executive Directors and the Senior Management keep the Board informed of the Group's operations and performance through regular updates and reports as well as through informal discussions. Prior to any meetings of the Board or Board Committees, Directors are provided, where appropriate, with management information to enable them to participate at the meetings. In addition, Board members have separate and independent access to the senior management.

The Company Secretary or her representative attends all Board and Board Committee meetings and provide secretarial support to the Board, ensuring that Board procedures and all other rules and regulations applicable to the Company are adhered to.

Where decisions to be taken require expert opinion or specialized knowledge, the Directors, whether as a group or individually, may seek independent professional advice as and when necessary in furtherance of their duties at the Company's expense. The appointment of such independent professional advisor is subject to approval by the Boards.

(B) REMUNERATION MATTERS

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC comprises three members, all of whom, including the Chairman, are non-executive directors:

Dr. Zheng Haibin *(Chairman)*
Dr. Choo Kian Koon
Mr. Chan Kin Sang

The RC is responsible for the following under its terms of reference:

(i) reviewing and recommending to the Board a framework of remuneration and determining the specific remuneration packages and terms of employment of the Directors and key executives of the Group;

(ii) carrying out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time;

The scope of the RC's review covers all aspect of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, and benefits-in-kind. The remuneration packages take into consideration the long-term interests of the Group, industry standards and ensure that the interests of the Executive Directors align with that of shareholders.

No director or member of the RC is involved in deciding his own remuneration.

If required, the RC will seek expert's advice inside and/or outside the Company on remuneration of all Directors and key executives.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

The remuneration packages are set such that the directors are adequately but not excessively remunerated as compared to other comparable companies in the industry in view of present market conditions. The remuneration policy adopted takes into account the individual's and the Company's performance.

The executive Directors, Mr. Wong Lam Ping, Ms. Chan Heung Ling, Mr. Shi Feng and Ms. Wang Cuiping had each entered into separate service agreements with the Company for an initial term of 3 year commencing from 20 September 2006 which will continue thereafter until terminated by not less than 3 months' notice in writing served by either party on the other.

An annual review of the remuneration packages of all Directors was carried out by the RC to ensure that the remuneration of the Directors and key executives commensurate with their performance, giving due consideration to the financial and commercial health and business need of the Group.

The independent and non-executive Directors are paid Directors' fees, which are based on their level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors and are subject to shareholders' approval at every AGM.

The RC had recommended to the Board:

(i) an amount of S$181,250 as Directors' fees for the financial year ended 31 March 2010; and

(ii) an amount of S$159,500 as Directors' fees for the financial year ending 31 March 2011, payable quarterly in arrears.

These recommendations have been endorsed by the Board and will be tabled at the forthcoming AGM for shareholder's approval.

Presently, the Company does not have a share options' scheme in place.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The range of remuneration of Directors of the Group for the financial year ended 31 March 2010 is set out below:

Remuneration Bank & Name of director	Allowance/ Fee %	Based/ Fixed Salary %	Variable or Performance Related Income/Bonus %	Benefits in Kind %	Other Loan Term Incentives %	Total %
S$250,000 and below						
Wong Lam Ping (1)	–	100	–	–	–	100
Chan Heung Ling (1)	–	100	–	–	–	100
Shi Feng	–	100	–	–	–	100
Wang Cuiping	–	100	–	–	–	100
Zheng Yunyan	–	100	–	–	–	100
Sim Wee Leong	100	–	–	–	–	100
Dr. Choo Kian Koon	100	–	–	–	–	100
Dr. Zheng Haibin	100	–	–	–	–	100
Chan Kin Sang (2)	100	–	–	–	–	100

1 Wong Lam Ping and Chan Heung Ling are spouses.

2 Chan Kin Sang is the nephew of Wong Lam Ping.

The top 5 key executives of the Group (in terms of remuneration) are Messrs Wang Yinjian, Chan Chun Kit, Xu Guangquan, Zhang Ning and Wu Jie. The remuneration of each of the key executives for the financial year ended 31 March 2010 were all below S$250,000.

There were no executives with remuneration above S$250,000 and save as disclosed above, there are no employees of the Group who are immediate family members of a Director and whose remuneration exceeds S$150,000 during the financial year ended 31 March 2010.

(C) ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: ACCOUNTABILITY

The Board provides shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a quarterly basis within the timeline as stipulated in the Listing Manual of the SGX-ST. All the financial information presented in the results announcement or Annual Report have been prepared in accordance with the International Financial Reporting Standards and approved by the Board before release to the SGX-ST and the public via SGXNET.

In line with SGX-ST listing requirements, negative assurance statements were issued by the Board to accompany its quarterly financial results announcements, confirming to the best of its knowledge that, nothing had come to its attention which would render the Company's quarterly results to be false or misleading.

Management provides the Board with information on the Group's performance, position and prospects on a quarterly basis to ensure that it may effectively discharge its duties. This is supplemented by updates on matters affecting the financial performance, business of the Group if such event occurs.

PRINCIPLE 11: AUDIT COMMITTEE

The AC of the Group comprises three members, all of whom are independent Directors:

Mr. Sim Wee Leong *(Chairman)*
Dr. Choo Kian Koon
Dr. Zheng Haibin

The Board is of the view that the Audit Committee members, having accounting and related financial management expertise or experience, are appropriately qualified to discharge their responsibilities.

The AC meets at least four times a year and, as and when deemed appropriate to carry out its function.

The AC is governed by written terms of reference under which it is responsible for:

(i) reviewing with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to Management and Management's response;

(ii) reviewing the Group's financial results and announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;

(iii) reviewing the internal control procedures and ensure co-ordination between the auditors and Management, and reviewing the assistance given by Management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of Management, where necessary);

(iv) reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response;

(v) evaluating the independence and performance of the external auditors and to consider their appointment and reappointment;

(vi) reviewing Interested Person Transactions (if any) falling within the scope of Chapter 9 of the Listing Manual including reviewing and approving of proposed sale (s) of any units of property projects to the Company's interested persons and/or relatives of a director, CEO or controlling shareholders;

(vii) undertaking such other reviews and projects as may be requested by the Board, and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

(viii) generally undertaking such other functions and duties as may be required by statute or the Listing Manual, or by such amendments as may be made thereto from time to time.

The Board is of the view that the members of the AC are appropriately qualified, having the necessary accounting or related financial management expertise as the Board interprets such qualification, to discharge their responsibilities.

The AC has the authority to investigate any matter within its terms of reference. It has full access to the Management and full discretion to invite any director or executive officer to attend its meetings or be provided with reasonable resources to enable it to discharge its functions.

The Company has put in place a Whistle-Blowing Policy. The AC reviews arrangements by which staff may in confidence, raise their concerns about possible improprieties in matters of financial reporting or other matters. The objective of the Policy is to ensure that arrangements and process are in place, to facilitate the independent investigation of such concerns and for appropriate follow-up action. There were no reports of whistle blowing received in FY2010.

In performing its functions for FY2010, the Audit Committee had:

(i) held 4 meetings in the financial year with Management and the external auditors.

(ii) met once with the external and internal auditors without the presence of the Management, to review any matters that might be raised privately and discuss their findings set out in their respective reports to the AC. Both the internal and external auditors confirmed that they had full access to and had the full cooperation and assistance of Management.

(iii) reviewed the volume of non-audit services to satisfy itself that the nature and extent of such services would not prejudice the independence and objectivity of he external auditors as well as the cost effectiveness of the audit before confirming their re-appointment. The External Auditors had affirmed their independence in this aspect.

(iv) recommended the re-appointment of Grant Thornton as external auditors at the forthcoming AGM.

PRINCIPLE 12: INTERNAL CONTROLS

The Board acknowledges its responsibility for maintaining a sound system of internal control framework. The controls are to provide reasonable assurance to safeguard shareholders investments and the Group's assets. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can only provide reasonable but not absolute assurance against material misstatement or loss and the review of the Group's internal control systems should be a concerted and continuing process.

The Group's control environment provides the foundation upon which all other components of internal controls are built upon. It provides discipline and structure, setting the tone of the organization and influencing the control consciousness of its staff. A weak control environment foundation hampers the effectiveness of even the best designed internal control procedure.

The external auditors have, during the course of their audit, carried out a review of the effectiveness of key internal controls within the scope of their audit. Material non-compliance and internal control weaknesses noted during their audit and the auditor's recommendations are reported to the AC. The AC will review the external auditor's findings and ensure that are adequate internal controls in the Group.

PRINCIPLE 13: INTERNAL AUDIT

The Group has outsourced its internal audit function to Huzhou Huifeng Chuangye CPA Co., Ltd. The internal auditors report directly to the Chairman of the AC on all internal audit matters and findings, if any, from the audit process. The AC will review the findings of the internal auditors and will ensure that the Group follows up on the auditors' recommendations. The AC will review the adequacy of the internal audit function annually to ensure that the internal audit function is adequately resourced and able to perform its function effectively and objectively.

PRINCIPLE 14: COMMUNICATION WITH SHAREHOLDERS

PRINCIPLE 15: GREATER SHAREHOLDER PARTICIPATION

In line with continuous disclosure obligations, the Group is committed to regular and proactive communication with its shareholders. All major developments that impact the Group pursuant to the SGX-ST Listing Rules would be communicated to shareholders on a timely basis through:

(i) SGXNET announcements and press releases on major developments of the Group;

(ii) the Group's website at www.pan-hong.com;

(iii) financial statement containing a summary of the financial information and affairs of the Group for the quarterly and full year via SGXNET;

(iv) annual reports that are sent to all shareholders; and

(v) notices of and explanatory notes for general meetings.

At the AGM, shareholders will be given opportunities to voice their views and seek clarification on issues relating to the Group's performance.

Shareholders are encouraged to attend the Annual General Meeting ("AGM") and Special General Meeting ("SGM") to ensure high level of accountability and to stay apprised of the Group's strategy and goals. At AGMs, shareholders are given opportunity to share and communicate their views and seek clarification with the Board. The general meetings are the principal forum for dialogue with shareholders. Shareholders can vote in person or by way of proxy at the general meeting through proxy forms which are sent together with the Annual Reports or circulars, as the case may be. The duly completed and signed proxy forms are required to be submitted to the Company's Share Transfer Agent's address 48 hours before the general meeting. The notices of the general meeting are dispatched to shareholders, together with explanatory notes at least 14 clear days before each meeting for ordinary resolutions and at least 21 clear days for special resolutions to be passed. The notice is also advertised in a national newspaper.

Each distinct issue is proposed as a separate resolution at the general meeting.

The Chairmen of the AC, RC and NC, Lead Independent Director and the external auditors will be available at the forthcoming AGM to attend to queries raised by shareholders.

DEALINGS IN SECURITIES

The Group has adopted a Code of Best Practices Guide for Dealings in Securities (the "Securities Code") which sets out the Group's policy on dealings in the Company's securities and implications of Insider Trading in compliance with Rule 710 of the SGX-ST Listing Manual.

In line with the Group's Securities Code, Directors, key officers and employees of the Group, who have access to price-sensitive and confident information are not permitted to deal in securities of the Company during the period beginning 1 month and 2 weeks before the date of the announcement of the full year or quarterly results respectively and ending on the date of the announcement of the relevant results. Directors and employees are also advised against dealing in the securities when they are in possession of any unpublished material price-sensitive information of the Group at all times. The Group confirmed that it had adhered to its Securities Code for FY2010.

INTERESTED PERSON TRANSACTIONS ("IPT")

The Group had adopted an internal policy governing procedures for the identification, approval and monitoring of IPT. All IPT are subject to review by the AC at its quarterly meetings.

Save as disclosed under Notes 33(a) and 40 to the Financial Statements on pages 90 and 102 of the Annual Report, there were no other IPTs for the year ended 31 March 2010. It was noted that the IPTs were within the threshold limits as set out under Chapter 9 of the SGX-ST Listing Rules and no announcements or Shareholders' approval was, therefore, required.

MATERIAL CONTRACTS

Saved for the Service Agreements entered into with the Executive Directors (as disclosed in the Company's prospectus 11 September 2006) and the Share Transfer Agreement entered into with, amongst others, Mr. Wong Lam Ping, Executive Chairman and CEO of the Company for the proposed acquisition of the entire equity interests in Pinghu Jiahai Warehousing Limited (as approved by the shareholders via an SGM held on 19 October 2009), there are no material contracts entered into by the Group involving the interest of the CEO, any director or controlling shareholder subsisting for the year ended 31 March 2010.

RISK AND MANAGEMENT

The Company does not have a Risk Management Committee. However, Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matter to the Directors and the AC.

The Group's financial risk management is disclosed under Note 38 to the Financial Statements on pages 95 to 100 of the Annual Report.

USE OF PROCEEDS

In August 2009, the Company completed a placement of 23,800,000 new ordinary shares (the "placement shares") in the capital of Company at a placement price of S$0.50 per share (the "placement") BOCOM International group. The net proceeds from the Placement (after deducting related expenses) amounted to S$11.76 million.

In the financial year ended 31 March 2010, our Group has utilized the placement's proceeds as follows:–

		Amount S$ million
Amount of placement proceeds raised		11.76
Less: Net proceeds utilised for.		
a)	Purchase consideration for land parcel in Fuzhou City Jiangxi Province (as announced on 30 September 2009)	2.10
b)	Payment of purchases consideration for land parcels in Huzhou city, Zhejiang Province (as announced on 02 December 2009)	9.10
c)	Working capital	0.56
	Balance	–

The Directors present their report to the members together with the audited consolidated financial statements of Pan Hong Property Group Limited (the "Company") and its subsidiaries (collectively known as the "Group") for the financial year ended 31 March 2010.

DIRECTORS

The Directors of the Company in office at the date of this report are:

Wong Lam Ping *(Chairman)*
Chan Heung Ling *(Deputy Chairman)*
Sim Wee Leong *(Lead Independent Director)*
Dr. Choo Kian Koon *(Independent Director)*
Dr. Zheng Haibin *(Independent Director)*
Chan Kin Sang *(Non-Executive non-independent Director)*
Shi Feng *(Executive Director)*
Wang Cuiping *(Executive Director)*

In accordance with the Company's bye-laws, Mr. Wong Lam Ping, Ms. Chan Heung Ling, and Dr. Choo Kian Koon shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of director's shareholdings, interests of Directors who held office at the end of the financial year in the shares of the Company are as follows:

	Shares beneficially held by Directors		Shareholdings in which Directors are deemed to have an interest (1)	
	At 01.04.2009	At 21.04.2010 and 31.03.2010	At 01.04.2009	At 21.04.2010 and 31.03.2010
Wong Lam Ping *(Executive Chairman)*	18,321,184	20,343,194	302,443,300	302,443,300[1]
Chan Heung Ling *(Deputy Chairman)*	14,443,300	14,443,300	306,321,184	308,343,194[1]
Sim Wee Leong *(Lead Independent Director)*	–	–	–	–
Dr. Choo Kian Koon *(Independent Director)*	–	–	–	–
Dr. Zheng Haibin *(Independent Director)*	–	–	–	–
Chan Kin Sang *(Non-Executive non-independent Director)*	–	–	–	–
Shi Feng *(Executive Director)*	473,900	473,900	–	–
Wang Cui Ping *(Executive Director)*	473,900	689,900	–	–

1 Held by company in which Wong Lam Ping and Chan Heung Ling are deemed interested.

DIRECTORS' SERVICE CONTRACTS

The Company entered into separate service agreements with Wong Lam Ping, Chan Heung Ling, Shi Feng and Wang Cuiping for a period of 3 years with effect from 20 September 2006 unless otherwise terminated by either party giving not less than 3 month's notice.

No Director of the Company has received or become entitled to receive any benefits by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than in the normal course of business and except as disclosed in this report and the accompanying financial statements.

SHARE OPTIONS

The Company did not have any share option scheme.

AUDIT COMMITTEE, NOMINATING COMMITTEE AND REMUNERATION COMMITTEE

Details of the Company's Audit Committee, Nominating Committee and Remuneration Committee are set out in the Corporate Governance Report on pages 20 to 32 of this annual report.

MATERIAL CONTRACTS INVOLVING THE INTERESTS OF CHIEF EXECUTIVE OFFICER, EACH DIRECTOR OR CONTROLLING SHAREHOLDER

Saved for the Share Transfer Agreement entered into with, amongst others, Mr. Wong Lam Ping, Executive Chairman and CEO of the Company for the proposed acquisition of the entire equity interests in Pinghu Jiahai Warehousing Limited (as approved by the shareholders via an SGM held on 19 October 2009), the Company and its subsidiary companies did not enter into any material contracts involving the interests of the chief executive officer, each director or controlling shareholder (as defined under the Listing Manual of the Singapore Exchange Securities Trading Limited) of the Company and no such material contracts since the end of the previous financial year and still subsist at the end of the financial year.

AUDITORS

Grant Thornton, Certified Public Accountants, Hong Kong, have expressed their willingness to accept re-appointment as auditors.

On behalf of the Directors,

Wong Lam Ping	**Chan Heung Ling**
Director	*Director*

30 June 2010

Directors' Opinion Statement

We, Wong Lam Ping and Chan Heung Ling, being two of the directors of the Company, do hereby state that, in the opinion of the Directors:

(i) the accompanying consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of financial position of the Company together with the notes thereto as set out on pages 40 to 103, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010 and the results of the business, changes in equity and cash flows of the Group for the year then ended; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Wong Lam Ping
Director

Chan Heung Ling
Director

30 June 2010

Financial Section

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Expressed in Renminbi ("RMB")

Grant Thornton
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Member of Grant Thornton International Ltd

To the members of Pan Hong Property Group Limited 汎港地产集团有限公司
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Pan Hong Property Group Limited (the "Company") and its subsidiaries (collectively known as the "Group") set out on pages 40 to 103, which comprise the consolidated and company statements of financial position as at 31 March 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. Their opinion on these financial statements is set out on page 36.

The directors' responsibility for the financial statements includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

AUDITORS' RESPONSIBILITY (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010 and of the Group's profit and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Grant Thornton
Certified Public Accountants
6th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

30 June 2010

Consolidated Statement of comprehensive income

for the year ended 31 March 2010

	NOTES	Group Year ended 31 March 2010 RMB'000	 Fifteen months ended 31 March 2009 RMB'000
Revenue	7	**432,684**	39,859
Cost of sales		**(256,042)**	(23,154)
Gross profit		**176,642**	16,705
Other income and gains	7	**97,764**	22,837
Selling expenses		**(14,896)**	(9,394)
Administrative expenses		**(18,390)**	(20,867)
Other operating expenses		**(506)**	(42,964)
Operating profit/(loss)		**240,614**	(33,683)
Finance costs	8	**(4,211)**	(6,949)
Share of result of jointly controlled entity		**(611)**	(876)
Share of result of associate		**(69)**	–
Profit/(loss) before income tax	9	**235,723**	(41,508)
Income tax (expense)/credit	10	**(65,044)**	4,289
Profit/(loss) for the year/period		**170,679**	(37,219)
Other comprehensive income			
Exchange differences on translation of financial statements of foreign operations		**(6,465)**	2,171
Total comprehensive income/(loss) for the year/period		**164,214**	(35,048)
Profit/(loss) for the year/period attributable to:			
Owners of the Company		**171,463**	(36,985)
Minority interests		**(784)**	(234)
		170,679	(37,219)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**164,998**	(34,814)
Minority interests		**(784)**	(234)
		164,214	(35,048)
Earnings/(Loss) per share for profit/(loss) attributable to the owners of the Company during the year/period (in RMB cents):	12		
– Basic		**33.87**	(7.55)
– Diluted		**N/A**	N/A

Statements of financial position

as at 31 March 2010

	NOTES	Group 2010 RMB'000	Group 2009 RMB'000	Company 2010 RMB'000	Company 2009 RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	*13*	**8,201**	8,204	**–**	–
Investment properties	*14*	**59,227**	67,209	**–**	–
Investment properties under construction	*15*	**49,436**	–	**–**	–
Leasehold interest in land	*16*	**6,863**	7,067	**–**	–
Goodwill	*17*	**–**	–	**–**	–
Investments in subsidiaries	*18*	**–**	–	**278,608**	278,608
Interest in a jointly controlled entity	*19*	**134,148**	91,080	**–**	–
Interest in an associate	*20*	**2,931**	–	**–**	–
Other receivables	*25*	**7,000**	–	**–**	–
Deferred tax assets	*21*	**10,300**	10,300	**–**	–
		278,106	183,860	**278,608**	278,608
Current assets					
Properties held under development	*22*	**1,118,574**	730,472	**–**	–
Properties held for sale	*23*	**566,764**	114,685	**–**	–
Account receivables	*24*	**12,825**	13,363	**–**	–
Deposits paid, prepayments and other receivables	*25*	**235,131**	209,439	**–**	169
Amounts due from related parties	*26*	**805**	14,978	**323,581**	246,182
Financial assets at fair value through profit or loss	*27*	**18,559**	8,468	**–**	–
Pledged bank deposits	*28*	**233,490**	105,045	**–**	–
Cash and bank balances	*28*	**71,176**	120,414	**92**	92
		2,257,324	1,316,864	**323,673**	246,443
Current liabilities					
Account payables		**11,408**	2,478	**–**	–
Accruals, receipts in advance and other payables	*29*	**879,212**	305,322	**24**	16
Provision for tax		**128,911**	91,364	**–**	–
Amounts due to related parties	*26*	**4,002**	684	**7,969**	7,606
Amount due to an associate	*20*	**9,100**	–	**–**	–
Bank and other loans	*30*	**207,415**	244,599	**–**	–
		1,240,048	644,447	**7,993**	7,622
Net current assets		**1,017,276**	672,417	**315,680**	238,821
Total assets less current liabilities		**1,295,382**	856,277	**594,288**	517,429

Statements of financial position

as at 31 March 2010

		Group		Company	
		2010	2009	**2010**	2009
	NOTES	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Non-current liabilities					
Bank and other loans	*30*	**154,752**	105,121	**–**	–
Deferred tax liabilities	*21*	**7,545**	6,065	**–**	–
		162,297	111,186	**–**	–
Net assets		**1,133,085**	745,091	**594,288**	517,429
EQUITY					
Equity attributable to the Company's owners					
Share capital	*31*	**313,446**	298,164	**313,446**	298,164
Reserves	*32*	**585,211**	386,387	**268,197**	219,265
Proposed final dividend	*11*	**12,645**	–	**12,645**	–
		911,302	684,551	**594,288**	517,429
Minority interests		**221,783**	60,540	**–**	–
Total equity		**1,133,085**	745,091	**594,288**	517,429

Wong Lam Ping
Director

Chan Heung Ling
Director

Consolidated Statement of cash flows

for the year ended 31 March 2010

	NOTES	Group Year ended 31 March 2010 RMB'000	Fifteen months ended 31 March 2009 RMB'000
Cash flows from operating activities			
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
Operating profit/(loss) before working capital changes		**215,092**	(1,073)
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 with original maturity over three months	28	**(127,545)**	3,360
Cash generated from/(used in) operations		**65,134**	(155,030)
Interest received		**5,773**	5,125
Income taxes paid		**(26,016)**	(15,125)
Net cash generated from/(used in) operating activities		**44,891**	(165,030)

Consolidated Statement of cash flows

for the year ended 31 March 2010

	NOTES	Group Year ended 31 March 2010 RMB'000	Fifteen months ended 31 March 2009 RMB'000
Cash flows from investing activities			
Purchases of property, plant and equipment		**(1,600)**	(2,216)
Proceeds from disposal of property, plant and equipment		**130**	582
Additions to investment properties		**(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 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)
Net cash used in investing activities		**(137,812)**	(51,326)
Cash flows from financing activities			
Proceeds from issuance of share capital, net of share issue expenses		**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
Net cash generated from financing activities		**50,764**	185,069
Net decrease in cash and cash equivalents		**(42,157)**	(31,287)
Effect of foreign exchange difference		**(6,181)**	3,395
Cash and cash equivalents at beginning of the year/period		**216,014**	243,906
Cash and cash equivalents at end of the year/period	*28*	**167,676**	216,014

Consolidated Statement of changes in equity

for the year ended 31 March 2010

The Group

	Equity attributable to owners of the Company										Minority Interest	Total equity
	Share capital	Treasury shares	Share premium	Merger reserve	Statutory reserve	Capital reserve	Exchange reserves	Retained earnings	Proposed final dividend	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2008	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 *(note 11)*	–	–	–	–	–	–	–	–	(9,178)	(9,178)	–	(9,178)
Transactions with owners	–	–	–	–	–	–	–	–	(9,178)	(9,178)	–	(9,178)
Loss for the period	–	–	–	–	–	–	–	(36,985)	–	(36,985)	(234)	(37,219)
Other comprehensive income												
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	2,171	–	–	2,171	–	2,171
Total comprehensive income for the period	–	–	–	–	–	–	2,171	(36,985)	–	(34,814)	(234)	(35,048)
Transfer to statutory reserves	–	–	–	–	21	–	–	(21)	–	–	–	–
At 31 March 2009 and 1 April 2009	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 *(note 11)*	–	–	–	–	–	–	–	(12,645)	12,645	–	–	–
Transactions with owners	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
Other comprehensive income												
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	(6,465)	–	–	(6,465)	–	(6,465)
Total comprehensive income for the year	–	–	–	–	–	–	(6,465)	171,463	–	164,998	(784)	164,214
Transfer to statutory reserves	–	–	–	–	21,339	–	–	(21,339)	–	–	–	–
At 31 March 2010	**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**

1. GENERAL INFORMATION

Pan Hong Property Group Limited (the "Company") was incorporated in Bermuda under the laws of Bermuda on 20 December 2005 as an exempted company with limited liability. The Company's shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Room 1214-1215, Tower B, Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Hunghom, Hong Kong. The Company does not have a place of business in Singapore as at the date of this report.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries (together with the Company, known as the "Group") are set out in note 18 to the financial statements.

The financial statements on pages 40 to 103 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standards Board ("IASB"), and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB.

The financial statements for the year ended 31 March 2010 were approved for issue by the board of directors on 30 June 2010.

2. CHANGE OF FINANCIAL YEAR END DATE

The Company changed its financial year end date from 31 December to 31 March in the last financial period. The comparative figures cover a period for the fifteen months from 1 January 2008 to 31 March 2009. As a result of the change in the year end date of the Company, all the comparative figures and related notes are therefore not entirely comparable with those of the current year. Further details are set out in note 2 to the financial statements for the fifteen months ended 31 March 2009.

3. ADOPTIONS OF NEW OR AMENDED IFRSs

In current year, the Group has applied, for the first time, the following new standards, amendments and interpretations (the "new IFRSs") issued by IASB and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2009.

3. ADOPTIONS OF NEW OR AMENDED IFRSs (Continued)

IAS 1 (Revised 2007)	Presentation of Financial Statements – Comprehensive revision including requiring a statement of comprehensive income
IAS 23 (Revised)	Borrowing Costs
IAS 27 (Amendments)	Cost of an investment on a subsidiary, jointly controlled entity or an associate
IAS 32 (Amendments)	Financial Instruments: Presentation – Amendments relating to classification of right issues
IAS 39 and IFRIS 9 (Amendments)	Financial Instruments: Recognition and Measurement – Embedded Derivatives
IFRS 7 (Amended)	Improving Disclosure about Financial Instruments
IFRS 8	Operating segments
IFRIC 15	Agreements for the Construction of Real Estate
Various	Annual Improvements to IFRSs 2008

Other than as note below, the adoption of the new IFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

IAS 1 (REVISED 2007) PRESENTATION OF FINANCIAL STATEMENTS

The adoption of IAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. A third statement of financial position as at the beginning of the earliest comparative period is required when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements. It also gives rise to additional disclosures.

The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income. IAS 1 (Revised) affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'. Comparatives have been restated to conform with the revised standard. The Group has applied changes to its accounting polices on presentation of financial statements retrospectively. However, the changes to the comparatives have not affected the consolidated or parent company statement of financial position at 1 January 2008 and accordingly the third statement of financial position as at 1 January 2008 is not presented.

IAS 27 (AMENDMENTS) COST OF AN INVESTMENT IN A SUBSIDIARY, JOINTLY CONTROLLED ENTITY OR AN ASSOCIATE

The amendment requires the investor to recognise dividends from a subsidiary, jointly controlled entity or associate in profit or loss irrespective the distributions are out of the investee's pre-acquisition or post-acquisition reserves. In prior years, the Company recognised dividends out of pre-acquisition reserves as a recovery of its investment in the subsidiaries, jointly controlled entity or associates (i.e. a reduction of the cost of investment). Only dividends out of post-acquisition reserves were recognised as income in profit or loss.

Under the new accounting policy, if the dividend distribution is excessive, the investment would be tested for impairment according to the Company's accounting policy on impairment of non-financial assets.

The new accounting policy has been applied prospectively as required by these amendments to IAS 27 and therefore no comparatives have been restated.

3. ADOPTIONS OF NEW OR AMENDED IFRSs (Continued)

IFRS 7 (AMENDMENTS) IMPROVING DISCLOSURES ABOUT FINANCIAL INSTRUMENTS

The amendments require additional disclosures for financial instruments which are measured at fair value in the statement of financial position. These fair value measurements are categorised into a three-level fair value hierarchy, which reflects the extent of observable market data used in making the measurements. In addition, the maturity analysis for derivative financial liabilities is disclosed separately and should show remaining contractual maturities for those derivatives where this information is essential for an understanding of the timing of the cash flows. The Group has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements.

IFRS 8 OPERATING SEGMENTS

The adoption of IFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information are now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. Comparatives have been restated on a basis consistent with the new standard.

At the date of authorisation of these financial statements, certain new and amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended IFRSs that are expected to have impact on the Group's accounting policies is provided below. The directors are currently assessing the impact of other new and amended IFRSs upon initial application but are not yet in a position to state whether they would have material financial impact on Groups's results and financial position.

IFRS 3 BUSINESS COMBINATIONS (REVISED 2008)

The standard is applicable in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard still requires the use of the purchase method (now renamed the acquisition method) but introduces material changes to the recognition and measurement of consideration transferred and the acquiree's identifiable assets and liabilities, and the measurement of non-controlling interests (previously known as minority interest) in the acquiree. The new standard is expected to have a significant effect on business combinations occurring in reporting periods beginning on or after 1 July 2009.

IFRS 9 FINANCIAL INSTRUMENTS

The standard is effective for accounting periods beginning on or after 1 January 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The directors are currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

3. ADOPTIONS OF NEW OR AMENDED IFRSs (Continued)

IAS 27 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (REVISED 2008)

The revised standard is effective for accounting periods beginning on or after 1 July 2009 and introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interest in subsidiaries. Total comprehensive income must be attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The directors do not expect the standard to have a material effect on the Group's financial statements.

ANNUAL IMPROVEMENTS 2009

The IASB has issued *Improvements to International Financial Reporting Standards 2009*. Most of the amendments become effective for annual periods beginning on or after 1 January 2010. The Group expects the amendment to IAS 17 Leases to be relevant to the Group's accounting policies. Prior to the amendment, IAS 17 generally required a lease of land to be classified as an operating lease. The amendment requires a lease of land to be classified as an operating or finance lease in accordance with the general principles in IAS 17. The Group will need to reassess the classification of its unexpired leases of land at 1 January 2010 on the basis of information existing at the inception of those leases in accordance with the transitional provisions for the amendment. The amendment will apply retrospectively except where the necessary information is not available. In that situation, the leases will be assessed on the date when the amendment is adopted. The directors are currently assessing the possible impact of the amendment on the Group's results and financial position in the first year of application.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 BASIS OF PREPARATION

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied all the years presented unless otherwise stated. The adoption of new or amended IFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 3.

The financial statements have been prepared under the historical cost basis, except for investment properties at fair value and financial assets at fair value through profit or loss which are stated at fair values. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparing these financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year upon the change of financial year end date as detailed in note 2 above.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 GOODWILL

Set out below are the accounting policies on goodwill arising on acquisition of a subsidiary. Accounting for goodwill arising on acquisition of investment in an associate or jointly controlled entity is set out in note 4.5.

Goodwill represents the excess of the cost of a business combination or an investment over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The cost of the business combination is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group, plus any costs directly attributable to the business combination or investment.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment *(note 4.16)*.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in the consolidated statement of comprehensive income.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

4.4 SUBSIDIARIES

Subsidiaries are entities (including special purpose entities) over which the Group has power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

In consolidated financial statement, acquisition of subsidiaries (other than those under common control) is accounted for by applying the purchase method. This involves the estimation of fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 SUBSIDIARIES (Continued)

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

Minority interest represents the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Group and are not the Group's financial liabilities. An acquisition of minority interests is accounted for using the parent entity concept method whereby the difference between the consideration and the carrying value of the share of the net assets acquired is recognised as an equity transaction.

Minority interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Profit or loss attributable to the minority interests are presented separately in the consolidated statement of comprehensive income as an allocation of the Group's results. Where losses applicable to the minority exceeds the minority interests in the subsidiary's equity, the excess and further losses applicable to the minority are allocated against the minority interest to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. Otherwise, the losses are charged against the Group's interests. If the subsidiary subsequently reports profits, such profits are allocated to the minority interest only after the minority's share of losses previously absorbed by the Group has been recovered.

4.5 ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

Associates are those entities over which the Group is able to exert significant influence, generally accompanying a shareholding of between 20% and 50% of voting rights but which are neither subsidiaries nor investment in a joint venture.

A jointly controlled entity is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the venturers.

In the consolidated financial statements, an investment in an associate or a jointly controlled entity is initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or jointly controlled entity recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of the associate or jointly controlled entity's profit or loss in the period in which the investment is acquired.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.5 ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Under the equity method, the Group's interest in the associates or jointly controlled entity is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associate or jointly controlled entity's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The profit or loss for the period includes the Group's share of the post-acquisition, post-tax results of the associate or jointly controlled entity for the year, including any impairment loss on goodwill relating to investment in associate or jointly controlled entity recognised for the year.

Unrealised gains on transactions between the Group and its associates and jointly controlled entity are eliminated to the extent of the Group's interest in the associates or jointly controlled entity. Where unrealised losses on assets sales between the Group and its associates or jointly controlled entities are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where the associate or jointly controlled entity uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate or jointly controlled entity's accounting policies to those of the Group when the associate or jointly controlled entity's financial statements are used by the Group in applying the equity method.

When the Group's share of losses in an associate or a jointly controlled entity equals or exceeds its interest in the associate or jointly controlled entity, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or jointly controlled entity. For this purpose, the Group's interest in the associate or jointly controlled entity is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or jointly controlled entity.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates or jointly controlled entity. At each reporting date, the Group determines whether there is any objective evidence that the investment in associate or jointly controlled entity is impaired. If such indications are identified, the Group calculates the amount of impairment being the difference between the recoverable amount (higher of value in use and fair value less costs to sell) of the associate or jointly controlled entity and its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate or jointly controlled entity, including cash flows arising from the operations of the associate or jointly controlled entity and the proceeds on ultimate disposal of the investment.

In the Company's statement of financial position, investment in an associate or a jointly controlled entity is stated at cost less any impairment losses. The results of the associate and jointly controlled entity are accounted for by the Company on the basis of dividends received and receivable.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.6 REVENUE RECOGNITION

Revenue comprises the fair value for the sale of properties, rendering of services and the use by others of the Group's assets yielding interest, royalties and dividends, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Revenue arising from sale of properties held for sale is recognised upon the transfer of the significant risks and rewards of ownership of these properties held for sale to the purchasers. Revenue is recognised upon the signing of the sale and purchase agreement or the issue of an occupation permit by the relevant government authorities, whichever is the later. Deposits and instalments received from purchasers prior to the date of revenue recognition are included in current liabilities as receipts in advance.

Commission income and consultancy fee income are recognised at the time when the services are rendered.

Interest income is recognised on a time-proportion basis using the effective interest method.

Rental income receivable under operating leases is recognised in the consolidated statement of comprehensive income in equal instalments over the periods covered by the lease terms.

4.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to the consolidated statement of comprehensive income during the period in which they are incurred.

Depreciation is provided to write-off the cost of property, plant and equipment over their estimated useful lives, using the straight line method, at the following rates per annum:

Buildings	The shorter of the lease terms and 2.5%
Computers and other equipment	20.0%
Leasehold improvement	5.0%
Motor vehicles	20.0%

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted, if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 INVESTMENT PROPERTIES

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at fair value, unless it is still in the course of construction or development at the reporting date and its fair value cannot be reliably determined at that time. Fair value is determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment properties. The carrying amounts recognised in the consolidated statement of financial position reflect the prevailing market conditions at the reporting date.

Gain or loss arising from either a change in fair value or the sale of investment properties is included in the consolidated statement of comprehensive income for the period in which it arises.

For a transfer from properties held for sale to investment property that is carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the consolidated statement of comprehensive income.

Properties under construction or development for future use as an investment property are classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed.

When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at the completion date and its previous carrying amount is recognised in the income statement.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 PROPERTIES HELD UNDER DEVELOPMENT

Properties held under development which are held for future sale are included in current assets and comprise land held under operating lease *(note 4.11)* and aggregate cost of development, materials and supplies, wages, and other expenses ("development costs"). Development costs are stated at the lower of cost and net realisable value. Other expenses included (a) those costs that are incurred in bringing the properties held under development to their present location and condition; and (b) a systematic allocation of fixed overheads that are incurred on development of properties. Fixed overheads are indirect costs which remain relatively constant regardless of the size or volume of the development.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and applicable selling expenses.

On completion, the properties are transferred to properties held for sale.

4.10 PROPERTIES HELD FOR SALE

In case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. The cost of completed properties held for sale comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Properties held for sale are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

4.11 OPERATING LEASES

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Annual rentals applicable to such operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the lease terms. Lease incentives received are recognised in the consolidated statement of comprehensive income as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the consolidated statement of comprehensive income in the period in which they are incurred.

Leasehold interests in land are up-front payments to acquire the land use right. The payments are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated on the straight-line basis over the lease term.

For leasehold interest in land included in properties held under development and properties held for sale, the amortisation of prepaid land lease is capitalised as part of the building costs during the development period but charged to the consolidated statement of comprehensive income for completed properties. Other amortisation of prepaid land lease is expensed.

Properties leased out under operating leases are included in the statement of financial position as investment properties. The recognition of rental income is set out in note 4.6.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.12 FINANCIAL ASSETS

The Group's accounting policies for financial assets other than investments in subsidiaries, an associates and jointly controlled entities are set out below.

Financial assets other than hedging instruments are classified into the following categories:

– financial assets at fair value through profit or loss

– loans and receivables

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in the consolidated statement of comprehensive income.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.12 FINANCIAL ASSETS (Continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

At each reporting date, loans and receivables are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that come to the attention of the Group about one or more of the following loss events:

(a) significant financial difficulty of the debtor;

(b) a breach of contract, such as a default or delinquency in interest or principal payments;

(c) it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

(d) significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtors; and

(e) a significant or prolonged decline in the fair value of an investment in an equity instrument below its costs.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in the consolidated statement of comprehensive income of the period in which the impairment occurs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.12 FINANCIAL ASSETS (Continued)

(ii) Loans and receivables (Continued)

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the consolidated statement of comprehensive income of the period in which the reversal occurs.

Impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

4.13 FOREIGN CURRENCIES

The financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in the consolidated statement of comprehensive income.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13 FOREIGN CURRENCIES (Continued)

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the reporting date. Income and expenses have been converted into the RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been dealt with separately in the Exchange reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 have been treated as assets and liabilities of the foreign operation and translated into RMB at the closing rates.

Other exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the consolidated statement of comprehensive income as part of the gain or loss on sale.

4.14 ACCOUNTING FOR INCOME TAX

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the consolidated statement of comprehensive income.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, an associate and joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.14 ACCOUNTING FOR INCOME TAX (Continued)

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in the profit or loss or in other comprehensive income or directly in equity if they relate to items that are charged or credited directly to other comprehensive income or directly in equity.

4.15 CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows presentation, cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of statement of financial position classification, cash and bank balances comprise cash on hand and in banks and time deposits repayable on demand with any banks or other financial institutions. Cash includes deposits denominated in foreign currencies.

4.16 IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill arising on an acquisition of a subsidiary, property, plant and equipment, leasehold interests in land and interests in subsidiaries are subject to impairment testing.

Goodwill is tested for impairment at least annually, irrespective of whether there is any indication that it is impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount unless the relevant asset is carried at a revalued amount under the Group's accounting policy, in which case the impairment loss is treated as a revaluation decrease according to that policy. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.16 IMPAIRMENT OF NON-FINANCIAL ASSETS (Continued)

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.17 FINANCIAL LIABILITIES

The Group's financial liabilities include account and other payables, accruals, amounts due to related parties, bank and other loans and shareholder's loan.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the consolidated statement of comprehensive income. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the consolidated statement of comprehensive income.

Borrowings are recognised initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Other financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.18 RETIREMENT BENEFIT COSTS AND SHORT TERM EMPLOYEE BENEFITS

Retirement benefits to employees

The Group operates a defined contribution scheme ("MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance which is available to its employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are made based on a percentage of employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme.

Pursuant to the relevant regulations in the PRC, the Group has participated in a local municipal government retirement benefit scheme (the "Scheme"), whereby the Group is required to contribute a certain percentage of basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees in the PRC. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. The Group's contributions to the Scheme are expensed as incurred.

The assets of the MPF Scheme and Scheme are held separately from those of the Group in independently administered funds.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

4.19 SHARE CAPITAL

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from the share premium (net of any related income tax benefits) to the extent that they are incremental cost directly attributable to the equity transaction.

Where any group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.20 BORROWING COSTS

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other finance costs are expensed.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed.

4.21 SEGMENT REPORTING

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product lines.

The measurement policies the Group uses for reporting segment results under IFRS 8 are the same as those used in its financial statements prepared under IFRSs.

4.22 FINANCIAL GUARANTEES ISSUED

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount i.e. the amount initially recognised less accumulated amortisation, where appropriate.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.23 RELATED PARTIES

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly, or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of the key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group, or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

4.24 GOVERNMENT GRANT

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate and are presented separately from the costs. Government grants relating to the purchase of assets are included in liabilities as deferred government grants in the statement of financial position and are recognised in statement of comprehensive income on a straight line basis over the expected lives of the related assets.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Fair value of investment properties and properties held for sale upon transfer to investment properties

The investment properties and properties held for sale upon transfer to investment properties of the Group were stated at fair value in accordance with the accounting policy. The fair value of the investment properties is determined by a firm of independently qualified professional surveyors and the fair value of investment properties as at 31 March 2010 and properties held for sale upon transfer to investment properties are set out in notes 14 and 23 respectively. Such valuation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

(ii) Impairment of account receivables

The Group's management assesses the collectibility of account receivables. This estimate is based on the credit history of its customers and the current market condition. Management reassesses the impairment loss at the reporting date.

(iii) Net realisable value of properties held for sale and properties held under development

Management determines the net realisable value of properties held for sale by using prevailing market data such as most recent sale transactions and market survey reports available from independent property valuers, and internal estimates of costs based on quotes by suppliers.

Management's assessment of net realisable value of properties held under development requires the application of a risk-adjusted discount rate to estimate future discounted cash flows to be derived from these properties. These estimates require judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

5.2 CRITICAL JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

(i) Revenue recognition

The Group has recognised revenue from sale of properties held for sale during the period as disclosed in note 7 to these financial statements. The assessment of when an entity has transferred the significant risks and rewards of ownership to buyer requires examination of the circumstances of the transaction. In most cases, the transfer of risks and rewards of ownership coincides with the transfer of the legal title or the passing of possession to the buyer or a completion certificate is issued by the relevant government authorities. The Group believes that its recognition basis of sales as set out in note 4.6 is appropriate and is the current practice in the PRC.

(ii) Taxation

The Group is subject to taxation in various jurisdictions. Significant judgement is required in determining the amount of the provision of taxation and the timing of payment of the related taxation. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in periods in which such determination are made.

The Group is subject to LAT in the PRC. However, the implementation and settlement of this tax varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its LAT calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related LAT. The Group recognised LAT based on management's best estimates according to the understanding of the tax rules.

6. SEGMENT INFORMATION

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 years 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 the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated in the case of intangible assets and goodwill. In the opinion of the Directors, the majority of the Group's operation and centre of management are sourced from its subsidiaries in Huzhou and Nanchang, the PRC, which considered that the operation base of the Group is domiciled in the PRC, as one geographical location. Therefore no analysis of geographical information is presented.

The total revenue from external customers is mainly sourced from the PRC. The total revenue and the result of the revenue are disclosed in note 7.

7. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, other income and gains recognised during the period are as follows:

	Group	
	Year ended 31 March 2010 RMB'000	Fifteen months ended 31 March 2009 RMB'000
Revenue		
Sale of properties held for sale	**432,684**	39,859
Other income and gains		
Commission income	**791**	1,202
Consultancy fee income	**17,548**	6,395
Compensation income	**31,255**	–
Exchange gain	**2,274**	–
Government grant	**7,461**	–
Gain on disposal of property, plant and equipment	**63**	–
Net fair value gain for		
– properties held for sale upon transfer to investment properties	**7,008**	–
– investment properties	**(3,705)**	–
	3,303	–
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
	14,367	10,782
Rental income	**4,314**	2,791
Others	**700**	523
	97,764	22,837

Government grants have been received from the PRC government bodies is to encourage investment in province. There are no unfulfilled conditions or contingencies attaching to these grants.

8. FINANCE COSTS

	Group	
	Year ended 31 March 2010 RMB'000	Fifteen months ended 31 March 2009 RMB'000
Interest charges on financial liabilities stated at amortised cost:		
Bank loans wholly repayable within five years	**12,800**	16,260
Bank loans repayable after five years	**–**	247
Other loans wholly repayable within five years	**1,277**	3,263
	14,077	19,770
Less: amount capitalised in properties held under development and investment properties under construction	**(9,866)**	(12,821)
	4,211	6,949

9. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(Loss) before income tax is arrived at after charging/(crediting):

	Group	
	Year ended 31 March 2010 RMB'000	Fifteen months ended 31 March 2009 RMB'000
Amortisation of leasehold interest in land	**204**	181
Cost of properties held for sale recognised as expense	**233,352**	20,850
(Gain)/Loss on disposal of property, plant and equipment	**(63)**	44
Exchange gain, net	**(2,274)**	–
Operating lease charge in respect of land and buildings	**137**	134
Less: amount capitalised in properties held under development	**–**	–
	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

9. PROFIT/(LOSS) BEFORE INCOME TAX (Continued)

	Group	
	Year ended 31 March 2010 RMB'000	Fifteen months ended 31 March 2009 RMB'000
Written off on other receivables	**269**	–
Impairment losses of goodwill	**–**	6,030
Write-down of properties held for sale to net realisible value	**–**	19,811
Net fair value (gain)/loss for investment properties	**(3,303)**	16,172

The independent auditors did not receive any fee for non-audit services for the year ended 31 March 2010 and fifteen months ended 31 March 2009.

10. INCOME TAX (EXPENSES)/CREDIT

		Group	
	NOTES	**Year ended 31 March 2010 RMB'000**	Fifteen months ended 31 March 2009 RMB'000
Current tax – PRC			
– Corporate income tax	*(a)*	**31,476**	1,016
– LAT	*(b)*	**32,048**	1,206
Under/(Over) provision in prior year			
– Corporate income tax		**40**	(5,068)
		63,564	(2,846)
Current tax – Hong Kong	*(c)*	**–**	287
Deferred income tax *(note 21)*		**1,480**	(1,730)
Total income tax expense/(credit)		**65,044**	(4,289)

Notes:

(a) PRC Corporate income tax ("CIT") has been provided on the estimated assessable profits of subsidiaries operating in Mainland China at 25% (period ended 31 March 2009: 25%), unless preferential rates are applicable in the cities where the subsidiaries are located.

Foreign companies which do not have establishments in PRC but derive rental income from the PRC are subject to PRC corporate income tax on a withholding basis. According to Guoshuifa (2000) 37, the statutory withholding tax rate is 10% for rent paid to foreign enterprises (Period ended 31 March 2009: 10%).

10. INCOME TAX (EXPENSES)/CREDIT (Continued)

Notes: (Continued)

(b) Under the Provisional Rules on LAT Implementation Rules of the PRC implemented on 27 January 1995, all gains from the sales or transfer of land use rights, buildings and their attached facilities in the PRC are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including all finance costs and all property development expenditures. There are certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such an exemption.

(c) Hong Kong profits tax has been provided at the rate of 16.5% (period ended 31 March 2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable else where have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the year.

Reconciliation between income tax expense and accounting profit/(loss) at the applicable tax rate is as follows:

	Year ended 31 March 2010 RMB'000	Fifteen months ended 31 March 2009 RMB'000
Profit/(Loss) before income tax	**235,723**	(41,508)
Tax on profit before taxation, calculated at the rates applicable to profits/(loss) in the jurisdiction concerned	**56,925**	(10,377)
Tax effect of non-taxable revenue	**(21,749)**	(6,591)
Tax effect of non-deductible expenses	**4,473**	12,475
LAT charge	**32,048**	1,206
Others	**(6,653)**	(1,002)
Total taxation	**65,044**	(4,289)

11. DIVIDENDS

At a meeting held on 26 May 2010, the directors proposed a final dividend of S$0.005 (Period ended 31 March 2009: Nil) per ordinary share, amounting to S$2,587,000 (equivalent to RMB12,645,000) (Period ended 31 March 2009: Nil) for the year ended 31 March 2010, and will be submitted for formal approved by the shareholders at the forthcoming annual general meeting held on 29 July 2010. This final dividend has been reflected as an appropriation of retained earnings for the year ended 31 March 2010.

12. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit attributable to the owners of the Company of approximately RMB171,463,000 (Period ended 31 March 2009: loss of RMB36,985,000) divided by the weighted average of 506,211,000 (Period ended 31 March 2009: 490,000,000) ordinary shares during the year.

Diluted earnings per share for the year has not been presented as there is no dilutive potential share (Period ended 31 March 2009: Nil).

13. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Computers and other equipment RMB'000	Motor vehicles RMB'000	Buildings RMB'000	Leasehold improvement RMB'000	Total RMB'000
At 1 January 2008					
Cost	953	2,460	5,502	1,001	9,916
Accumulated depreciation	(411)	(1,077)	(116)	–	(1,604)
Net carrying amount	542	1,383	5,386	1,001	8,312
Period ended 31 March 2009					
Opening net carrying amount	542	1,383	5,386	1,001	8,312
Additions	194	1,930	–	92	2,216
Disposals	(477)	(129)	(20)	–	(626)
Depreciation	(181)	(676)	(520)	(55)	(1,432)
Exchange difference	–	(53)	(213)	–	(266)
Closing net carrying amount	78	2,455	4,633	1,038	8,204
At 31 March 2009					
Cost	670	4,222	5,482	1,093	11,467
Accumulated depreciation	(592)	(1,767)	(849)	(55)	(3,263)
Net carrying amount	78	2,455	4,633	1,038	8,204

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

GROUP (Continued)

	Computers and other equipment RMB'000	Motor vehicles RMB'000	Buildings RMB'000	Leasehold improvement RMB'000	Total RMB'000
Year ended 31 March 2010					
Opening net carrying amount	78	2,455	4,633	1,038	8,204
Additions	936	664	–	–	1,600
Disposals	(8)	(59)	–	–	(67)
Depreciation	(303)	(543)	(273)	(129)	(1,248)
Disposal of subsidiary	(3)	–	–	–	(3)
Exchange difference	–	(3)	(249)	(33)	(285)
Closing net carrying amount	**700**	**2,514**	**4,111**	**876**	**8,201**
At 31 March 2010					
Cost	1,432	4,146	4,688	973	11,239
Accumulated depreciation	(732)	(1,632)	(577)	(97)	(3,038)
Net carrying amount	**700**	**2,514**	**4,111**	**876**	**8,201**

Buildings held by the Group are located in the PRC and Hong Kong. As at 31 March 2010, the Group's buildings of approximately RMB2,798,000 (2009: RMB2,012,000) was pledged for a bank loan *(note 30(c))* of the Group.

Depreciation charges have been included in:

	Year ended 31 March 2010 RMB'000	Fifteen months ended 31 March 2009 RMB'000
Consolidated statement of financial position		
– capitalised in properties held under development	**171**	278
Consolidated statement of comprehensive income		
– cost of sales	**39**	219
– selling expenses	**40**	28
– administrative expenses	**998**	907
	1,077	1,154
	1,248	1,432

14. INVESTMENT PROPERTIES

	Group	
	2010	2009
	RMB'000	RMB'000
Carrying amount at beginning of the year/period	**67,209**	81,013
Additions	**2,642**	2,368
Disposals	**(22,100)**	–
Transfer from properties held for sale *(note 23)*	**8,173**	–
Net fair value change debited to the consolidated statement of comprehensive income	**3,303**	(16,172)
Carrying amount at end of the year/period	**59,227**	67,209

The investment properties included leasehold interest in land located in the PRC with lease terms expiring from 2032 to 2073 (31 March 2009: from 2032 to 2070).

The fair value of the investment properties at 31 March 2010 was revalued by Jones Lang LaSalle Sallmanns Limited ("JLLSS"), a firm of independent qualified professional surveyors who have the recent experience in the location and category of property being valued, which was based on the investment method by capitalising the net rental income derived from the existing tenancy with due allowance for the reversionary value of the properties as at 31 March 2010.

15. INVESTMENT PROPERTIES UNDER CONSTRUCTION

	Group	
	2010	2009
	RMB'000	RMB'000
Carrying amount at beginning of the year/period	**–**	–
Additions	**49,436**	–
Carrying amount at end of the year/period	**49,436**	–

The investment properties included leasehold interest in land located in the PRC with lease terms expiring from 2032 to 2070.

The Group has concluded that the fair value of its investment properties under construction cannot be measured reliably, therefore, the Group's investment properties under construction continue to be measured at cost until construction is completed.

Leasehold interest in land of approximately RMB47,490,000 (2009: Nil) was pledged against a bank loan of the Group *(note 30(b))*.

16. LEASEHOLD INTEREST IN LAND

The Group's interest in leasehold land represents prepaid operating lease payment and its net carrying amount is analysed as follows:

	Group	
	2010	2009
	RMB'000	RMB'000
Net carrying amount at beginning of the year/period	**7,067**	8,206
Additions	**–**	–
Amortisation for the year/period	**(204)**	(181)
Exchange difference	**–**	(958)
Net carrying amount at end of the year/period	**6,863**	7,067

Leasehold interest in land is located in Hong Kong and has lease terms expiring in 2046. It is pledged for a bank loan *(note 30(c))* of the Group.

17. GOODWILL

The amount of goodwill capitalised as an asset and recognised in the consolidated statement of financial position, arising from the acquisition of a subsidiary, is as follows:

	Group	
	2010	2009
	RMB'000	RMB'000
At beginning of the year/period		
Gross carrying amount	**6,030**	6,030
Accumulated impairment	**(6,030)**	–
Net carrying amount	**–**	6,030
For the year/period		
Opening net carrying amount	**–**	6,030
Impairment losses	**–**	(6,030)
Closing net carrying amount	**–**	–
At end of the year/period		
Gross carrying amount	**6,030**	6,030
Accumulated impairment	**(6,030)**	(6,030)
Net carrying amount	**–**	–

17. GOODWILL (Continued)

The goodwill at 31 March 2010 mainly comprises goodwill arising from the acquisition of Huzhou Hongjin Market Construction & Development Co., Ltd. ("Huzhou Hongjin Market Company") in 2006.

For the period ended 31 March 2009, the goodwill impairment loss of RMB6,030,000 was recognised and included under "other operating expenses" in the statement of comprehensive income.

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2010	2009
	RMB'000	RMB'000
Unlisted shares, at cost	**278,608**	278,608

Particulars of the subsidiaries as at 31 March 2010 are as follows:

Name	Place of incorporation/ establishment	Principal activities and place of operation	Issued and paid-up share/ registered capital	Percentage of equity interest held by the Company
Directly held:				
Modernland Developments Limited ("Modernland Developments")	British Virgin Islands ("BVI")	Investment holding, Hong Kong	US$1,000,000	100%
Enrich H.K. Investments Limited	Hong Kong	Investment holding, Hong Kong	HK$1	100%
Far East Construction Limited	Hong Kong	Investment holding, Hong Kong	HK$1	100%
Loerie Investments Limited	BVI	Investment holding, Hong Kong	US$1	100%
Ho Hong (HK) Management Limited	Hong Kong	Investment holding, Hong Kong	HK$1	100%
Sino Harbour Limited	Hong Kong	Investment holding, Hong Kong	HK$1	100%

18. INVESTMENTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation/ establishment	Principal activities and place of operation	Issued and paid-up share/ registered capital	Percentage of equity interest held by the Company
Indirectly held:				
Fuzhou Pan Hong Kai Xuan Property Development Co., Ltd. ("Fuzhou Pan Hong") *(note a)*	PRC	Property development, PRC	RMB200,000,000	100%
Hangzhou Liyang Housing and Landing Development Co., Ltd. ("Hangzhou Liyang")	PRC	Property development and investment holding, PRC	US$9,500,000	100%
Huzhou Real Estate Development Co., Ltd.	PRC	Property development, PRC	RMB22,500,000	70%
Huzhou Asia City Real Estate Development Co., Ltd.	PRC	Property development and investment holding, PRC	RMB27,000,000	100%
Huzhou Jiangnan Hailian Construction Co., Ltd. ("Huzhou Hailian") *(note b)*	PRC	Property development, PRC	US$8,000,000	80% (2009: 65%)
Huzhou Liyang Housing and Landing Development Co., Ltd. ("Huzhou Liyang")	PRC	Property development, PRC	RMB95,837,525	100%
Huzhou Luzhou Housing and Landing Development Co., Ltd. ("Huzhou Luzhou")	PRC	Property development, PRC	RMB82,176,000	100%
Huzhou Hongjin Market Construction & Development Co., Ltd. ("Huzhou Hongjin")	PRC	Property development and investment, PRC	US$6,000,000	100%
Jiangxi Asia City Real Estate Development Co., Ltd. ("Jiangxi Asia City")	PRC	Property development, PRC	US$25,000,000	100%
Pinghu Jiahai Warehousing Limited ("Jiahai Company") *(note 33(a)(i))*	PRC	Property development, PRC	US$29,900,000	100%

18. INVESTMENTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation/ establishment	Principal activities and place of operation	Issued and paid-up share/ registered capital	Percentage of equity interest held by the Company
Indirectly held: (Continued)				
Modern China Holding Limited *(note 33(a)(i))*	Hong Kong	Investment holding, PRC	HK$1,000	100%
Guangzhou Port Investment Limited *(note 33(a)(i))*	PRC	Investment holding, PRC	RMB10,000,000	100%
Nanchang Liyang Decoration Limited	PRC	Interior and exterior decoration and furnishing, PRC	RMB500,000	100%
Nanchang Dingxun Co. Limited *(note 33(a)(ii))*	PRC	Property development, PRC	RMB10,000,000	55%
Huzhou Pan Hong Runyuan Housing and Land Development Company Limited	PRC	Property development, PRC	US$20,000,000	100%
Leping City Feng Hueng Jincheng Industry Co., Ltd. ("Leping City")	PRC	Property development, PRC	RMB24,500,000	51%
Pan Hong Investment Limited ("Pan Hong Investment")	Hong Kong	Investment holding, Hong Kong	HK$192,569,567	100%
Wiseidea Investments Limited	BVI	Investment holding, Hong Kong	US$1	100%

Note:

(a) On 20 October 2009, the registered capital of Fuzhou Pan Hong was decreased from RMB450,000,000 to RMB200,000,000. As at 31 March 2010, RMB148,481,500 of the total registered capital of Fuzhou Pan Hong has been paid-up and the group therefore had an outstanding investment commitment of RMB51,518,500 in the subsidiary.

(b) On 20 March 2009, the Group has entered into a sales and purchase agreement with a minority shareholder, Zhejiang Jiangnan Gongmao Group Co., Ltd. ("Zhejiang Jiangnan Gongmao") for acquisition of an additional 15% equity interest in Huzhou Hailian by a cash consideration of RMB9,600,000. The transaction was completed on 24 April 2009.

The financial statements of the above subsidiaries are audited by Grant Thornton, Hong Kong, for statutory purpose and/or for the purpose of the Group consolidation of Pan Hong Property Group Limited.

19. INTEREST IN A JOINTLY CONTROLLED ENTITY

	Group 2010 RMB'000	2009 RMB'000
Unlisted investment, at cost	**50,000**	50,000
Share of post-acquisition losses	**(1,785)**	(1,174)
	48,215	48,826
Amount due from Jointly controlled entity *(note a)*	**85,933**	42,254
	134,148	91,080

Note:

(a) Balance due from the jointly controlled entity amount comprised (i) Nil (2009: RMB10,000,000) advanced which was unsecured, interest-free and not repayable within twelve months from the reporting date; and (ii) RMB80,000,000 (2009: RMB30,000,000) advanced which was unsecured, interest bearing at 5.4% (2009: 8.217%) and repayable on demand. During the year, the Group had received interest income from the jointly controlled entity of amount RMB3,679,000 (Period ended 31 March 2009: RMB2,254,000).

As at 31 March 2010, the Group had interest in the following jointly controlled entity:

Name	Place of establishment	Principal activities and place of operation	Paid-up registered capital	Percentage of equity interest held by the Group
Jiangxi Ganghong Investment Co., Ltd.	PRC	Property development, PRC	RMB100,000,000	50%

19. INTEREST IN A JOINTLY CONTROLLED ENTITY (Continued)

The aggregate amounts relating to the jointly controlled entity that have been included in the Group's consolidated financial statements are set out below:

	Group	
	Year ended 31 March 2010 RMB'000	Fifteen months ended 31 March 2009 RMB'000
Share of jointly-controlled entity's results		
Income	**12**	35
Expenses	**(1,234)**	(1,786)
Loss for the year/period	**(1,222)**	(1,751)

	Group	
	2010 RMB'000	2009 RMB'000
Share of jointly-controlled entity's assets and liabilities		
Non-current assets	**318**	399
Current assets	**274,378**	176,673
Current liabilities	**(178,264)**	(79,419)
	96,432	97,653

20. INTEREST IN AN ASSOCIATE

	Group	
	2010	2009
	RMB'000	RMB'000
Share of net assets	**2,931**	–

As at 31 March 2010, the Group had interest in the following associate.

Name	Place of establishment	Principal activities and place of operation	Paid-up registered capital	Percentage of equity interest held by the Group
Pinghu City Pan Hong Port Limited	PRC	Property development, PRC	RMB10,000,000	30%

The aggregate amounts of financial information as extracted from the relating financial statements of the associate is set out below:

	2010	2009
	RMB'000	RMB'000
Non-current assets	**300**	–
Assets	**9,474**	–
Liabilities	**(5)**	–
Revenue	**8**	–
Loss for the year/period	**(231)**	–

The Group has not incurred any contingent liabilities or other commitments relating to its investment in an associate.

The amount due to an associate is unsecured, interest-free and repayable on demand.

21. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred taxation is calculated in full on temporary differences under the balance sheet liability method using principal taxation rates of 10% to 25% for the year (2009: 10% to 25%). The movement on the deferred tax assets/(liabilities) is as follows:

	Group		
	Deferred tax assets in respect of provision for LAT RMB'000	Deferred tax liabilities in respect of fair value change of investment properties and properties held for sale upon transfer to investment properties RMB'000	Total RMB'000
At 1 January 2008	11,000	(8,495)	2,505
Deferred tax (debited)/credited to the consolidated statement of comprehensive income	(700)	2,430	1,730
At 31 March 2009 and 1 April 2009	10,300	(6,065)	4,235
Deferred tax debited to the consolidated statement of comprehensive income	–	(1,480)	(1,480)
At 31 March 2010	**10,300**	**(7,545)**	**2,755**

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has no material unrecognised tax losses to carry forward against future taxable income at 31 March 2010 (2009: Nil).

22. PROPERTIES HELD UNDER DEVELOPMENT

	Group	
	2010 RMB'000	2009 RMB'000
Leasehold interests in land	**833,334**	368,397
Development costs	**275,425**	349,254
Finance costs capitalised	**9,815**	12,821
	1,118,574	730,472

22. PROPERTIES HELD UNDER DEVELOPMENT (Continued)

Leasehold interests in land are located in the PRC and have lease terms expiring from 2027 to 2076 (2009: 2027 to 2076). The Group's leasehold interests in land are analysed as follows:

	Group	
	2010	2009
	RMB'000	RMB'000
Leasehold interests in land held on:		
– Leases of 30 years or less	**121,589**	121,589
– Leases of over 30 years	**711,745**	246,808
	833,334	368,397

Leasehold interests in land of approximately RMB72,514,000 (2009: RMB130,836,000) were pledged against certain bank loans of the Group *(note 30(b))*.

The weighted average capitalisation rate of borrowings is 4.96% to 5.40% for the year (2009: 5.57% to 7.15%).

23. PROPERTIES HELD FOR SALE

	Group	
	2010	2009
	RMB'000	RMB'000
Gross carrying amount	**566,764**	134,496
Less: Write-down to net realisable value	**–**	(19,811)
Net carrying amount	**566,764**	114,685

Properties held for sale included leasehold interests in land located in the PRC with lease terms expiring from 2041 to 2076 (2009: 2041 to 2076). As at 31 March 2010, the carrying values of the operating lease up-front payments on the leasehold interests in land amounted to approximately RMB30,196,000 (2009: RMB7,265,000).

During the year ended 31 March 2010, properties held for sale with carrying value of approximately RMB8,173,000 were transferred to investment properties as these properties were under operating lease arrangements with third parties commenced during the year to earn rental. The fair value of these properties amounted to approximately RMB15,181,000 at the date of transfer was determined by JLLSS, based on the investment method by capitalising the net rental income derived from the existing tenancy with due allowance for the reversionary value of the property on December 2009. The fair value change of approximately RMB7,008,000 was credited to the statement of comprehensive income for the year ended 31 March 2010.

24. ACCOUNT RECEIVABLES

The aging analysis of account receivables that are neither individually nor collectively considered to be impaired is as follows:

	Group	
	2010	2009
	RMB'000	RMB'000
Not past due	**8,207**	1,093
Past due and more than one year	**4,618**	12,270
	12,825	13,363

Receivables that were neither past due nor impaired relate to a wide range of buyers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent buyers. Based on past experience, the board of directors of the Company considered that no impairment allowance is required as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

25. DEPOSITS PAID, PREPAYMENTS AND OTHER RECEIVABLES

		Group		Company	
		2010	2009	**2010**	2009
	NOTES	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Non-current					
Other receivables	*(a)*	**7,000**	–	**–**	–
Current					
Deposits paid	*(b)*	**157,231**	120,009	**–**	–
Prepayments		**3,017**	10,418	**–**	–
Consideration receivable from disposal of subsidiary	*(c)*	**34,665**	–		
Other receivables		**40,218**	79,012	**–**	169
		242,131	209,439	**–**	169

Notes:

(a) The amount advanced to 平湖市独山港港务投资有限公司, the major equity holder of the Group's associate, was unsecured, interest-free and repayable on 10 November 2012.

(b) Deposit paid included an amount of RMB157 million for acquisition of a piece of land located in Fuzhou City, Jiangxi Province, the PRC, for property development. The total consideration of the acquisition amounted to RMB224 million and the remaining consideration was disclosed in note 35 "commitments".

(c) The amount outstanding arising from the disposal of subsidiary was unsecured, interest-free and settled on April 2010 *(note 33(b))*.

26. AMOUNTS DUE FROM/(TO) RELATED PARTIES

		Group		Company	
		2010	2009	**2010**	2009
	NOTES	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Amount due from:					
– subsidiaries		**–**	–	**323,581**	246,182
– a minority equity holder	*(a)*	**–**	14,000	**–**	–
– related companies	*(b)*	**805**	978	**–**	–
		805	14,978	**323,581**	246,182
Amount due to:					
– subsidiaries		**–**	–	**(7,148)**	(7,151)
– directors	*(c)*	**(2,641)**	(684)	**(821)**	(455)
– a minority equity holder	*(d)*	**(1,320)**	–	**–**	–
– related company	*(e)*	**(41)**	–	**–**	–
		(4,002)	(684)	**(7,969)**	(7,606)

Notes:

(a) For the period ended 31 March 2009, the balance of RMB14,000,000 receivable from Zhejiang Jiangnan Gongmno was settled on 24 April 2009.

(b) Balance represented amount due from Extra Good Enterprises Ltd for RMB5,000, and 湖州龙海生物药业有限公司 for RMB800,000 which Mr. Wong Lam Ping and Ms. Chan Heung Ling, directors of the Company, have beneficial interests.

(c) Balance represented amount due to Mr. Wong Lam Ping, Ms. Chan Heung Ling and Ms. Wang Cuiping which are the directors of the Company.

(d) Balance consisted amounts of RMB1,026,000 payable to Zhejiang Jiangnan Gongmno which held 20% equity interest in the Group's subsidiary, Huzhou Hailian.

Balance of RMB294,000 payable to 江西东景房地产开发有限公司 which held 49% equity interest in the Group's subsidiary, Leping City.

(e) Balance represented amount due to Pan Hong Company Limited which Mr. Wong Lam Ping and Ms. Chan Heung Ling, directors of the Company, have beneficial interests.

(f) Amounts due from/(to) related parties were unsecured, interest-free and repayable on demand.

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2010	2009
	RMB'000	RMB'000
Listed equity securities held for trading are as follows:		
– Hong Kong	**70**	32
– the PRC	**18,489**	8,436
Fair value of listed securities	**18,559**	8,468

The fair value of the Group's investment in listed securities has been determined by reference to their quoted bid prices on the balance sheet date.

28. PLEDGED BANK DEPOSITS AND CASH AND BANK BALANCES

	Group		Company	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at banks and in hand	**64,768**	49,629	**92**	92
Time deposits *(note a)*	**6,408**	70,785	**–**	–
Cash and bank balances	**71,176**	120,414	**92**	92
Deposit pledged against banking facilities granted to the mortgagees *(note b)*	**25,571**	8,867	**–**	–
Deposit restricted for construction work	**419**	578	**–**	–
Deposit pledged for bank loan *(note c)*	**207,500**	95,600	**–**	–
Pledged bank deposits	**233,490**	105,045	**–**	–
	304,666	225,459	**–**	–
Less: Deposits with original maturity over three months	**(136,990)**	(9,445)	**–**	–
Cash and cash equivalents for the purpose of the cash flow statement	**167,676**	216,014	**92**	92

28. PLEDGED BANK DEPOSITS AND CASH AND BANK BALANCES (Continued)

Notes:

(a) As at 31 March 2010, the effective interest rates of time deposits ranged from 0.36% to 2.25% (2009: 0.36% to 1.17%) per annum. Short term bank deposit with amount RMB6,200,000 (2009: RMB63,400,000) maturities of seven days (2009: seven days) and was eligible for immediate cancellation without receiving any interest for the last deposit period.

(b) The bank deposits were pledged to certain banks as security in the PRC. These banks provided mortgage loan to purchasers for acquisition of properties from the Group. The pledge will last for the period from the date of draw-down of mortgage loans to the date when the certificates for housing ownership are granted to the property purchasers. Such charges would be released upon the certificates are granted to the property purchasers.

(c) The bank deposits were pledged to the Bank of Communication in the PRC against the bank loan of HK$219,110,000 as detailed in note 30(a).

Balances were denominated in RMB and Hong Kong Dollars. RMB is not freely convertible into foreign currencies. Under the PRC foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange regulations, the Group is permitted to exchange RMB for foreign currencies through banks in the PRC that are authorised to conduct foreign exchange businesses. At 31 March 2010, approximately RMB304,189,000 (2009: RMB224,115,000) was deposited with banks in the PRC.

29. ACCRUALS, RECEIPTS IN ADVANCE AND OTHER PAYABLES

	Group		Company	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Receipts in advance	**492,247**	222,370	**–**	–
Accruals and other payables	**386,965**	82,952	**24**	16
	879,212	305,322	**24**	16

Notes:

(a) As at 31 March 2010, accrued construction cost and other project-related expense were included in accruals and other payables amounted to approximately RMB200,686,000 (2009: RMB44,726,000). The amount was accrued based on the terms of the relevant agreements and project progress and was not due for payment as at 31 March 2010 and 2009.

(b) As at 31 March 2010, the unsettled consideration payable of RMB158,442,000 in respect of the acquisition of subsidiary *(note 33(a)(ii))* was included in accruals and other payables. The amount will be settled on September 2010.

30. BANK AND OTHER LOANS

		Group	
		2010	2009
		RMB'000	RMB'000
Bank loans – secured		**362,167**	301,155
Other loans – secured		**–**	44,165
Other loans – unsecured		**–**	4,400
Total bank and other loans		**362,167**	349,720
Bank loans wholly repayable			
– within one year	*(a)*	**207,415**	196,034
– in the second to fifth year	*(b)*	**151,954**	101,961
– after the fifth year	*(c)*	**2,798**	3,160
Total bank loans		**362,167**	301,155
Other loans wholly repayable within one year	*(d)*	**–**	48,565
Total bank and other loans		**362,167**	349,720
Less: Portion due within one year included in current liabilities		**(207,415)**	(244,599)
Non-current portion included under non-current liabilities		**154,752**	105,121

Notes:

(a) The bank loan amounted to HK$219,110,000 (approximately RMB193,000,000) was secured by Jiangxi Asia City and Hangzhou Liyang's bank deposits in RMB amount equivalent to 105% of this bank loan and which deposited in the same banking institute *(note 28(c))* and bore interests at HIBOR plus 1.2% per annum.

(b) The bank loan was denominated in RMB and has maturity of three years (2009: three years) commencing 2008. The bank loan was secured by the Group's leasehold interests in land *(note 22)* and bore interests at the floating rate. The effective interest rate was 2.5% – 7.71% (2009: 6.48% – 7.71%) per annum at 31 March 2010.

(c) The bank loan was denominated in Hong Kong dollars and has maturity of 15 years commencing 2007. The bank loan was secured by (i) the Group's building *(note 13)* and leasehold interest in land *(note 16)* and (ii) joint and several guarantee by Mr. Wong Lam Ping and Ms. Chan Heung Ling, directors of the Company, and bore interests at the floating rate. The effective interest rate was 2.75% (2009: 2.75%) per annum at 31 March 2010.

(d) Other loans of RMB48,565,000 were advanced from third parties was settled during the year.

31. SHARE CAPITAL AND WARRANTS

Movement of share capital of the Company is summarised below:

	NOTES	Number of shares	RMB$'000
Authorised:			
Ordinary shares of HK$0.6 each			
At 31 March 2009 and 2010		850,000,000	517,374
Issued and fully paid:			
Ordinary shares of HK$0.6 each			
At 1 January 2008, 31 March 2009 and 1 April 2009		490,000,000	298,164
Issue of shares on placement	*(a)*	23,800,000	12,607
Issue of shares on acquisition of subsidiary	*(b)*	5,055,024	2,675
At 31 March 2010		**518,855,024**	**313,446**

Note:

(a) On 24 August 2009, 23,800,000 placement shares were allotment and issued as fully paid at S$0.50 for each placement share to the BOCOM International group.

(b) On 21 October 2009, the issue and allotment of the 5,055,024 new ordinary shares of par value of HK$0.60 each on the acquisition of the entire interest in Jiahai Company, details please refer to note 33(a)(i).

(c) Pursuant to the resolutions approved by the shareholders at the special general meeting held on 22 July 2009, for the proposal of (i) amendments to the Bye-laws of the Company; and (ii) adoption of Share Purchase Mandate, the details of which were set out in the Company's circular dated 29 June 2009, to rationalise the Company the flexibility to undertake share purchase at any time, subject to market conditions, during the validity period of the Share Purchase Mandate. The directors believe that the Share Purchase Mandate provides the Company with a mechanism to facilities the return of any surplus cash in excess of the Group's working capital requirements in an expedient and cost-efficient manner.

	2010 RMB'000	2009 RMB'000
At beginning of the year/period	**–**	–
Purchases of treasury shares	**7,944**	–
Disposal of treasury shares	**(4,369)**	–
At end of the year/period	**3,575**	–

During the year, the Company repurchased totally 3,180,000 of its ordinary shares by way of on-market purchases at share prices ranging from S$0.385 to S$0.560 (equivalent to the ranging from RMB1.826 to RMB2.762) held as treasury shares and disposed 1,700,000 of treasury shares at S$935,000 (equivalent to RMB4,572,000) to finance the development of the projects in the PRC.

Subsequent to the reporting date, the Company had repurchased 1,292,000 of its ordinary shares by way of on-market purchases at share prices ranging from S$0.495 to S$0.505 (equivalent to the ranging from RMB2.39 to RMB2.443) held as treasury shares.

31. SHARE CAPITAL AND WARRANTS (Continued)

Note: (Continued)

(d) On 28 October 2009, the Company issued 155,506,206 free warrants on the basis of 3 warrants for every 10 existing ordinary shares in the capital of the Company held by the shareholders (the "Warrants"). The Warrants will expire on the date immediately preceding the third anniversary of the date of issue. Each warrant entitles the holder thereof to subscribe for one new share at exercise price of S$0.66 for each new share, payable in cash and subject to adjustment.

As at 31 March 2010, the Company had outstanding 155,506,206 warrants to be exercised at any time on or before 27 October 2012. Exercise in full of such warrants would result in the issue of 155,506,206 additional ordinary shares of S$0.66 each.

32. RESERVES

(a) THE GROUP

	NOTES	**2010 RMB'000**	2009 RMB'000
Share premium	*(i)*	**203,250**	153,080
Treasury shares	*(ii)*	**(3,575)**	–
Merger reserve	*(iii)*	**(2,243)**	(2,243)
Statutory reserve	*(iv)*	**25,617**	4,278
Capital reserve	*(v)*	**3,838**	3,838
Exchange reserves		**(13,714)**	(7,249)
Retained earnings		**372,038**	234,683
Proposed final dividend		**12,645**	–
		597,856	386,387

The amounts of the Group's reserves and the movements therein for the year ended 31 March 2010 are presented in the consolidated statement of changes in equity of the financial statements.

(i) The share premium account of the Group represented the premium arising from the issue of shares of the Company at a premium.

(ii) The share repurchase reserve is used to record the shares being repurchased by the Company but not yet cancelled at the end of reporting period. The amounts will be reversed upon the repurchased shares being cancelled *(note 31(c))*.

(iii) The merger reserve of the Group arose as a result of the reorganisation exercise completed on 9 September 2006 and represented the difference between the nominal value of the Company's shares issued under the reorganisation exercise and the nominal value of the aggregate share capital and share premium of the subsidiaries then acquired.

(iv) According to the relevant PRC laws, the subsidiaries are required to transfer at least 10% of its net profit after tax, as determined under the PRC accounting regulation, to a statutory reserve until the reserve balance reaches 50% of the subsidiaries' registered capital. The transfer of this reserve must be made before the distribution of dividend to the subsidiaries' equity owners. The statutory reserve is non-distributable other than upon the liquidation of the subsidiaries.

(v) The capital reserve arose from the capitalisation of statutory reserve of the PRC subsidiaries.

32. RESERVES (Continued)

(b) THE COMPANY

	2010 RMB'000	2009 RMB'000
Share premium	**203,250**	153,080
Treasury shares *(note 31(c))*	**(3,575)**	–
Merger reserve	**59,579**	59,579
Retained earnings	**8,943**	6,606
Proposed final dividend	**12,645**	–
	280,842	219,265

The contributed surplus of the Company arose as a result of the reorganisation exercise completed on 9 September 2006 and represents the excess of the nominal value of the Company's shares issued in exchange therefore over the then consolidated net assets value of the subsidiaries then acquired.

33. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) ACQUISITION OF SUBSIDIARIES

(i) On 30 June 2009, the Group through its wholly-owned subsidiaries, Pan Hong Investment and Huzhou Hongjin has entered into agreements to acquire the entire interests in Jiahai Company for a consideration of RMB10 million, to be satisfied by the allotment and issue of 5,055,024 new ordinary shares to the beneficial owners of Jiahai Company. Jiahai Company is jointly owned by Modern China Holdings Limited and Guangzhou Port Investment Limited which hold interests of 70% and 30% respectively. Mr. Wong Lam Ping has 40% of equity interest in the Jiahai Company, 2,022,010 new ordinary shares have been issued to Mr. Wong Lam Ping as part of the consideration. The acquisition has been accounted for as acquisition of assets.

The net assets acquired in this transaction are as follows:

	RMB'000
Deposit for acquisition of land use rights	10,000
Other receivables	462
Other payables	(1,000)
Bank balances	21
Net assets acquired	9,483

33. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (Continued)

(a) ACQUISITION OF SUBSIDIARIES (Continued)

(i) (Continued)

Consideration satisfied by:

	RMB'000
Issue 5,055,024 ordinary shares	9,483

An analysis of net cash inflow in respect of acquisition of subsidiaries are as follows:

	RMB'000
Bank balances acquired	21

(ii) On 12 January 2010, the Group's wholly owned subsidiary, Jiangxi Asia City has entered into an agreement to acquire a 55% of equity interest in Nanchang Dingxun Co., Ltd from Shanghai Dingxun Co., Ltd and Mr. Su Wenfeng at a consideration of RMB221,822,000 by cash. The acquisition has been accounted for as acquisition of assets.

The net assets acquired in this transaction are as follows:

	RMB'000
Leasehold interest in lands	403,312
Less: Minority interests	(181,490)
Net assets acquired	221,822

Consideration satisfied by:

	RMB'000
Cash	221,822

33. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (Continued)

(a) ACQUISITION OF SUBSIDIARIES (Continued)

(ii) (Continued)

An analysis of net cash outflow in respect of acquisition of subsidiary is as follows:

	RMB'000
Cash consideration	(221,822)
Consideration payable *(Note 29(b))*	158,442
	(63,380)

(b) DISPOSAL OF SUBSIDIARY

The Group disposed its business through sales of its subsidiary, Jiangmen Pan Hong Kaixuan Real Estate Development Co., Ltd, on 10 February 2010.

The net assets disposed subsidiary at the date of disposal were as follows:

	RMB'000
Net assets disposed of:	
Property, plant and equipment	3
Properties held under development	39,454
Deposits and other receivables	9
Cash and bank balances	472
Other payables	(31)
Less: minority interest	(9,977)
Attributable to the Group	29,930
Gain on disposal of subsidiary	9,070
Total consideration, satisfied by cash	39,000

An analysis of net cash inflow in respect of disposal of subsidiary is as follows:

	RMB'000
Cash consideration	39,000
Consideration receivable *(Note 25(c))*	(34,665)
Cash and bank balances	(472)
	3,863

34. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

(i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for stakeholders;

(ii) To support the Group's stability and growth; and

(iii) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

Management regards total equity as capital. The amount of capital as at 31 March 2010 amounted to approximately RMB1,133,085,000 (2009: RMB745,091,000), which the management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

35. COMMITMENTS

	Group	
	2010	2009
	RMB'000	RMB'000
Contracted but not provided for in respect of		
– properties held under development of the Group	**450,034**	387,746
– properties held under development of the jointly controlled entity shared by the Group	**1,500**	103,842

Save as disclosed elsewhere in the financial statements, the Company did not have any commitments as at 31 March 2010 and 2009.

36. OPERATING LEASE ARRANGEMENTS

(a) The Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of properties as follows:

	Group	
	2010	2009
	RMB'000	RMB'000
Not later than one year	**597**	1,959
Later than one year and not later than five years	**1,232**	2,087
Later than five years	**–**	–
	1,829	4,046

The Group leases out its properties held for sale with operating lease arrangements and investment properties which run for initial periods of two to eight years, without an option to renew the lease terms at the expiry date. None of the leases includes contingent rentals.

The Company does not have any operating lease receipts under non-cancellable operating leases.

(b) The Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of properties as follows:

	Group	
	2010	2009
	RMB'000	RMB'000
Not later than one year	**271**	107
Later than one year and not later than five years	**164**	28
	435	135

The Group leases a number of properties under operating lease arrangements which run for initial periods of one to six years, with an option to renew the lease terms at the expiry date. None of the leases includes contingent rentals.

The Company does not have any operating lease payments under non-cancellable operating leases.

37. MORTGAGE LOAN ARRANGEMENTS WITH BANKS

The Group has arranged mortgage loan facility for certain purchasers of property units and provided guarantees to secure obligations of repayments. As at 31 March 2010, the outstanding guarantees amounted to RMB190,810,000 (2009: RMB157,166,000). Such guarantees terminate upon earlier of (i) issuance of the real estate ownership certificate which will generally be available within one or two years after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loans by the purchasers of properties.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate measures to manage the Group's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, the Group employs a conservative strategy regarding its risk management. As the directors of the Company consider that the Group's exposure to market risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

As at 31 March 2010, the financial assets of the Group comprise primarily account and other receivables, amounts due from a minority shareholder and related companies and cash and bank balances. The financial liabilities of the Group comprise account and other payables, loans from bank and other borrowings.

(I) INTEREST RATE RISK

The Group's exposure to interest rate risk mainly arises on bank deposits *(note 28)*, bank loan denominated in Hong Kong Dollars ("HK$") and RMB and other loan at floating rate *(note 30)*. The Group has no significant exposure to interest rate risk in respect of the Group's bank loan denominated in HK$ and RMB subject to variable interest rates and stated at amortised costs. The Group has not used any derivative contracts to hedge its exposure to interest rate risk. The Group has not formulated a policy to manage the interest rate risk. A reasonable change in interest rate in the next twelve months is assessed to result in immaterial change in the Group's loss for the period and retained earnings. Changes in interest rates have no impact on the Group's other components of equity. The Group adopts centralised treasury policies in cash and financial management and focuses on reducing the Group's overall interest expenses.

(II) FOREIGN CURRENCY RISK

Most of the Group's transactions are carried out in RMB which is the functional currency of most of the group entities. Exposures to currency exchange rates arise from certain of the Group's cash and bank balances which are denominated in HK$, and US Dollars ("US$"). The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and does not consider its foreign exchange risk to be significant.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(II) FOREIGN CURRENCY RISK (Continued)

Foreign currency risk exposure

The following table details the Group's exposure at the balance sheet date to foreign currency risk from financial assets at fair value through profit and loss, other receivables, bank balances, pledged bank deposits, bank and other loans, and other payables denominated in a currency other than the functional currency of the Company and its subsidiaries.

	Group	
	2010	2009
	RMB'000	RMB'000
Financial assets at fair value through profit and loss denominated in		
– HK$	**70**	32
Other receivables denominated in		
– HK$	**8,594**	30,162
Bank deposits denominated in		
– HK$	**447**	1,343
– US$	**2**	1
Bank and other loans denominated in		
– HK$	**(198,167)**	(141,720)
Other payables denominated in		
– HK$	**556**	(1,669)

By assessing foreign currency risk on financial assets at fair value through profit and loss, other receivables, bank balance, pledged bank deposits, bank and other loans, and other payables, the effect arising from a reasonably possible change in the exchange rates of RMB against HK$ and US$ in the next twelve months was not material to the results for the period and retained profits at each of the balance sheet date, on the basis that all other variables remain constant.

The Company is not exposed to any foreign currency risk.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(III) CREDIT RISK

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

	Group		Company	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Classes of financial assets – carrying amounts				
Account receivables	**12,825**	13,363	**–**	–
Other receivables	**47,218**	79,012	**–**	169
Amount due from subsidiaries	**–**	–	**323,581**	246,182
Amount due from jointly controlled entity	**85,933**	42,254	**–**	–
Amounts due from a minority shareholders	**–**	14,000	**–**	–
Amounts due from related companies	**805**	978	**–**	–
Pledged bank deposit	**233,490**	105,045	**–**	–
Cash and bank balances	**71,176**	120,414	**92**	92
	451,447	375,066	**323,673**	246,443

The Group's credit risk is primarily attributable to trade and other receivables and cash and bank balances. The management has a credit policy and the exposures to credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

None of the Group's financial assets are secured by collateral or other credit enhancements.

The Group performs ongoing credit evaluation of its customers' financial positions. Provision for impairment is based upon a review of the expected collectibility of all receivables.

The Group's bank balances are mainly deposits with state-owned banks in the PRC and major banks in Hong Kong.

The Company's credit risk is primarily attributable to amount due from subsidiaries.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(IV) LIQUIDITY RISK

The Group's objective is to ensure adequate funds to meet commitments associated with its financial liabilities. Cash flows are closely monitored on an ongoing basis. The Group will raise funds from the realisation of its assets if required.

As at 31 March 2010 and 2009, the remaining contractual maturities of the Group's financial liabilities which are based on undiscounted cash flows are summarised below:

The Group

	Carrying Amount RMB'000	Total contractual undiscounted cash flow RMB'000	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	Over 1 year RMB'000
At 31 March 2010						
– Account payables	**11,408**	**11,408**	**10,482**	**312**	**181**	**433**
– Other payables	**384,652**	**384,652**	**213,690**	**5,358**	**161,189**	**4,415**
– Amounts due to related parties	**4,002**	**4,002**	**4,002**	**–**	**–**	**–**
– Interest-bearing bank and other borrowings	**362,167**	**379,918**	**–**	**101,954**	**107,408**	**170,556**
	762,229	**779,980**	**228,174**	**107,624**	**268,778**	**175,404**
At 31 March 2009						
– Account payables	2,478	2,478	1,698	66	579	135
– Other payables	59,033	59,033	34,793	603	2,876	20,761
– Amounts due to related parties	684	684	684	–	–	–
– Interest-bearing bank and other borrowings	349,720	355,238	–	167,299	81,895	106,044
	411,915	417,433	37,175	167,968	85,350	126,940

At 31 March 2010 and 2009, the Company's held no material financial liabilities and the Company ensure that it maintains sufficient financial support from the Group's subsidiaries to meet its liquidity requirements.

The management has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(V) FAIR VALUE

The fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The fair value of borrowings is not disclosed because the carrying value is not materially different from the fair value at the reporting date.

The fair value of financial guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

(VI) EQUITY PRICE RISK

The Group is exposed to equity price risk through its investment in listed equity securities which are classified as at fair value through profit or loss *(note 27)*. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles and will consider hedging the risk exposure should the need arise and represent a small percentage of the Group's net assets and the risk is minimal.

(VII) FAIR VALUE MEASUREMENTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

The Group adopted the amendments to IFRS 7 *Improving Disclosures about Financial Instruments* effective from 1 January 2009. These amendments introduce a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements. The Group has taken advantage of the transitional provisions in the amendments to IFRS 7 and accordingly, no comparatives for the hierarchy for fair value measurement disclosures have been presented.

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived form prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(VII) FAIR VALUE MEASUREMENTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION (Continued)

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

			Group		
		Level 1	Level 2	Level 3	Total
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Securities held for trading					
– Listed	*(a)*	18,559	–	–	18,559
Total fair values		18,559	–	–	18,559

There have been no significant transfers between levels 2 and 3 in the reporting period.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

(a) ***Listed securities***

The listed debt and equity securities are denominated in HK$ and RMB. Fair values have been determined by reference to their quoted bid prices at the reporting date and have been translated using the spot foreign currency rates at the end of the reporting period where appropriate.

39. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and liabilities as recognised at 31 March 2010 and 2009 may also be categorised as follows. See note 4.12 and 4.17 for explanations about how the category of financial instruments affects their subsequent measurement.

FINANCIAL ASSETS

	Group		Company	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets measured at fair value				
– Financial assets at fair value through profit and loss	**18,559**	8,468	**–**	–
Financial asset measured at amortised cost				
Loans and receivables				
– Account and other receivables	**87,708**	92,375	**–**	169
– Amounts due from related parties	**805**	14,978	**323,581**	246,182
	107,072	115,821	**323,581**	246,351
Pledged bank deposits	**233,490**	105,045	**–**	–
Cash and cash equivalents	**71,176**	120,414	**92**	92
	411,738	341,280	**323,673**	246,443

FINANCIAL LIABILITIES

	Group		Company	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial liabilities measured at amortised cost				
– Account and other payables, accruals	**396,146**	61,511	**24**	16
– Bank and other loans	**362,167**	349,720	**–**	–
– Amounts due to related parties	**4,002**	684	**7,969**	7,606
	762,315	411,915	**7,993**	7,622

40. RELATED PARTY TRANSACTIONS

Other than as mentioned elsewhere in these financial statements, the Group has the following related party transactions:

		Group	
	NOTES	**Year ended 31 March 2010 RMB'000**	Fifteen months ended 31 March 2009 RMB'000
Sales to an executive director of the Group	*(a)*	**892**	–
Car park rental expense of a director	*(b)*	**42**	–
Legal fee charged by related company	*(c)*	**31**	106

Notes:

(a) During the year, the Group sold a residential unit to Ms. Wang Cuiping, the executive director of the Group, at prevailing market rate.

(b) During the year, the executive director of the Group, Ms. Chan Heung Ling has entered into an agreement of car park rental for HK$48,000 per year.

(c) Legal fee was charged by a related company, in which Mr. Chan Kin Sang, the non-executive director of the Company, has beneficial interest, for general legal advisory during the period. The fee was charged in accordance with the terms mutually agreed by both party.

Included in staff costs are key management personnel compensation as follows:

	Group	
	Year ended 31 March 2010 RMB'000	Fifteen months ended 31 March 2009 RMB'000
Salaries and wages	**2,695**	2,755
Retirement benefit scheme contributions – defined contribution plans	**45**	24

41. DIRECTORS' REMUNERATION

For the year ended 31 March 2010 and period from 1 January 2008 to 31 March 2009, the remuneration of the directors of the Company analysed into the following bands is disclosed in compliance with rule 1207.11 of Chapter 12 of the Listing Manual of the SGX-ST:

For the year ended 31 March 2010

	Executive director	Non-executive director	Independent director	Total
Below S$250,000 (equivalent to RMB1,122,000)	**5**	**1**	**3**	**9**
	5	**1**	**3**	**9**

For the period from 1 January 2008 to 31 March 2009

	Executive director	Non-executive director	Independent director	Total
Below S$250,000 (equivalent to RMB1,482,000)	4	1	3	8
	4	1	3	8

Description	Location	Type	Site Area (sq.m.)	Gross Floor Area (sq.m.)	Tenure	Effective Group Interest	Approximate Percentage Sold and Delivered	Completion Date
COMPLETED PROPERTIES								
Huzhou Zhili Yazhoucheng Phase 2	Northern Wuxing Road and Eastern Kaixuan Road Zhili Town Huzhou City Zhejiang Province the PRC	R,C	2,469	R: 5,709 C: 1,689	R: 40 years C: 40 years	70%	R: 67% C: 100%	Completed
Huzhou Liyang Jingyuan Phase 1	No. 579 Longxi Bei Road and Land No. 5 Huzhou Economic and Technological Development Zone Huzhou City Zhejiang Province the PRC	R,C	36,720	R: 49,359 C: 13,076	R: 70 years C: 40 years	100%	R: 100% C: 85%	Completed
ΔHuzhou Liyang Jingyuan Phase 2	No. 579 Longxi Bei Road and Land No. 5 Huzhou Economic and Technological Development Zone Huzhou City Zhejiang Province the PRC	R,C	17,251	R: 18,622 C: 1,539	R: 70 years C: 40 years	100%	R: 98% C: 6%	Completed
Nanchang Honggu Kaixuan Phase 1	Honggu Tan Central District Nanchang City Jiangxi Province the PRC	R,C	37,830	R: 135,642 C: 21,177	R: 70 years C: 44 years	100%	R: 97% C: 9%	Completed
ΔNanchang Honggu Kaixuan Phase 2	Honggu Tan Central District Nanchang City Jiangxi Province the PRC	R,C	42,691	R: 114,570 C: 51,260	R: 70 years C: 44 years	100%	R: 55% C: 0%	Completed
Hangzhou Liyang Yuan	Shenhua Road Xihu District Hangzhou City Zhejiang Province the PRC	R,C	7,833	R: 25,007 C: 8,189	R: 70 years C: 40 years	100%	R: 56% C: 0%	Completed

R = Residential

C = Commercial and others

Δ These projects are partially completed and partially under development, and thus appear in both "Completed Properties" and "Properties under development"

Property Portfolio

Description	Location	Type	Site Area (sq.m.)	Planned* Gross Floor Area (sq.m.)	Tenure	Effective Group Interest	Approximate Percentage Sold and Delivered	Expected* Completion Date
PROPERTIES UNDER DEVELOPMENT								
ΔNanchang Honggu Kaixuan Phase 2	Honggu Tan Central District Nanchang City Jiangxi Province the PRC	C	42,691	C: 21,796	C: 44 years	100%	N.A.	Q1CY2011
ΔHuzhou Liyang Jingyuan Phase 2	No. 579 Longxi Bei Road and Land No. 5 Huzhou Economic and Technological Development Zone Huzhou City Zhejiang Province the PRC	C	17,251	C: 11,338	C: 40 years	100%	N.A.	Q3CY2010
Huacui Tingyuan Phase 1	Taihu Meidong Huzhou Development Zone Zhejiang Province the PRC	R,C	58,386	R: 36,200 C: 5,880	R: 70 years C: 43 years	100%	N.A.	Q3CY2010
FUTURE PROJECTS								
Huacui Tingyuan Phase 2	Taihu Meidong Huzhou Development Zone Zhejiang Province the PRC	R,C	66,667	55,000	R: 70 years C: 43 years	100%	N.A.	Under Planning
Hailian Project	S38 S40 Xinan Fenqu Huzhou Economic and Technological Development Zone Huzhou City Zhejiang Province the PRC	C,I	220,767	463,000	I: 22 years C: 35 years	80%	N.A.	Under Planning
Leping Project	Hushan Meiyankenzhichang Leping City Jiangxi Province the PRC	R,C	326,668	420,000	R: 70 years C: 48 years	51%	N.A.	Under Planning

R = Residential
C = Commercial and other
I = Industrial
Δ These projects are partially completed and partially under development, and thus appear in both "Completed Properties" and "Properties under development"
* The "Planned Gross Area" and "Expected Completion Date" are based on the best estimate by the management. These figure may change as the projects progress

Property Portfolio

Description	Location	Type	Site Area (sq.m.)	Planned* Gross Floor Area (sq.m.)	Tenure	Effective Group Interest	Approximate Percentage Sold and Delivered	Expected* Completion Date
+Fuzhou Project Phase 1	Yinghing Road South Side and Land No. FJ[2007]019 Jingcao Economic and Technological Development Zone Fuzhou City Jiangxi Province the PRC	R,C	190,753	85,000	R: 70 years C: 48 years	100%	N.A.	Q4CY2011
+Fuzhou Project Phase 2-3	Yinghing Road South Side and Land No. FJ[2007]019 Jingcao Economic and Technological Development Zone Fuzhou City Jiangxi Province the PRC	R,C	190,753	185,000	R: 70 years C: 48 years	100%	N.A.	Under Planning
+Yichun Project Phase 1	Yiyang North Road West Side Yichun City Jiangxi Province the PRC	R,C	640,343	122,341	R: 70 years C: 49 years	50%	N.A.	Q4CY2011
+Yichun Project Phase 2-5	Yiyang North Road West Side Yichun City Jiangxi Province the PRC	R,C	640,343	1,200,000	R: 70 years C: 50 years	50%	N.A.	Q4CY2012
Nanchang Dingxun Project	Huang Jia Hu West Road Nanchang Economic Development Zone Nanchang City Jiangxi Province the PRC	R,C	719,548	1,034,000	R: Expiring on 18 May 2072 C: Expiring on 18 May 2052	55%	N.A.	CY2012
Huzhou Run Yuan Project	Lot 18B land parcels Southwest District Huzhou City Zhejiang Province, the PRC	R.C	102,972	216,000	R: 70 years C: 40 years	100%	N.A.	CY2012
Pinghu Project	Land parcels in Haihe Road South Block Dushan Port, Pinghu City	S	226,102	135,661	S: 50 years	100%	N.A.	Under Planning

R = Residential
C = Commercial and others
S = Storage
+ Fuzhou Project Phase 1 to 3 sit on the same site of 190,753 sq m. Yichun Project Phase 1 to 5 sit on the same site of 640,343 sq m
* The "Planned Gross Area" and "Expected Completion Date" are based on the best estimate by the management. These figure may change as the projects progress

Description	Location	Type	Site Area (sq.m.)	Gross Floor Area (sq.m.)	Tenure	Effective Group Interest	Approximate Percentage Sold and Delivered	Completion Date
PROPERTIES HELD FOR INVESTMENT								
2nd Floor Nanxun Commercial Complex	Tai'an Road Nanxun Town Huzhou City Zhejiang Province, the PRC	C	N.A.	2,530	C: 40 years	100%	N.A.	Completed
Wuxing Balidian Market (14 Commercial Units on Level 1 and 3)	Land No. BLD47 Balidian Wuxing District Huzhou City Zhejiang Province the PRC	C	N.A.	8,942	C: 40 years	100%	N.A.	Completed
Huzhou Xinya Jiayuan (71 car parking space and 32 bicycle space)	Nos. 678 to 688 Shiyuan Road Nanxun Tower Huzhou City Zhejiang Province, the PRC	C	N.A.	2,964	C: 40 years	100%	N.A.	Completed
Unit 02 on Level 1 of Block 9 and Units 02 to 06 on Level 1 of Block 6 of Nanchang Honggu Kaixuan Phase1	North of Honggu Avenue, the west of Honggu Er Road and the east of Honggu San Road Honggutan Centre District Nanchang City Jiangxi Province the PRC	R.C	N.A.	1,043	R: Expiring on 16 Sep 2073 C: Expiring on 16 Sep 2043	100%	N.A.	Completed
PROPERTIES OCCUPIED BY THE GROUP								
Room 1214-15	Unit Nos 14 and 15 on 12th Floor of Tower B Hunghom Commercial Centre No 37 Ma Tau Wai Road Hunghom Kowloon	C	N.A.	389.91	C: 75 years	100%	N.A.	Completed
No. 25 Building Huzhuo Liyang Jingyuan Phase 1	Land No. 5 Huzhou Economic and Technological Development Zone Huzhou City Zhejiang Province the PRC	C	N.A.	1,408	C: 40 years	100%	N.A.	Completed
Room 1502	Zhengshan Xi Road Xihu Zone Nanchang City Jiangxi Province the PRC	R	N.A.	165.8	R: 70 years	100%	N.A.	Completed

R = Residential
C = Commercial and others

Shareholders' Information

SHAREHOLDERS' INFORMATION AS AT 25 JUNE 2010

Authorised Share Capital	:	HK$510,000,000.00
Issued and fully paid-up capital	:	HK$311,313,014.40
No. of Issued Shares	:	518,855,024
No. of Issued Shares (Excluding Treasury Shares)	:	516,083,024
Number / Percentage of Treasury Shares	:	2,772,000 (0.54%)
Class of shares	:	Ordinary shares of HK$0.60 each
Voting rights	:	One vote per share

STATISTICS OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 – 999	2	0.28	1,000	0.00
1,000 – 10,000	418	58.79	2,405,000	0.47
10,001 – 1,000,000	276	38.82	18,328,700	3.55
1,000,001 and above	15	2.11	495,348,324	95.98
Total	711	100.00	516,083,024	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Extra Good Enterprises Ltd	288,000,000	55.80	–	–
Wong Lam Ping (1)(2)	20,343,194	3.94	302,443,300	58.60
Chan Heung Ling (1)(2)	14,443,300	2.80	308,343,194	59.74

Notes:

1. The entire issued share capital of Extra Good Enterprises Ltd is held as to 52% and 48% by Mr. Wong Lam Ping, Executive Chairman and Ms. Chan Heung Ling, Deputy Chairman. As such, they are both deemed to be interested in the shares held by Extra Good Enterprises Ltd.

2. Ms. Chan Heung Ling is the spouse of Mr. Wong Lam Ping.

Shareholders' Information

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1	EXTRA GOOD ENTERPRISES ltd	288,000,000	55.80
2	PHILLIP SECURITIES PTE LTD	47,080,000	9.12
3	CIMB SECURITIES (SINGAPORE) PTE LTD	28,493,000	5.52
4	CITIBANK NOMINEES SINGAPORE PTE LTD	22,855,000	4.43
5	WONG LAM PING	20,343,194	3.94
6	CHAN HEUNG LING	14,443,300	2.80
7	DBS VICKERS SECURITIES (S) PTE LTD	13,057,830	2.53
8	HSBC (SINGAPORE) NOMINEES PTE LTD	12,929,000	2.51
9	KIM ENG SECURITIES PTE. LTD	11,174,000	2.17
10	ASDEW ACQUISITIONS PTE LTD	10,250,000	1.99
11	JUMBO KING HOLDING LIMITED	9,700,000	1.88
12	ROYAL BANK OF CANADA (ASIA) LTD	8,997,000	1.74
13	SINGAPORE WAREHOUSE CO PTE LTD	3,618,000	0.70
14	UOB KAY HIAN PTE LTD	3,058,000	0.59
15	CHEN TIK LUNG @ CHAN TIK LUNG	1,350,000	0.26
16	CHIA KIM PIOW	1,000,000	0.19
17	RAFFLES NOMINEES (PTE) LTD	990,000	0.19
18	YEO CHITT HOCK BRANDON (YANG QIFU)	700,000	0.14
19	DBS NOMINEES PTE LTD	695,000	0.14
20	WANG CUIPING	689,900	0.13
	TOTAL	499,423,224	96.77

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

37.2% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

WARRANT HOLDERS' INFORMATION AS AT 25 JUNE 2010

STATISTICS OF WARRANT HOLDINGS

Size of Warrant holdings	Number of Warrant holders	%	Number of Warrants	%
1 – 999	164	28.82	104,612	0.07
1,000 – 10,000	307	53.96	1,155,800	0.74
10,001 – 1,000,000	84	14.76	7,440,010	4.78
1,000,001 and above	14	2.46	146,805,784	94.41
Total	569	100.00	155,506,206	100.00

SUBSTANTIAL WARRANT HOLDERS

(As recorded in the Register of Substantial Warrant holders)

	Direct Interest	%	Deemed Interest	%
Extra Good Enterprises Ltd	86,400,000	55.56	–	–
Wong Lam Ping (1)(2)	6,102,958	3.92	90,732,990	58.35
Chan Heung Ling (1)(2)	4,332,990	2.79	92,502,958	59.48

Notes:

1. The entire issued share capital of Extra Good Enterprises Ltd is held as to 52% and 48% by Mr. Wong Lam Ping, Executive Chairman and Ms. Chan Heung Ling, Deputy Chairman. As such, they are both deemed to be interested in the warrants held by Extra Good Enterprises Ltd.

2. Ms. Chan Heung Ling is the spouse of Mr. Wong Lam Ping.

TWENTY LARGEST WARRANT HOLDERS

No.	Name of Warrant holders	Number of Warrants	%
1	EXTRA GOOD ENTERPRISES LTD	86,400,000	55.56
2	CIMB SECURITIES (SINGAPORE) PTE LTD	10,344,200	6.65
3	PHILLIP SECURITIES PTE LTD	9,996,988	6.43
4	WONG LAM PING	6,102,958	3.92
5	KIM ENG SECURITIES PTE LTD	5,760,200	3.70
6	DBS VICKERS SECURITIES (S) PTE LTD	5,029,248	3.23
7	ASDEW ACQUISITIONS PTE LTD	4,945,000	3.18
8	CHAN HEUNG LING	4,332,990	2.79
9	ROYAL BANK OF CANADA (ASIA) LTD	4,125,000	2.65
10	HSBC (SINGAPORE) NOMINEES PTE LTD	3,497,800	2.25
11	JUMBO KING HOLDING LIMITED	2,910,000	1.87
12	POH EWE WING	1,240,000	0.80
13	UOB KAY HIAN PTE LTD	1,065,400	0.70
14	RAFFLES NOMINEES (PTE) LTD	1,056,000	0.68
15	SINGAPORE WAREHOUSE CO PTE LTD	886,400	0.57
16	DBS NOMINEES PTE LTD	810,000	0.52
17	CITIBANK NOMINEES SINGAPORE PTE LTD	716,800	0.46
18	SHEN LIANG	306,600	0.20
19	ANNIE LOO YEAN LAY	300,000	0.19
20	CHIA KIM PIOW	300,000	0.19
	TOTAL	150,125,584	96.54

汎港地產集團
PAN HONG PROPERTY GROUP

PAN HONG PROPERTY GROUP LIMITED
(Incorporated in Bermuda with limited liability)
(Co. Reg. No: 37749)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Pan Hong Property Group Limited (the "Company") will be held at Room 205, Level 2, International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Thursday, 29 July 2010 at 10:00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the financial year ended 31 March 2010 together with the Auditors' Report thereon.

   (Resolution 1)

2. To declare a final dividend of S$0.005 per share (tax not applicable) for the financial year ended 31 March 2010 (FP2009: NIL).

   (Resolution 2)

3. To re-elect the following Directors retiring pursuant to Bye-law 86(1) of the Company's Bye-laws:

   Mr. Wong Lam Ping **(Resolution 3)**
   Ms. Chan Heung Ling **(Resolution 4)**
   Dr. Choo Kian Koon **(Resolution 5)**

   Dr. Choo Kian Koon will, upon re-election as a Director of the Company, remain Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To approve the payment of Directors' fees of S$181,250 for the financial year ended 31 March 2010 (FP2009: S$145,000).

   See explanatory Note (i) **(Resolution 6)**

5. To approve the payment of Directors' fees of S$159,500 for the financial year ending 31 March 2011, payable quarterly in arrears.

   See explanatory Note (ii) **(Resolution 7)**

6. To re-appoint Grant Thornton as the Company's Auditors and to authorise the Directors to fix their remuneration.

   (Resolution 8)

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

8. **Share Issue Mandate**

That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be given to the Directors of the Company to issue shares ("Shares") whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

(a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty percent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company;

(b) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company as at the date of the passing of this Resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from exercising share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) And that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities;

(d) the fifty percent (50%) limit in sub-paragraph (a) above may be increased to one hundred percent (100%) for issues of Shares and/or Instruments by way of a renounceable rights issue where shareholders of the Company are entitled to participate in the same on a pro-rata basis.

See Explanatory Note (iii) **(Resolution 9)**

9. **Discount for Non Pro-rata Share Issue**

(a) That subject to and conditional upon the passing of Ordinary Resolution 9 above, approval be and is hereby given to the directors of the Company at any time to issue, other than on a pro-rata basis to shareholders of the Company, Shares (excluding convertible securities), at an issue price for each Share which shall be determined by the directors of the Company in their absolute discretion provided that such price shall not represent a discount of more than twenty percent (20%) to the weighted average price of a Share for trades done on the SGX-ST (as determined in accordance with the requirements of SGX-ST); and

(b) That (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

See Explanatory Note (iv) **(Resolution 10)**

10. **Renewal of Share Purchase Mandate**

That:–

(a) the Company be and is hereby authorised to purchase or otherwise acquire issued and paid up ordinary shares in the capital of the Company (the "Shares") not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price or prices as may be determined by the directors of the Company ("Directors") from time to time up to the Maximum Price (as hereinafter defined), whether by way of:–

(i) on-market purchases (each an "On-Market Share Purchase") on the Singapore Exchange Securities Trading Limited (the "SGX-ST"); and/or

(ii) off-market purchases (each an "Off-Market Share Purchase") effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act (Chapter 50) of Singapore ("Singapore Companies Act"), as amended, modified or supplemented from time to time, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, and the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares in the foregoing manner be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution, and expiring on the earliest of:–

(i) the conclusion of the next Annual General Meeting of the Company; or

(ii) the date by which the next Annual General Meeting of the Company is required to be held; or

(iii) the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated, (the "**Relevant Period**").

(c) in this Ordinary Resolution:–

"**Maximum Limit**" means ten percent (10%) of the total number of issued and paid-up ordinary shares of the Company as at the date of the passing of this Ordinary Resolution unless the Company has effected a reduction of its share capital in accordance with the Companies Act 1981 of Bermuda and such other laws and regulations for the time being be applicable, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:–

(i) in the case of an On-Market Share Purchase, 105 percent (105%) of the Average Closing Price; and

(ii) in the case of an Off-Market Share Purchase, 120 percent (120%) of the Average Closing Price,

where:–

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days ("**Market Day**" being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, before the day on which the On-Market Share Purchase was made or as the case may be, the day of making of the offer for an Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Day period; and

"**day of the making of the offer**" means the day on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Purchase; and

(d) the Directors and each of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they/he/she may consider necessary, desirable, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

See Explanatory Note (v) **(Resolution 11)**

By Order of the Board

Chan Chun Kit
Yvonne Choo
Company Secretaries

Date: 13 July 2010

EXPLANATORY NOTE:

(i) The Ordinary Resolution 6 proposed in item 4 above is in respect of Directors' fees amounting to S$145,000 for the year ended 31 March 2010 and S$36,250 for the 3 months from 1 January 2009 to 31 March 2009.

At the last Annual General Meeting of the Company held on 22 July 2009, Directors' fees amounting to S$145,000 for the financial period from 1 January 2008 to 31 March 2009 was approved. As a result of a change in the financial year end from 31 December to 31 March, an error was inadvertently made in the computation of the Directors' fees and the said S$145,000 should cover the period 1 January 2008 to 31 December 2008 instead of 15 months to 31 March 2009.

(ii) Ordinary Resolution 7 proposed in item 5 above, is to approve the payment of Directors' fees of S$159,500 for the year ending 31 March 2011 on a quarterly basis, in arrears.

(iii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty percent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty percent (20%) may be issued other than on a pro rata basis.

The increased limit of up to 100% [referred to in sub-paragraph (d)] for renounceable pro-rata rights issue will be effective up to 31 December 2010 pursuant to SGX-ST's news release of 19 February 2009. The increased limit is subject to the condition that the issuer makes periodic announcements on the use of the proceeds as and when the funds are materially disbursed and, provides a status report on the use of proceeds in the annual report.

(iv) Ordinary Resolution 10 proposed in item 9 above, if passed, will enable Directors to issue new Shares on a non pro-rata basis, at a discount of not more than twenty percent (20%) to the weighted average market price of the Company's shares, determined in accordance with the requirements of SGX-ST. The discount in issue price of non pro-rata new Share issue is one of the interim measures announced by the SGX to accelerate and facilitate listed issuer's fund-raising efforts in a volatile and difficult market condition.

(v) The Ordinary Resolution 11 proposed in item 10, if passed, will empower the Directors of the Company, from the date of the Annual General Meeting until the date the next annual general meeting is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of On-Market Share Purchases or Off-Market Share Purchases on an equal access scheme) from time to time of up to ten percent (10%) of the total number of issued Shares excluding any Shares which are held as treasury shares of the Company at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are set out in greater detail in the Addendum accompanying this Notice.

Notes:

1. A Shareholder being a Depositor whose name appears in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore) is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. If a Depositor wishes to appoint a proxy/proxies to attend the Meeting, then he/she must complete and deposit the Depositor Proxy Form at the office of the Singapore Share Transfer Agent, B.A.C.S Private Limited, 63 Cantonment Road, Singapore 089758, at least forty-eight (48) hours before the time of the Meeting.

3. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of **Pan Hong Property Group Limited** (the "Company") will be closed on 6 August 2010 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Transfer Agent, B.A.C.S. Private Limited, 63 Cantonment Road Singapore 089758 up to 5.00 p.m. on 5 August 2010 will be registered to determine shareholders' entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 5 August 2010 will be entitled to the proposed dividend.

Payment of the dividend, if approved by the members at the Annual General Meeting to be held on 29 July 2010 will be made on 18 August 2010.

汎港地產集團
PAN HONG PROPERTY GROUP

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