PROSPECTUS DATED 11 SEPTEMBER 2006
(REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE ON 11 SEPTEMBER 2006)

This document is important. If you are in any doubt as to the action you should take, you should consult your LEGAL, FINANCIAL, TAX, or other professional adviser.

We have applied to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in, and for quotation of, all the ordinary shares of HK$0.60 each (the "Shares") in the capital of Pan Hong Property Group Limited (the "Company") already issued (including the Vendor Shares (as defined herein)), the new Shares (the "New Shares") which are the subject of this Invitation (as defined herein) and any new Shares (the "Additional Shares") which may be issued pursuant to the exercise of the over-allotment option described below (the "Over-allotment Option"). Such permission will be granted when our Company has been admitted to the Official List of the SGX-ST. Our acceptance of applications will be conditional upon permission being granted by the SGX-ST to deal in, and for quotation of, all of our existing issued Shares (including the Vendor Shares), the New Shares and the Additional Shares. Monies paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, if the completion of the Invitation does not occur if the said permission is not granted or for any other reason, and you will not have any claims whatsoever against us, the Vendor, our Directors or CIMB-GK Securities Pte. Ltd. (the "Manager"). **The dealing in and quotation of our Shares will be in Singapore dollars.**

In connection with the Invitation, we have granted the Manager the Over-allotment Option exercisable in whole or in part within 30 days from the date of commencement of dealing of our Shares on the SGX-ST to subscribe and/or procure subscribers for up to an aggregate of 25,000,000 Additional Shares, representing not more than 20 percent of the Invitation Shares (as defined herein), at the Issue Price (as defined herein), solely for the purpose of covering over-allotments (if any) made in connection with the Invitation. The Manager may over-allot and effect transactions which stabilise or maintain the market prices of our Shares at levels which might not otherwise prevail in the open market, subject to compliance with all applicable laws and regulations. Such stabilisation, if commenced, may be discontinued by the Manager at any time at the Manager's discretion, subject to compliance with all applicable laws and regulations.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our Shares, the New Shares, the Vendor Shares or the Additional Shares (if the Over-allotment Option is exercised).

A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "Authority") on 15 August 2006 and 11 September 2006 respectively. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the Shares, the New Shares, the Vendor Shares or the Additional Shares (if the Over-allotment Option is exercised) being offered or in respect of which an Invitation is made, for investment.

A copy of this Prospectus will be filed with the Registrar of Companies in Bermuda. The Bermuda Monetary Authority has given its consent to the issue of the New Shares and the Additional Shares and the sale of the Vendor Shares on the terms referred to in this Prospectus. In accepting this Prospectus for filing and in granting such permission, the Registrar of Companies in Bermuda and the Bermuda Monetary Authority accept no responsibility for the financial soundness of our Group (as defined herein) or any proposal or for the correctness of any of the statements made or opinions expressed herein or any other documents.

No Shares shall be allotted or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Authority.

INVESTING IN OUR SHARES INVOLVES RISKS WHICH ARE DESCRIBED UNDER "RISK FACTORS".

In particular, you should note that our operating cash flow was negative for FY2003, FY2005 and FP2006. Please refer to the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further details.

汎港地產集團
PAN HONG PROPERTY GROUP

PAN HONG PROPERTY GROUP LIMITED

(Incorporated in Bermuda on 20 December 2005)
(Registration Number: 37749)

Invitation in respect of 125,000,000 Invitation Shares comprising 120,000,000 New Shares and 5,000,000 Vendor Shares, as follows:

(a) 5,000,000 Offer Shares at $0.35 for each Offer Share by way of public offer; and

(b) 120,000,000 Placement Shares at $0.35 for each Placement Share by way of placement,

payable in full on application (subject to the Over-allotment Option (as defined herein)),

Application should be received by 12.00 noon on 18 September, 2006 or such other time and date as our Company and Vendor may, in consultation with CIMB-GK Securities Pte. Ltd., decide, subject to any limitation under all applicable laws.

Manager, Underwriter and Placement Agent

CIMB

CIMB-GK Securities Pte. Ltd.

(Incorporated In the Republic of Singapore)
(Registration Number: 198701621D)

汎港地產集團
PAN HONG PROPERTY GROUP

PAN HONG PROPERTY GROUP LIMITED

(Incorporated in Bermuda on 20 December 2005)
(Registration Number: 37749)

Manager, Underwriter and Placement Agent

CIMB

CIMB-GK Securities Pte. Ltd.

Total Invitation Proceeds* *(Company and Vendor)*	Management Fees	Underwriting, Placement and Brokerage Fees* *(Company and Vendor)*	Other Estimated Issue Expenses	Net Invitation Proceeds* *(Company and Vendor)*
S$43,750,000	S$250,000	S$1,312,500	S$2,250,000	S$39,937,500

* Assuming that the Over-allotment Option is not exercised at all.

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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Wong Lam Ping (汪林冰) (Executive Chairman) Chan Heung Ling (陈响玲) (Deputy Chairman) Shi Feng (石峰) (Executive Director) Wang Cuiping (王翠平) (Executive Director) Chan Kin Sang (陈健生) (Non-Executive Director) Sim Wee Leong (Lead Independent Director) Dr Choo Kian Koon (Independent Director) Dr Zheng Haibin (郑海滨) (Independent Director)
BERMUDA RESIDENT REPRESENTATIVE	:	Graham B. R. Collis
BERMUDA DEPUTY RESIDENT REPRESENTATIVE	:	Christopher Garrod
JOINT COMPANY SECRETARIES	:	Ira Stuart Outerbridge III (FCIS)[1] Wong Chi Man Yvonne Choo (FCIS)
REGISTERED OFFICE	:	Clarendon House 2 Church Street Hamilton, HM 11 Bermuda
PRINCIPAL OFFICE	:	Room 708, Tower B, Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Hunghom, Hong Kong
COMPANY REGISTRATION NUMBER	:	37749
REGISTRAR FOR THE INVITATION AND SINGAPORE SHARE TRANSFER AGENT	:	**B.A.C.S. Private Limited** 63 Cantonment Road Singapore 089758
BERMUDA SHARE REGISTRAR	:	**Codan Services Limited** Clarendon House 2 Church Street Hamilton HM 11 Bermuda
MANAGER, UNDERWRITER AND PLACEMENT AGENT	:	**CIMB-GK Securities Pte. Ltd.** 50 Raffles Place #19-00 Singapore Land Tower Singapore 048623

Note:

(1) Ira Stuart Outrbridge III will resign as Joint Company Secretary upon listing of our Shares on the SGX-ST and will be appointed as the Assistant Secretary of our Company.

CORPORATE INFORMATION

JOINT REPORTING ACCOUNTANTS	:	**Grant Thornton** 13th Floor, Gloucester Tower The Landmark 11 Pedder Street Central, Hong Kong (Partner-in-charge: Mr Andrew Lam) **Foo Kon Tan Grant Thornton** 47 Hill Street #05-01 Chinese Chamber of Commerce & Industry Building Singapore 179365 (Partner-in-charge: Mr Wong Kian Kok)
AUDITORS	:	**Grant Thornton** 13th Floor, Gloucester Tower The Landmark 11 Pedder Street Central, Hong Kong (Partner-in-charge: Mr Andrew Lam)
SOLICITORS TO THE INVITATION	:	**Stamford Law Corporation** 9 Raffles Place #32-00 Republic Plaza Singapore 048619
LEGAL ADVISORS TO THE COMPANY ON BERMUDA LAW	:	**Conyers Dill & Pearman** 50 Raffles Place #18-04 Singapore Land Tower Singapore 048623
LEGAL ADVISORS TO THE COMPANY ON HONG KONG LAW	:	**Mallesons Stephen Jaques** 37th Floor, Two International Finance Centre 8 Finance Street, Central Hong Kong
LEGAL ADVISORS TO THE COMPANY ON PRC LAW	:	**GFE Law Office** 18th Floor Guangdong Holdings Tower No. 555 Dongfeng East Road Guangzhou The People's Republic of China
INDEPENDENT VALUER	:	**Sallmans (Far East) Limited** 22nd Floor, Siu On Centre 188 Lockhart Road, Wanchai Hong Kong
RECEIVING BANK	:	**Standard Chartered Bank, Singapore** 6 Battery Road #07-00 Singapore 049909

PRINCIPAL BANKERS	:	**Bank of Communications** Shaoxi Road Office 500 Shaoxi Road Huzhou City, Zhejiang Province PRC
		China Construction Bank Chengzhong Sub-Branch 53 Bei Street Huzhou City, Zhejiang Province PRC
		Industrial and Commercial Bank of China Nanxun Sub-Branch 368 Taian Road, Nanxun Town Huzhou City, Zhejiang Province PRC
VENDOR	:	Ms Chan Heung Ling

DEFINITIONS AND INTERPRETATION

In this Prospectus and the accompanying Application Forms and in relation to Electronic Applications, the instructions appearing on the screens of ATMs or the IB websites of the relevant Participating Banks, the following definitions apply throughout where the context so admits:

Group Companies

"Company" or "Pan Hong"	:	Pan Hong Property Group Limited
"Group"	:	Our Company and its subsidiaries as at the date of this Prospectus
"Hangzhou Liyang Company"	:	Hangzhou Liyang Real Estate Development Co., Ltd (杭州丽阳房地产开发有限公司)
"Huzhou Asia City Company"	:	Huzhou Asia City Real Estate Development Co., Ltd (湖州亚洲城房地产开发有限公司)
"Huzhou Hongjin Market Company"	:	Huzhou Hongjin Market Construction & Development Co., Ltd (湖州宏进市场建设发展有限公司)
"Huzhou Jiangnan Hailian Company"	:	Huzhou Jiangnan Hailian Construction Co., Ltd (湖州江南海联建设有限公司)
"Huzhou Liyang Company"	:	Huzhou Liyang Housing and Landing Development Co., Ltd (湖州丽阳房地产开发有限公司)
"Huzhou Luzhou Company"	:	Huzhou Luzhou Housing and Landing Development Co., Ltd (湖州绿洲房地产开发有限公司)
"Huzhou Xiandai Company"	:	Huzhou Real Estate Development Co., Ltd (湖州现代房地产开发有限公司)
"Jiangxi Asia City Company"	:	Jiangxi Asia City Real Estate Development Co., Ltd (江西亚洲城房地产开发有限公司)
"Modernland Developments"	:	Modernland Developments Limited
"Pan Hong Investment"	:	Pan Hong Investment Limited (汎港投资有限公司) (formerly known as Jet Mind International Limited (集迅国际有限公司))
"Wiseidea Investments"	:	Wiseidea Investments Limited

Other Companies and Organisations

"Authority"	:	The Monetary Authority of Singapore
"CDP" or "Depository"	:	The Central Depository (Pte) Limited
"CIMB-GK", "Manager", "Underwriter", "Placement Agent"	:	CIMB-GK Securities Pte. Ltd.
"CPF"	:	Central Provident Fund

"Extra Good"	:	Extra Good Enterprises Ltd., a company incorporated in the BVI and a substantial shareholder of our Company
"Glory Group"	:	Glory Group Corporation Limited, a company incorporated in Hong Kong and a minority shareholder of our Company
"Huzhou Jinquan Company"	:	Huzhou Jinquan Construction Co., Ltd. (湖州金泉建设有限公司), a company established by Pan Hong Investment with an unrelated third party and had been liquidated in June 2006
"Jumbo King"	:	Jumbo King Holdings Ltd., a company incorporated in the BVI and a minority shareholder of our Company
"SCCS"	:	Securities Clearing & Computer Services (Pte) Ltd
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Jiangnan Gongmao Group"	:	Zhejiang Jiangnan Gongmao Group Co., Ltd (浙江江南工贸集团股份有限公司)

General

"Additional Shares"	:	Up to 25,000,000 Shares to be issued by the Company at the Issue Price and on the terms and subject to the conditions of this Prospectus, upon the exercise of the Over-allotment Option by CIMB-GK
"Adjusted Appraised NTA"	:	The adjusted appraised NTA of our Group as at 31 December 2005 as described in the section "Adjusted Appraised Net Tangible Assets" of this Prospectus
"Application Forms"	:	The printed application forms to be used for the purpose of the Invitation and which form part of this Prospectus
"Application List"	:	List of applications for subscription of the New Shares
"associate"	:	(a) in relation to an entity, means: (i) in a case where the entity is a substantial shareholder, controlling shareholder, substantial interest-holder or controlling interest-holder, its related corporation, related entity, associated company or associated entity; or

(ii) in any other case, (A) a director or an equivalent person, (B) where the entity is a corporation, a controlling shareholder of the entity, (C) where the entity is not a corporation, a controlling interest-holder of the entity, (D) a subsidiary, a subsidiary entity, an associated company, or an associated entity, or (E) a subsidiary, a subsidiary entity, an associated company, or an associated entity, of the controlling shareholder or controlling interest-holder, as the case may be,

of the entity; and

(b) in relation to an individual, means:

(i) his immediate family;

(ii) a trustee of any trust of which the individual or any member of the individual's immediate family is a beneficiary or, where the trust is a discretionary trust, a discretionary object, when the trustee acts in that capacity; or

(iii) any corporation in which he and his immediate family (whether directly or indirectly) have interests in voting shares of an aggregate of not less than 30% of the total votes attached to all voting shares

"ATM"	:	Automated teller machine
"Audit Committee"	:	The audit committee of our Company as at the date of this Prospectus, unless the context otherwise requires
"Bermuda Companies Act"	:	The Companies Act 1981 of Bermuda
"Board" or "Board of Directors"	:	Our board of Directors as at the date of this Prospectus, unless the context otherwise requires
"BVI"	:	The British Virgin Islands
"Bye-laws"	:	The bye-laws of our Company as amended, supplemented or modified from time to time
"Consolidation"	:	The consolidation of six ordinary shares of HK$0.10 each in the capital of the Company into one ordinary share of HK$0.60 each
"Directors"	:	The directors of our Company as at the date of this Prospectus, unless the context otherwise requires
"Electronic Applications"	:	Applications for the Offer Shares made through an ATM or IB website (as the case may be) of one of the Participating Banks in accordance with the terms and conditions of this Prospectus
"entity"	:	Includes a corporation, an unincorporated association, a partnership and the government of any state, but does not include a trust

"EPS"	:	Earnings per Share
"Executive Directors"	:	The executive Directors of our Company as at the date of this Prospectus, unless the context otherwise requires
"Executive Officers"	:	Unless the context otherwise requires, the key executives of our Group as at the date of this Prospectus, and as set out in "Directors, Executive Officers and Employees" of this Prospectus
"FY"	:	Financial year ended or ending 31 December, as the case may be
"FP"	:	Financial period ended or ending 31 March, as the case may be
"GDP"	:	Gross Domestic Product
"Hong Kong"	:	The Hong Kong Special Administrative Region of the PRC
"IB website"	:	Internet banking websites of DBS and the UOB Group
"Independent Directors"	:	The non-executive independent Directors of our Company as at the date of this Prospectus, unless the context otherwise requires
"Independent Valuer"	:	The independent valuer commissioned by our Group to value our properties and land reserve, Sallmanns (Far East) Limited
"Invitation"	:	The invitation by our Company and the Vendor to the public in Singapore to subscribe for and/or purchase the Invitation Shares, on the terms and subject to the conditions of this Prospectus
"Invitation Shares"	:	The 125,000,000 Shares which are the subject of this Invitation, comprising 120,000,000 New Shares and 5,000,000 Vendor Shares
"Issue Price"	:	$0.35 for each Invitation Share
"Latest Practicable Date"	:	10 August 2006, being the latest practicable date prior to the lodgment of this Prospectus with the Authority
"Listing Date"	:	The date of admission of our Company to the Official List of the SGX-ST
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"New Shares"	:	120,000,000 new Shares for which our Company invites applications to subscribe pursuant to the Invitation, on the terms and subject to the conditions of this Prospectus
"Nominating Committee"	:	The nominating committee of our Company as at the date of this Prospectus, unless the context otherwise requires
"NAV"	:	Net asset value

"NTA"	:	Net tangible assets
"Offer"	:	The invitation by our Company and the Vendor of the Offer Shares to the public in Singapore for subscription and/or purchase at the Issue Price, on the terms and subject to the conditions of this Prospectus
"Offer Shares"	:	5,000,000 Invitation Shares which are the subject of the Offer
"Over-allotment Option"	:	The over-allotment option granted by us to CIMB-GK, exercisable in whole or in part within 30 days from the date of commencement of dealing of our Shares on the SGX-ST to subscribe and/or procure subscribers for up to an aggregate of 25,000,000 Additional Shares, at the Issue Price, solely to cover over-allotments (if any) made in connection with the Invitation. **Unless we indicate otherwise, all information in this Prospectus assumes that the Over-allotment Option is not exercised**
"Participating Banks"	:	DBS Bank Ltd (including POSB) ("DBS"), Oversea-Chinese Banking Corporation Limited ("OCBC") and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited (the "UOB Group")
"PER"	:	Price earnings ratio
"Placement"	:	The placement of the Placement Shares by the Placement Agent on behalf of our Company and the Vendor for subscription and/or purchase at the Issue Price, on the terms and subject to the conditions of this Prospectus
"Placement Shares"	:	120,000,000 Invitation Shares which are the subject of the Placement
"PRC" or "China"	:	The People's Republic of China, excluding Hong Kong and the Macau Special Administrative Region, for the purpose of this Prospectus
"Prospectus"	:	This Prospectus dated 11 September 2006 issued by our Company in respect of the Invitation
"Remuneration Committee"	:	The remuneration committee of our Company as at the date of this Prospectus, unless the context otherwise requires
"Restructuring Exercise"	:	The restructuring exercise that we carried out to rationalise and streamline our corporate structure as described under "Restructuring Exercise" of this Prospectus
"Securities Account"	:	Securities account maintained by a Depositor with CDP (excluding a securities sub-account)
"Securities and Futures Act"	:	Securities and Futures Act, Chapter 289 of Singapore

"Service Agreements"	:	The service agreements of our Executive Directors, as described under the section "Service Agreements" of this Prospectus
"SGX-ST Listing Manual"	:	The listing manual issued by the SGX-ST, as amended or modified from time to time
"Shares"	:	Ordinary shares of HK$0.60 each in the capital of our Company
"Singapore Companies Act"	:	Companies Act, Chapter 50 of Singapore
"substantial shareholder"	:	In relation to our Company, a person who has an interest of 5% or more of the aggregate of the nominal amount of all our Shares
"Vendor"	:	Ms Chan Heung Ling
"Vendor Shares"	:	The 5,000,000 issued and fully paid-up Shares for which the Vendor invites applications to purchase, on the terms and subject to the conditions of this Prospectus

Currencies, Units and Others

"HK$"	:	Hong Kong dollars
"RMB" and "RMB cents"	:	PRC Renminbi and cents, respectively
"S$" or "$" and "cents"	:	Singapore dollars and cents, respectively
"sq km"	:	Square kilometre
"sq m"	:	Square metre
"US$"	:	United States dollars
"NA" or "na"	:	Not applicable
"NM" or "nm"	:	Not meaningful
"%" or "per cent."	:	Per centum or percentage

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the same meanings ascribed to them respectively in Section 130A of the Singapore Companies Act.

The terms "associated company", "associated entity", "controlling interest-holder", "controlling shareholder", "related corporation", "related entity", "subsidiary", "subsidiary entity" and "substantial interest-holder" shall have the same meanings ascribed to them respectively in the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any discrepancies in tables included herein between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Any reference in this Prospectus and the Application Forms and/or Electronic Applications to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the Singapore Companies Act, the Bermuda Companies Act, the Securities and Futures Act or any statutory modification thereof or the SGX-ST Listing Manual and used in this Prospectus and the Application Forms and/or Electronic Applications shall, where applicable, have the meaning ascribed to it under the Singapore Companies Act, the Bermuda Companies Act, the Securities and Futures Act or such statutory modification thereof, or the SGX-ST Listing Manual as the case may be.

Any reference in this Prospectus and the Application Forms and/or Electronic Applications to Shares being allotted and/or allocated to an applicant includes allotment and/or allocation to CDP for the account of that applicant.

Any reference to a time of day in this Prospectus and the Application Forms and/or Electronic Applications shall be a reference to Singapore time, unless otherwise stated.

Any reference to “we”, “us”, “our” and “ourselves” in this Prospectus is a reference to our Company, our Group or any member of our Group as the context requires.

All exchange rates referred to in this Prospectus are extracted from Bloomberg L.P.

Where the context requires, references to land in the PRC shall include references to the associated land use rights.

Certain names with Chinese characters have been translated into English. Such translations are provided solely for the convenience of Singapore-based investors. They may not be registered with the relevant PRC authorities and should not be construed as representations that the English names actually represent the Chinese characters.

Each phase of a property development project as referred to in this Prospectus is considered as a separate property development where appropriate.

Certain pictures of property projects used in this Prospectus are artists’ impressions and should not be taken as necessarily representative of the actual properties developed.

GLOSSARY OF PROPERTIES AND RELATED TERMINOLOGY

To facilitate a better understanding of the business of our Group, the following glossary provides a description of property developments and technical terms which are relevant to our Group or our business. The terms and their assigned meanings may not correspond to standard industry or common meanings or usage of these terms, as the case may be.

Our Group's Property Developments

"Hangzhou Liyang Yuan"	:	Hangzhou Liyang Yuan (杭州丽阳苑)
"Hangzhou Yazhoucheng Garden"	:	Hangzhou Yazhoucheng Garden (杭州亚洲城花园)
"Huzhou Hailian Construction"	:	Huzhou Hailian Construction (湖州海联建设)
"Huzhou Jinquan Garden"	:	Huzhou Jinquan Garden (湖州金泉花园)
"Huzhou Liyang Phase 1"	:	Huzhou Liyang Jingyuan Phase 1 (湖州丽阳景苑第一期)
"Huzhou Liyang Phase 2"	:	Huzhou Liyang Jingyuan Phase 2 (湖州丽阳景苑第二期)
"Huzhou Xinya Jiayuan"	:	Huzhou Xinya Jiayuan (湖州馨雅家园)
"Huzhou Zhili Phase 1"	:	Huzhou Zhili Yazhoucheng Phase 1 (湖州织里亚洲城第一期)
"Huzhou Zhili Phase 2"	:	Huzhou Zhili Yazhoucheng Phase 2 (湖州织里亚洲城第二期)
"Nanchang Honggu Kaixuan"	:	Nanchang Honggu Kaixuan (南昌红谷凯旋)
"Nanxun Yazhoucheng Garden"	:	Nanxun Yazhoucheng Garden (南浔亚洲城花园)
"Huacui Tingyuan"	:	Huacui Tingyuan (华萃庭院)
"Wuxing Balidian Market"	:	Wuxing District Balidian Multi-trading Market (吴兴区八里店社区综合市场)

Technical Terms

"commodity buildings" or "commodity properties"	:	Refers to residential properties, commercial properties and other buildings that are developed by real estate developers for the purpose of sale or lease after their completion
"GFA"	:	Gross floor area
"high-rise"	:	Refers to apartment blocks higher than 11 storeys
"low-rise"	:	Refers to apartment blocks of no more than six storeys
"medium-rise"	:	Refers to apartment blocks which are between six to 11 storeys high

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Prospectus, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers or employees acting on our behalf, that are not statements of historical fact constitute "forward-looking statements". You can identify some of these forward-looking statements by terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "possible", "probable", "project", "may", "should", "will", "would" and "could" or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategy, plans and prospects are forward-looking statements. These forward-looking statements, including statements as to:

(a) our revenue and profitability;

(b) expected growth in demand;

(c) expected industry trends;

(d) anticipated expansion plans; and

(e) other matters discussed in this Prospectus regarding matters that are not historical fact,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, *inter alia*:

(a) changes in political, social and economic conditions and the regulatory environment in Singapore and other countries in which we conduct business;

(b) changes in currency exchange rates;

(c) our anticipated growth strategies and expected internal growth;

(d) changes in the availability and prices of materials;

(e) changes in customer demand;

(f) changes in competitive conditions and our ability to compete under these conditions;

(g) changes in our future capital needs and the availability of financing and capital to fund these needs; and

(h) other factors beyond our control.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from expected, expressed or implied by the forward-looking statements in this Prospectus, we advise you not to place undue reliance on those statements which apply only as at the date of this Prospectus. Neither our Company, our Directors, the Vendor, CIMB-GK nor any other person represents or warrants to you that our actual future results, performance or achievements will be as discussed in those statements.

Our actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. Our Company, our Directors, the Vendor and CIMB-GK disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances. We are, however, subject to the provisions of the Securities and Futures Act and the SGX-ST Listing Manual regarding corporate disclosure. In particular, pursuant to Section 241 of the Securities and

Futures Act, if after this Prospectus is registered but before the close of the Invitation, our Company becomes aware of (a) a false or misleading statement or matter in this Prospectus; (b) an omission from this Prospectus of any information that should have been included in it under Section 243 of the Securities and Futures Act; or (c) a new circumstance that has arisen since this Prospectus was lodged with the Authority and would have been required by Section 243 of the Securities and Futures Act to be included in this Prospectus, if it had arisen before this Prospectus was lodged and that is materially adverse from the point of view of an investor, our Company may lodge a supplementary or replacement prospectus with the Authority.

PURCHASE BY OUR COMPANY OF OUR OWN SHARES

Under the laws of Bermuda, a company may, if authorised by its memorandum of association or bye-laws, purchase its own shares. Our Company has such power to purchase our own Shares pursuant to paragraph 7 of our Memorandum of Association. Such power to purchase our own Shares shall, subject to the Bermuda Companies Act and our Memorandum of Association (and if applicable, the rules and regulations of the SGX-ST and other regulatory authorities), be exercisable by the Directors upon such terms and subject to such conditions as they think fit, in accordance with Bye-law 3(2).

Under the laws of Bermuda, such purchases may be effected out of the capital paid-up on the purchased Shares or out of the funds of our Company otherwise available for dividend or distribution or out of proceeds of a fresh issue of Shares made for that purpose. Any premium payable on such a purchase over the par value of the Shares to be purchased must be provided for out of the funds of our Company otherwise available for dividend or distribution or out of our Company's share premium account before the Shares are purchased. Any amount due to a shareholder on a purchase by our Company of our own Shares may (i) be paid in cash; (ii) be satisfied by the transfer of any part of the undertaking or property of our Company having the same value; or (iii) be satisfied partly under (i) and partly under (ii). Further, such purchase may not be made if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that our Company is, or after the purchase would be, unable to pay our liabilities as they become due. Shares purchased by our Company will be treated as cancelled and our Company's issued, but not our authorised, capital will be diminished accordingly.

For further details of the power of our Company to purchase its own Shares, please see "Purchase of shares and warrants by a company and its subsidiaries" in paragraph (c) of "Appendix F — Summary of Bermuda Company Law".

Our Company presently has no intention of purchasing our own Shares after the listing. However, if we decide to do so later, we will seek our shareholders' approval in accordance with the Bye-laws and the rules of the SGX-ST. Our Company will make prompt public announcement of any such share purchase and has given an undertaking to the SGX-ST to comply with all requirements that the SGX-ST may impose in the event of any such share purchase.

ATTENDANCE AT GENERAL MEETINGS

Under the Bermuda Companies Act, only those persons who agree to become shareholders of a Bermuda company and whose names are entered on the register of members of such a company are considered members, with rights to attend and vote at general meetings. Accordingly, Depositors holding Shares through CDP would not be recognised as members of our Company, and would not have a right to attend and to vote at general meetings of our Company. In the event that Depositors wish to attend and vote at general meetings of our Company, CDP will have to appoint them as proxies, pursuant to the Bye-laws and the Bermuda Companies Act. In accordance with Bye-law 77(1) unless CDP specifies otherwise in a written notice to the Company, CDP shall be deemed to have appointed as CDP's proxies each of the Depositors who are individuals and whose names are shown in the records of CDP as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting, supplied by CDP to the Company. Therefore, Depositors who are individuals can attend and vote at the general meetings of our Company without the lodgement of any proxy form. Depositors who cannot attend a meeting personally may enable their nominees to attend as CDP's proxies. Depositors who are not individuals can only be represented at a general meeting of the Company if their nominees are appointed by CDP as CDP's proxies. Proxy forms appointing nominees of Depositors as proxies of CDP would need to be executed by CDP as member and must be deposited at the specified place and within the specified time frame to enable the nominees to attend and vote at the relevant general meeting of our Company.

TAKE-OVERS

There are presently no requirements under any Bermuda laws or regulations on take-over offers for our Shares which would be applicable to us. With effect from 15 October 2005 and following legislative amendments to the Securities and Futures Act, we are subject to sections 138, 139 and 140 of the Securities and Futures Act and the Singapore Code on Take-overs and Mergers notwithstanding that we are a corporation incorporated in Bermuda.

EXCHANGE RATES

The table below sets forth the high and low exchange rates for RMB/S$ for each month for the past six calendar months prior to the Latest Practicable Date. The table indicates how many RMB it would take to buy one S$.

	RMB/S$	
	High	**Low**
February 2006	4.974	4.913
March 2006	4.985	4.919
April 2006	5.069	4.963
May 2006	5.131	5.026
June 2006	5.104	4.992
July 2006	5.082	5.008

The following table sets forth, for the financial periods indicated, the average and closing exchange rates for RMB/S$. The average exchange rates were calculated using the average of the closing exchange rates on the last day of each month during each financial period. Where applicable, the exchange rates in this table are used for the translation of our Group's financial statements in respect of the same financial period disclosed elsewhere in this Prospectus.

	RMB/S$	
	Average	**Closing**
FY2003	4.751	4.866
FY2004	4.912	5.072
FY2005	4.915	4.853
FP2005	5.057	5.014
FP2006	4.963	4.962

The above exchange rates are extracted from Bloomberg L.P. These exchange rates have been presented solely for information only and should not be construed as representations that the RMB amounts actually represent such S$ or could be converted into S$ at the rate indicated or at any other rate and *vice versa*.

As at the Latest Practicable Date, the closing exchange rate for RMB/S$ is 5.073.

SELLING RESTRICTIONS

This Prospectus does not constitute an offer, solicitation or invitation to subscribe for our Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory authorities of, any jurisdiction, except for the lodgement and/or registration of this Prospectus in Bermuda and Singapore in order to permit a public offering of our Shares and the public distribution of this Prospectus in Singapore. The distribution of this Prospectus and the offering of our Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Prospectus are required by our Company, the Directors, the Vendor and CIMB-GK to inform themselves about, and to observe and comply with, any such restrictions.

Hong Kong

This Prospectus has not been and will not be registered with the Registrar of Companies in Hong Kong and accordingly, except as mentioned below, this document may not be issued, circulated or distributed in Hong Kong.

This document may be issued to professional investors within the meaning of the Securities and Futures Ordinance (the "Ordinance"), Chapter 571 of the laws of Hong Kong; or otherwise pursuant to, and in accordance with the conditions of, any other applicable exemptions set out in the Ordinance and/or the Companies Ordinance, Chapter 32 of the laws of Hong Kong. This document may also be issued in a manner which does not constitute an invitation or an offer to the public in Hong Kong to acquire or subscribe for our Shares.

LISTING ON THE SGX-ST

We have applied to the SGX-ST for permission to deal in, and for quotation of, all our Shares already issued (including the Vendor Shares), the New Shares and the Additional Shares which may be issued upon the exercise of the Over-allotment Option, and which are the subject of the Invitation. Such permission will be granted when our Company has been admitted to the Official List of the SGX-ST. Our acceptance of applications will be conditional upon the issue of the New Shares and permission being granted to deal in, and for quotation of, all of our existing issued Shares (including the Vendor Shares), the New Shares and the Additional Shares. If such permission is not granted for any reason, monies paid in respect of any application accepted will be returned to the applicant at the applicant's own risk, without interest or any share of revenue or other benefit arising therefrom, and the applicant will not have any claims whatsoever against our Company, our Directors, the Vendor or CIMB-GK. No Shares shall be allotted or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus.

In connection with the Invitation, we have granted the Manager an Over-allotment Option exercisable by the Manager in whole or in part within 30 days from the date of commencement of dealing of our Shares on the SGX-ST to subscribe and/or procure subscribers for up to an aggregate of 25,000,000 Additional Shares, representing not more than 20 percent of the Invitation Shares, at the Issue Price, solely for the purpose of covering over-allotments (if any) made in connection with the Invitation. The Manager may, in its capacity as stabilising manager, over-allot or effect transactions which stabilise or maintain the market price of our Shares at prices which may not otherwise prevail in the open market, subject to compliance with all applicable laws and regulations. Such stabilisation, if commenced, may be discontinued by the Manager at any time at the Manager's discretion, in accordance with all applicable laws and regulations.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our Shares already issued (including the Vendor Shares), the New Shares or the Additional Shares (if the Over-allotment option is exercised).

A copy of this Prospectus has been lodged with and registered by the Authority. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the shares or units of shares, as the case may be, being offered or in respect of which an invitation is made, for investment. Save for the filing of a copy of this Prospectus with the Registrar of Companies in Bermuda (as described below), we have not lodged or registered this Prospectus in any other jurisdiction.

A copy of this Prospectus, together with copies of the Application Forms, will be filed with the Registrar of Companies in Bermuda. The Bermuda Monetary Authority has given its consent to the issue of the New Shares and the Additional Shares and the sale of the Vendor Shares pursuant to the Invitation, on the terms referred to in this Prospectus. In accepting this Prospectus for filing and in granting such permission, the Registrar of Companies in Bermuda and the Bermuda Monetary Authority accept no responsibility for the financial soundness of our Group or of any proposal or for the correctness of any of the statements made or opinions expressed in this Prospectus or any other documents.

We are subject to the provisions of the Securities and Futures Act and the SGX-ST Listing Manual regarding corporate disclosure. In particular, pursuant to Section 241 of the Securities and Futures Act, if after this Prospectus is registered but before the close of the Invitation, our Company becomes aware of (a) a false or misleading statement or matter in this Prospectus, (b) an omission from this Prospectus of any information that should have been included in it under Section 243 of the Securities and Futures Act, or (c) a new circumstance that has arisen since this Prospectus was lodged with the Authority and would have been required by Section 243 of the Securities and Futures Act to be included in this Prospectus, if it had arisen before this Prospectus was lodged and that is materially adverse from the point of view of an investor, our Company may lodge a supplementary or replacement prospectus with the Authority.

Where prior to the lodgment of the supplementary or replacement prospectus, you have made an application to subscribe for and/or purchase the Invitation Shares under this Prospectus and:

(a) where the Invitation Shares have not been issued and/or sold to applicants, our Company shall (on behalf of itself and the Vendor) either:

(i) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement prospectus, give applicants notice in writing of how to obtain, or arrange to receive, a copy of the same and provide applicants with an option to withdraw their applications and take all reasonable steps to make available within a reasonable period the supplementary or replacement prospectus to applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement prospectus; or

(ii) within seven days from the date of lodgment of the supplementary or replacement prospectus, provide applicants with a copy of the supplementary or replacement prospectus, as the case may be, and provide applicants with an option to withdraw your application; or

(iii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and our Company shall (on behalf of itself and the Vendor), within seven days from the date of lodgment of the supplementary or replacement prospectus, return all monies paid in respect of any application, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, and the applicant will not have any claim against our Company, our Directors, the Vendor or CIMB-GK; or

(b) where the Invitation Shares have been issued and/or sold to applicants, our Company (on behalf of itself and the Vendor) is required to either:

(i) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement prospectus, give applicants notice in writing of how to obtain, or arrange to receive, a copy of the same and provide applicants with an option to return to the Company the Invitation Shares, which they do not wish to retain title in and take all reasonable steps to make available within a reasonable period the supplementary or replacement prospectus to applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement prospectus; or

(ii) within seven days from the date of lodgment of the supplementary or replacement prospectus, provide applicants with a copy of the supplementary or replacement prospectus, as the case may be, and provide applicants with an option to return the Invitation Shares, which they do not wish to retain title in; or

(iii) treat the issue and/or sale of the Invitation Shares as void, in which case the issue shall be deemed void, and our Company shall (on behalf of itself and the Vendor), subject to the compliance with the Bermuda Companies Act, within seven days from the date of lodgment of the supplementary or replacement prospectus, return all monies paid in respect of any application, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, and the applicant will not have any claim against our Company, our Directors, the Vendor or CIMB-GK.

An applicant who wishes to exercise his option under paragraph (a)(i) or (ii) to withdraw his application shall, within 14 days from the date of lodgment of the supplementary or replacement prospectus, notify our Company of this, whereupon our Company shall (on behalf of itself and the Vendor), within seven days from the receipt of such notification, pay to him all monies paid by him on account of his application for such Invitation Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk, and he will not have any claim against our Company, our Directors, the Vendor or CIMB-GK.

An applicant who wishes to exercise his option under paragraph (b)(i) or (ii) to return our Shares issued to him, shall, within 14 days from the date of lodgment of the supplementary or replacement prospectus, notify our Company of this and return all documents, if any, purporting to be evidence of title to those Shares, to our Company, whereupon our Company shall (on behalf of itself and the Vendor), subject to compliance with the Bermuda Companies Act, within seven days from the receipt of such notification and documents, if any, repurchase those Shares and pay to him all monies paid by him for those New Shares, without interest or any share of revenue or benefit arising therefrom and at his own risk, and the issue of those Shares shall be deemed to be void, and he will not have any claim against our Company, our Directors, the Vendor or CIMB-GK.

If our Company is required by applicable Singapore laws to cancel issued New Shares and repay application monies to applicants (including instances where a stop order under the Securities and Futures Act is issued), subject to compliance with the Bermuda Companies Act, our Company will purchase the New Shares at the Issue Price. Information relating to the purchase of Shares by our Company is set out in "Purchase By Our Company of Our Own Shares" of this Prospectus.

Pursuant to Section 242 of the Securities and Futures Act, the Authority may issue a stop order if a prospectus that has been registered (i) contains any statement or matter which, in the Authority's opinion, is false or misleading; (ii) omits any information that should have been included in it under Section 243 of the Securities and Futures Act; or (iii) does not in the Authority's opinion comply with the requirements of the Securities and Futures Act. In the event that the Authority issues a stop order, and applications to subscribe for and/or purchase the Invitation Shares have been made prior to the stop order, then:

(a) where the Invitation Shares have not been issued and/or sold to applicants, the applications shall be deemed to have been withdrawn and cancelled, and our Company shall (on behalf of itself and the Vendor), within 14 days from the date of the stop order, return to applicants all monies they have paid on account of their applications for the Invitation Shares, without interest or any share of revenue or other benefit arising therefrom and at their own risk, and they will not have any claim against our Company, our Directors, the Vendor or CIMB-GK; or

(b) where the New Shares have been issued to the applicants, the issue of the New Shares is required by the Securities and Futures Act to be deemed void, and our Company is required, within 14 days from the date of the stop order, return to the applicants all monies paid by them for the New Shares, without interest or any share of revenue or other benefit arising therefrom and at their own risk, and they will not have any claim against our Company, our Directors, the Vendor or CIMB-GK; or

(c) in the case where the Vendor Shares have been sold, the sale of the Vendor Shares shall be deemed to be void and if documents purporting to evidence title have been issued, the Company shall, on behalf of the Vendor, inform such applicant to return such documents to the Company within 14 days from that date and within 7 days from the date of receipt of such documents (if applicable) or the date of the stop order, whichever is later, refund the application moneys to such applicant.

This Prospectus has been seen and approved by our Directors and the Vendor and they individually and collectively accept full responsibility for the accuracy of the information given in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Prospectus are fair and accurate in all material respects as at the date of this Prospectus and that there are no material facts the omission of which would make any statements in this Prospectus misleading, and that this Prospectus constitutes full and true disclosure of all material facts about the Invitation, our Company, our subsidiaries and the New Shares.

Neither our Company, our Directors, the Vendor, CIMB-GK nor any other parties involved in the Invitation is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or other laws or regulations. No information in this Prospectus should be considered as being business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own professional or other advisers for business, legal or tax advice regarding an investment in our Shares.

No person has been or is authorised to give any information or to make any representation not contained in this Prospectus in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by our Company, our Directors, the Vendor or CIMB-GK. Neither the delivery of this Prospectus and the Application Forms or any document relating to the Invitation shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of our Company or our subsidiaries or in any statements of fact or information contained in this Prospectus since the date of this Prospectus. Where such changes occur, we may make an announcement of the same to the SGX-ST and if required under the Securities and Futures Act, a supplementary or replacement prospectus will be issued and made available to the public after a copy thereof has been lodged with the Authority. All applicants should take note of any such announcement, or supplementary or replacement prospectus and, upon the release of such an announcement, or supplementary or replacement prospectus, shall be deemed to have notice of such changes. Save as expressly stated in this Prospectus, nothing herein is, or may be relied upon as, a promise or representation as to the future performance or policies of our Company or our subsidiaries.

This Prospectus has been prepared solely for the purpose of the Invitation and may not be relied upon by any persons other than the applicants applying for the Invitation Shares or for any other purpose. **This Prospectus does not constitute an offer, solicitation or invitation to subscribe for and/or purchase the Invitation Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such an offer, solicitation or invitation.**

DETAILS OF THE INVITATION

Copies of this Prospectus and the Application Forms may be obtained on request, subject to availability, during office hours from:–

CIMB-GK Securities Pte. Ltd.
CIMB-GK Investment Centre
50 Raffles Place #01-01
Singapore Land Tower
Singapore 048623

and from members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST website http://www.sgx.com.

The Application List will open at 10.00 am on 18 September 2006 and will remain open until 12.00 noon on the same day or for such further period or periods as our Company and Vendor may, in consultation with the Manager, in their absolute discretion, decide, subject to any limitation under all applicable laws. Where a supplementary or replacement prospectus has been lodged with the Authority, the Application List shall be kept open for at least 14 days after the lodgment of the supplementary or replacement prospectus.

Details of the procedures for applications for the Invitation Shares are set out in Appendix I of this Prospectus.

INDICATIVE TIMETABLE FOR LISTING

Indicative Date and Time	Event
18 September 2006, 12.00 noon	Close of Application List
19 September 2006	Balloting of applications, if necessary (in the event of over-subscription for the Offer Shares)
20 September 2006, 9.00 am	Commence trading on a "ready" basis
25 September 2006	Settlement date for all trades done on a "ready" basis on 20 September 2006

The above timetable is only indicative as it assumes that the date of closing of the Application List is 18 September 2006, the date of admission of our Company to the Official List of the SGX-ST is 20 September 2006, the SGX-ST's shareholding spread requirement will be complied with and the Invitation Shares will be issued and fully paid-up prior to 20 September 2006.

The above timetable and procedures may be subject to such modification as the SGX-ST may, in its absolute discretion, decide, including the decision to permit trading on a "ready " basis and the commencement date of such trading.

DETAILS OF THE INVITATION

The Invitation will be opened from the date of this Prospectus to 18 September 2006, 12.00 noon.

Investors should consult the SGX-ST's announcement on the "ready" trading date on the Internet (at SGX-ST's website http://www.sgx.com) or the newspapers or check with their brokers on the date on which trading on a "ready" basis will commence.

In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same:

(i) through an SGXNET announcement to be posted on the Internet at the SGX-ST website http://www.sgx.com; and

(ii) through a paid advertisement in a major Singapore English newspaper such as The Straits Times or The Business Times.

We will provide details of the results of the Invitation through the channels described in (i) and (ii) above.

The information contained in this summary is derived from and should be read in conjunction with the full text of this Prospectus. Prospective investors should read the entire Prospectus carefully, especially the matters set out under the section "Risk Factors" of this Prospectus, before deciding to invest in our Shares.

Overview of Our Group and Business

Our Company was incorporated in Bermuda on 20 December 2005 under the Bermuda Companies Act as an exempted company. Our Memorandum of Association states, *inter alia*, that the liability of our members is limited to the amount, if any, for the time being unpaid on the shares respectively held by them. Please refer to the section "Group Structure" of this Prospectus for a diagrammatic representation of our Group. Our principal office is located at Room 708, Tower B, Hunghom Commercial Centre, 37–39 Ma Tau Wai Road, Hunghom, Hong Kong and our registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The telephone number and facsimile number at our principal office are (852) 2363 1300 and (852) 2764 2160 respectively.

We are a property developer for quality residential and commercial properties in the PRC, and we focus on developing cities with significant growth potential in the property market, such as Hangzhou City and Huzhou City in Zhejiang Province and Nanchang City in Jiangxi Province.

Our Company became the holding company of our Group pursuant to the Restructuring Exercise. For details of the Restructuring Exercise, please refer to the section "Restructuring Exercise" of this Prospectus. The history of our Group can be traced back to the establishment of a Hong Kong company in 1983 which was primarily engaged in property development. Since then, some of the notable projects we have successfully developed and sold include Hangzhou Yazhoucheng Garden, Huzhou Jinquan Garden and Nanxun Yazhoucheng Garden.

We started to focus our property development projects in Zhejiang Province in 1992 as the province was generally known as one of the wealthier provinces in the PRC, with a growing economy and an increasing standard of living. Since 2000, we have continually sought to increase our land reserve in Huzhou City, as we saw the potential for growth in this city which is in the centre of the Yangtze River Delta where both per capita income and urbanisation levels are high. In 2002, we expanded our land acquisition exercise into Nanchang City, the capital of Jiangxi Province.

We received the "Huzhou City Outstanding Property Development Award" in June 2003, the "Huzhou City Foreign Capital Enterprise — Modern Unit Award" in October 2004 and the "China IACE International Habitat Award" in November 2005. We believe that these awards are an endorsement of our standing as a quality property developer. Please refer to the section "Awards and Certificates" of this Prospectus for further details.

The table below sets out certain details regarding our property projects (completed or to be completed) with ongoing pre-sales or sales as at the Latest Practicable Date.

No.	Name of Development	Commencement Date	Completion Date/Target Completion Date	GFA (sq m)
1.	Huzhou Zhili Phase 1 (湖州织里亚洲城第一期)	May 2001	August 2004	55,212
2.	Huzhou Liyang Phase 1 (湖州丽阳景苑第一期)	January 2004	December 2005	64,293
3.	Huzhou Xinya Jiayuan (湖州馨雅家园)	July 2003	December 2005	71,208
4.	Wuxing Balidian Market (吴兴区八里店社区综合市场)	July 2005	August 2006	23,824
5.	Huzhou Zhili Phase 2 (湖州织里亚洲城第二期)	May 2006	December 2006	5,250

For more details of the above property development projects, please refer to the section "History and Business — Principal Business and Activities" of this Prospectus.

The table below sets out certain details regarding our future proposed property projects.

No.	Name of Development	Commencement Date/Estimated Commencement Date	Target Completion Date	Planned GFA (sq m)
1.	Nanchang Honggu Kaixuan (南昌红谷凯旋)	April 2006	End 2011	390,000
2.	Huacui Tingyuan (华萃庭院)	4th quarter of 2006	December 2010	140,000
3.	Hangzhou Liyang Yuan (杭州丽阳苑)	4th quarter of 2006	End 2007	36,751
4.	Huzhou Liyang Phase 2 (湖州丽阳景苑第二期)	March 2007	September 2008	31,023
5.	Huzhou Hailian Construction (湖州海联建设)	—	—	220,767(1)

Note:–

(1) This refers to the site area.

Please refer to the section "History and Business —Future Plans — Future Projects" of this Prospectus for details on the properties for which our Group is planning to develop and sell in the next few years.

Our Competitive Strengths

We believe our competitive strengths are as follows:

(1) ***Our quality residential and commercial property developments***

We believe that we are recognised as a developer of quality residential and commercial properties in Huzhou, Hangzhou and Nanchang cities. We believe that developing quality properties with a variety of designs and a pleasant living environment will attract our targeted customers, who are mainly middle to upper-middle income consumers. We believe that our experience has helped us anticipate the demand and preferences of our target customers, which has been critical to our growth and success to date. We have also received awards and certificates which we believe bear testimony to the quality of properties developed by us.

(2) ***Our experienced and dedicated management team has extensive experience in the property sector in the PRC***

Our management team, led by our Executive Directors, have extensive experience in the property sector in the PRC, in particular, Hangzhou, Huzhou and Nanchang cities. Our Executive Chairman, Mr Wong Lam Ping, and our Deputy Chairman, Ms Chan Heung Ling, have been engaged in property development and property investments in the PRC since 1983, and our Executive Directors, Mr Shi Feng and Ms Wang Cuiping, have more than 20 years of experience in their respective fields of expertise.

In addition, we also encourage continuous professional development of our staff. We are highly selective in our hiring process, and we regularly train our staff on technical skills and product knowledge, management techniques, the latest safety regulations and related developments.

(3) *Our land reserves and properties under development are located at prime locations*

As at the Latest Practicable Date, we have land reserves of approximately 457,635 sq m in the PRC, of which approximately 371,441 sq m is in Huzhou City, Zhejiang Province, approximately 7,833 sq m is in Hangzhou City, Zhejiang Province and the balance of approximately 78,361 sq m in Nanchang City, Jiangxi Province. Our land reserves in Huzhou, Hangzhou and Nanchang cities are centrally located within the cities or located in prime locations.

For further details, please refer to the section "Competitive Strengths" of this Prospectus.

Future Plans

We plan to increase our market share by leveraging on our competitive strengths. To achieve our business objective, we plan to adopt the following strategies:

(1) *To continue to focus on middle to upper-middle level residential property developments in Huzhou, Hangzhou and Nanchang cities*

In view of various housing reform measures implemented by the PRC government, the growing economies in Huzhou, Hangzhou and Nanchang cities and our experience and local knowledge, we intend to continue to focus our property development business in these developing cities with continued emphasis on quality, variety in design and pleasant and scenic living environments to cater to the middle to upper-middle income consumers in these cities.

(2) *To expand our property development business into other developing cities in the PRC*

We intend to expand into other cities in the PRC such as Nanning City, Guangxi Province, Changsha City, Hunan Province and Yichun City, Jiangxi Province. We believe that there is a good potential for property development industries in these cities arising from their expected economic growth which is expected to result in increasing consumer affluence which will drive an increase in demand for affordable and quality housing. Our target market will continue to be those consumers with middle to upper-middle income level in these cities.

(3) *To expand further into the commercial property market*

We intend to expand further into the commercial property development business in the cities in which we are currently operating such as Huzhou, Hangzhou and Nanchang as well as other developing cities in the PRC that we have plans to penetrate into such as Nanning, Changsha and Yichun cities.

(4) *To continue to seek new and suitable land reserves through direct acquisition, joint ventures or business alliances*

We intend to continue to acquire new and suitable land reserves in our target markets to support our Group's continuous growth. We will actively seek such opportunities through the direct acquisition of land or companies which own the land or through joint ventures or business alliances with other partners which own the land for joint development.

For further details, please refer to the section "Future Plans" of this Prospectus.

Our Financial Results and Financial Position

The following tables represent a summary of the financial highlights of our Group and should be read in conjunction with the "Management's Discussion and Analysis of Results of Operations and Financial Position", the "Accountants' Report on the Audited Combined Financial Information of the Group" set out in Appendix A and the "Review Report from the Joint Reporting Accountants on the Unaudited Combined Financial Information of the Group for the Three Months Ended 31 March 2006" set out in Appendix B of this Prospectus.

Selected items from the Operating Results of our Group

	Audited			Unaudited	
(RMB'000)	**FY2003**	**FY2004**	**FY2005**	**FP2005**	**FP2006**
Revenue	—	66,702	288,012	—	33,332
Gross profit	—	8,930	93,189	—	13,550
(Loss)/Profit before taxation	(677)	6,192	87,707	(1,258)	16,444
(Loss)/Profit for the year/(period)	(677)	3,822	58,513	(1,258)	10,282
Net (loss)/profit attributable to the equity holders of the Company	(497)	2,077	59,297	(1,341)	10,174
EPS(1) (RMB cents)	(0.14)	0.58	16.47	(0.37)	2.83

Note:

(1) For comparative purposes, EPS for the period under review has been computed based on the audited combined net loss/profit attributable to the equity holders of the Company and our pre-Invitation share capital of 360,000,000 Shares.

Selected items from the Financial Position of our Group

	Audited			Unaudited
(RMB'000)	**As at 31 December 2003**	**As at 31 December 2004**	**As at 31 December 2005**	**As at 31 March 2006**
Non-current assets	1,044	5,631	24,154	17,981
Current assets	220,342	269,736	361,480	416,175
Non-current liabilities	43,016	66,569	194,253	10,982
Current liabilities	167,343	194,987	94,902	105,362
Total equity	11,027	13,811	96,479	317,812
Equity attributable to the Company's equity holders	(2,186)	(1,147)	61,466	287,884
NTA per Share(1) (RMB cents)	(0.61)	(0.32)	17.07	78.29

Note:

(1) NTA per Share has been computed based on the audited combined NTA attributable to the Company's equity holders and our pre-Invitation share capital of 360,000,000 Shares.

THE INVITATION

Issue Size	:	Invitation in respect of 125,000,000 Invitation Shares, comprising 120,000,000 New Shares and 5,000,000 Vendor Shares (including up to 25,000,000 Additional Shares pursuant to the Over-allotment Option), by way of public offer and placement, comprising 5,000,000 Offer Shares and 120,000,000 Placement Shares. The New Shares, upon issue and allotment, will rank *pari passu* in all respects with the existing issued Shares.
Issue Price	:	$0.35 for each Invitation Share.
Purpose of the Invitation	:	Our Directors consider that the listing of our Company and the quotation of our Shares on the SGX-ST will enhance our public image locally and internationally and enable our Company to tap the capital markets to fund our business growth. Our Directors also believe that the listing of our Company will lead to improved corporate governance and increased customer confidence in our Group's brand name.
Listing Status	:	There has been no public market for our Shares prior to the Invitation. Our Shares will be quoted in Singapore dollars on the Main Board of the SGX-ST, subject to admission of our Company to the Official List of the SGX-ST and permission for dealing in, and for quotation of, our Shares being granted by the SGX-ST.
Risk Factors	:	Investing in our Shares involves risks which are described under the section "Risk Factors" of this Prospectus.

PLAN OF DISTRIBUTION

The Issue Price was arrived at after consultation between our Company, the Vendor and CIMB-GK and after taking into consideration, amongst other things, prevailing market conditions and estimated market demand for the Invitation Shares determined through a book-building process. The Issue Price is the same for all the Invitation Shares and the Additional Shares (if the Over-allotment Option is exercised) and is payable in full on application.

This section should be read in conjunction with, and is qualified in its entirety by reference to, the section entitled "Terms, Conditions and Procedures For Application and Acceptance" in Appendix I of this Prospectus.

Investors may apply to subscribe for and/or purchase any number of Invitation Shares in intergral multiples of 1,000 Shares. In order to ensure a reasonable spread of shareholders, we have the absolute discretion to prescribe a limit to the number of Invitation Shares to be allotted to any single applicant and/or to allot Invitation Shares above or under such prescribed limit as we shall deem fit.

Offer Shares

The Offer Shares are made available to members of the public in Singapore for application at the Issue Price. The terms and conditions and procedures for application are described in Appendix I of this Prospectus.

Pursuant to the management and underwriting agreement signed between our Company, the Vendor and CIMB-GK dated 11 September 2006 (the "Management and Underwriting Agreement"), our Company appointed CIMB-GK, and CIMB-GK has agreed, to manage the Invitation and to subscribe and/or purchase or procure subscribers and/or purchasers for our Offer Shares. CIMB-GK shall be at liberty to appoint one or more sub-underwriters for the Offer Shares.

In the event of a shortage of applications for the Offer Shares as at the close of the Application List, that number of Offer Shares not applied for shall be made available to satisfy excess applications for the Placement Shares to the extent that there is an excess of applications for the Placement Shares as at the close of the Application List.

In the event of an excess of applications for the Offer Shares as at the close of the Application List and the Placement Shares have been fully applied for as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors in consultation with CIMB-GK and approved by the SGX-ST.

Placement Shares

Application for the Placement Shares may only be made by way of Application Forms. The terms and conditions and procedures for application are described in Appendix I of this Prospectus.

Pursuant to the placement agreement signed between our Company, the Vendor and CIMB-GK dated 11 September 2006 (the "Placement Agreement"), CIMB-GK has agreed to subscribe and/or purchase, or procure subscriptions and/or purchasers for the Placement Shares at the Issue Price. CIMB-GK shall be at liberty to appoint one or more sub-placement agents for the Placement Shares.

In the event of a shortage of applications for the Placement Shares as at the close of the Application List, that number of Placement Shares not applied for shall be made available to satisfy excess applications for the Offer Shares to the extent that there is an excess of applications for the Offer Shares as at the close of the Application List.

Successful applicants for the Placement Shares may be required to pay a brokerage of up to 1.0% of the Issue Price, as well as stamp duties and any other similar charges.

Over-allotment and Stabilisation

In connection with the Invitation, we have granted to CIMB-GK an Over-allotment Option exercisable in whole or in part within 30 days from the date of commencement of dealing of our Shares on the SGX-ST, to subscribe and/or procure subscribers for up to an aggregate of 25,000,000 Additional Shares (representing not more than 20% of the Invitation Shares) at the Issue Price, solely for the purpose of covering over-allotments (if any) made in connection with the Invitation. In covering over-allotments made (if any), priority will be given to satisfy any excess demand for the Placement Shares before satisfying any excess demand for the Offer Shares.

In addition, one of our substantial shareholders, Extra Good has entered into an agreement with CIMB-GK to lend up to 25,000,000 Shares to CIMB-GK as stabilising manager for the purpose of effecting the over-allotment or stabilisation activities in connection with the Invitation. As disclosed under "General Information on our Group — Moratorium" of this Prospectus, Extra Good has entered into a moratorium undertaking to CIMB-GK, save for, in aggregate, the 25,000,000 Shares that may be lent to CIMB-GK in relation to the over-allotment and price stabilisation activities effected in connection with the Invitation. At the conclusion of such activities, all Shares lent to CIMB-GK will be returned to Extra Good and will thereafter be subject to the moratorium undertaking.

In order to facilitate the distribution of the Invitation Shares in the Invitation, CIMB-GK may, in its capacity as stabilising manager and in its discretion but subject always to applicable laws and regulations in Singapore, over-allot or effect transactions which stabilise or maintain the market price of the Shares at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in all jurisdictions where it is permissible to do so, in each case, in compliance with all applicable laws and regulatory requirements, including the Securities and Futures Act. Such stabilisation activities, if commenced, may be discontinued by CIMB-GK at any time at CIMB-GK's discretion, and shall not be effected after the earlier of (a) the date falling 30 days from the date of commencement of dealing of our Shares on the SGX-ST, or (b) the date when the over-allotment of our Shares which are subject to the Over-allotment Option has been fully covered (either through the purchase of our Shares on the SGX-ST or the exercise of the Over-allotment Option by CIMB-GK, or through both).

Neither our Company, our Directors, the Vendor nor CIMB-GK makes any representation or prediction as to the magnitude of any effect that the transactions described in this section may have on the market price of our Shares. In addition, neither our Company, our Directors, the Vendor nor CIMB-GK makes any representation that CIMB-GK will engage in these transactions or that these transactions, once commenced, will not be discontinued without advance notice (unless such notice is required by law). CIMB-GK will be required to make a public announcement through the SGX-ST on the cessation of stabilising action and, if the Over-allotment Option is exercised by CIMB-GK, the number of Additional Shares that have been issued by the Company pursuant to such exercise.

Miscellaneous

None of our Directors or substantial shareholders intends to subscribe for the Invitation Shares pursuant to the Invitation.

PLAN OF DISTRIBUTION

To the best of our knowledge, we are not aware of any person who intends to subscribe for more than 5% of the Invitation Shares in the Invitation. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate his interest to subscribe for and/or purchase more than 5% of the Invitation Shares. If such person(s) were to make an application for more than 5% of the Invitation Shares and subsequently allotted or allocated such number of Shares, we will make the necessary announcements at an appropriate time if required. The final allocation of Shares will be in accordance with the shareholding spread and distribution guidelines set out in Rule 210 of the SGX-ST Listing Manual.

No Shares shall be allotted or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Authority.

USE OF PROCEEDS FROM THE INVITATION AND EXPENSES INCURRED

The net proceeds to be raised by our Company from the issue of the New Shares (after deducting the estimated issue expenses) are estimated to be S$38.2 million. We intend to utilise the net proceeds as follows:

(i) approximately S$22.9 million (or equivalent to approximately RMB116.4 million) for the acquisition of land reserves directly or indirectly through the acquisition of companies which hold the relevant land use rights to suitable land reserves. As of the Latest Practicable Date, we have not committed to the acquisition of the land use rights to any particular piece of land; and

(ii) the balance to be used for our working capital requirements (including the funding of the cost of construction of our development projects).

Details of our future development projects may be found under the section "History and Business — Future Plans" of this Prospectus.

If the Over-allotment Option is exercised by CIMB-GK, we shall use the net proceeds arising therefrom for our working capital requirements.

Pending the specific deployment of the net proceeds as aforesaid, we may use the funds as working capital or invest in short-term money market instruments as our Directors may, in their absolute discretion, deem fit.

The total estimated expenses in connection with the Invitation to be borne by our Company and the Vendor are approximately S$3.8 million.

The allocation of each principal intended use of proceeds and each item of expenses borne by our Company is set out below:

	S$'000	As a percentage of gross proceeds from the Invitation (%)
Use of proceeds		
Acquisition of land reserves	22,944	54.6
Working capital requirements	15,296	36.4
Expenses		
Listing fees	50	0.1
Professional fees	2,000	4.8
Underwriting commission, placement commission and brokerage	1,260	3.0
Miscellaneous expenses	450	1.1
Total	**42,000**	**100.0**

MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

Pursuant to the Management and Underwriting Agreement, our Company appointed CIMB-GK, and CIMB-GK has agreed, to manage the Invitation. CIMB-GK will receive a management fee from our Company for its services rendered in connection with the Invitation.

Pursuant to the Management and Underwriting Agreement, CIMB-GK also agreed to subscribe and/or purchase or procure subscribers and/or purchasers for our Offer Shares and our Company and the Vendor agreed to pay to CIMB-GK, in the proportion in which the number of Invitation Shares offered by each of them pursuant to the Invitation bears to the total number of Invitation Shares pursuant to the Invitation (the "Agreed Proportion"), an underwriting commission of 2.75% of the aggregate Issue Price for the Offer Shares. CIMB-GK shall be at liberty to appoint one or more sub-underwriters for the Offer Shares.

The Management and Underwriting Agreement may be terminated by CIMB-GK at any time on or before the closing of the Application List on the occurrence of certain events including, *inter alia,* the following:

(a) if there shall come to the knowledge of the Manager or the Underwriter any breach of the warranties or undertakings of our Company made in the Management and Underwriting Agreement or that any of our Company's warranties made in the Management and Underwriting Agreement is untrue or incorrect in any material respect; or

(b) if there shall come to the knowledge of the Manager or the Underwriter any event occurring after the date of the Management and Underwriting Agreement and prior to the close of the Application List, which if it had occurred before the date of the Management and Underwriting Agreement, would have rendered any of our Company's warranties made in the Management and Underwriting Agreement untrue or incorrect in any material respect; or

(c) if there shall have been, since the date of the Management and Underwriting Agreement:

  (i) any adverse change, or any development involving a prospective adverse change, in the condition (financial or otherwise) of the Company and/or its subsidiaries; or

  (ii) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, policy, rule, guideline or directive in Singapore or elsewhere (whether or not having the force of law and including, without limitation, any directive or request issued by the Authority, the Securities Industry Council of Singapore or the SGX-ST) or in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority; or

  (iii) any change, or any development involving a prospective change, in local, national, regional or international financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including without limitation, the imposition or any moratorium, suspension or material restriction on trading in securities generally on the SGX-ST due to exceptional financial circumstances or otherwise); or

  (iv) any imminent threat or occurrence of any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict, terrorist attacks (whether or not involving financial markets); or

  (v) any other occurrence of any nature whatsoever, which event or events shall in the opinion of the Manager (1) result or be likely to result in a material adverse fluctuation or adverse conditions in the stock market in Singapore or overseas, or (2) be likely to prejudice the success of the subscription or offer of the Invitation Shares (whether in the primary market or in respect of dealings in the secondary market), or (3) make it impracticable, inadvisable, inexpedient or uncommercial to proceed with any of the transactions contemplated in the Management and Underwriting Agreement, or (4) be likely to have an adverse effect on the business, trading position, operations or prospects of our Company or of our Group as a whole, or (5) be such that no reasonable underwriter would have entered into the Management and Underwriting Agreement, or (6) result or be likely to result in the issue of a stop order by the Authority pursuant to the Securities and Futures Act, or (7) make it uncommercial or otherwise contrary to or outside the usual commercial practices of underwriters in Singapore for CIMB-GK to observe or perform or be obliged to observe or perform the terms of the Management and Underwriting Agreement.

In the event that the Management and Underwriting Agreement is terminated, we reserve the right at our absolute discretion to cancel the Invitation.

Pursuant to the Placement Agreement, CIMB-GK has agreed to subscribe and/or procure subscriptions for the Placement Shares and our Company and the Vendor have agreed to pay to CIMB-GK a placement commission of 3.0% of the aggregate Issue Price for the Placement Shares and Additional Shares (if the Over-allotment Option is exercised). CIMB-GK shall be at liberty to appoint one or more sub-placement agents for the Placement Shares.

Brokerage will be paid by our Company and Vendor in the Agreed Proportion to members of the SGX-ST, merchant banks and members of the Association of Banks in Singapore in respect of accepted applications made on Application Forms bearing their respective stamps, or to Participating Banks in respect of successful applications made through Electronic Applications, at the rate of 0.25% of the Issue Price for each Offer Share. Successful applicants for the Placement Shares may be required to pay a brokerage of up to 1.0% of the Issue Price to the Placement Agent.

The Placement Agreement is conditional upon the Management and Underwriting Agreement not having been terminated or rescinded pursuant to the provisions of the Management and Underwriting Agreement.

Save as disclosed above, we do not have any material relationship with CIMB-GK that is outside the normal banking activities in the ordinary course of our business.

Prospective investors should carefully consider and evaluate each of the following considerations and all other information set forth in this Prospectus before deciding to invest in our Shares. To the best of our Directors' knowledge and belief, all risk factors which are material to investors in making an informed judgment of our Group have been set out below. If any of the following considerations, uncertainties or material risks develops into actual events, our business, financial condition and/or results of operations could be materially and adversely affected. In such cases, the trading price of our Shares could decline and you may lose all or part of your investment in our Shares.

This Prospectus also contains forward-looking statements having direct and/or indirect implications on our future performance. Our actual results may differ materially from those anticipated by these forward-looking statements due to certain factors, including the risks and uncertainties faced by us, as described below and elsewhere in this Prospectus.

RISKS RELATING TO OUR BUSINESS

We are subject to revenue and profit volatility as a result of our policy of revenue recognition and fair value adjustments on investment properties

Our revenue and accordingly, profits, from our property development business are dependent on the number, value and duration of the projects that we undertake. Our revenue recognition policy is based on the completion method of accounting — revenue may only be recognised when the purchaser is legally able to take possession of the property unit after the property unit has been sold. As a result, in the event our property development projects are not completed, due to reasons such as construction delays, the respective purchasers will be unable to take legal possession of their units. Notwithstanding that we may have pre-sold these units during the period of construction, based on our revenue recognition policy, we will not recognise such proceeds received from such pre-sales as revenue, and accordingly profit, during the relevant financial period. Accordingly, we may be subject to significant revenue and profit volatility in any financial reporting period, depending on the duration required to complete our respective projects.

While we have accumulated a significant land reserve for future development over the next three to five years which is expected to contribute to our revenues and profits from FY2007 onwards, the key revenue growth drivers for FY2006 is expected to be the sales from the completed units of Huzhou Zhili Phase 1, Huzhou Liyang Phase 1, Huzhou Xinya Jiayuan and Wuxing Balidian Market, as well as the sales of Huzhou Zhili Phase 2, which is expected to be completed in FY2006. However, as our revenue recognition policy is based on the completion method of accounting, if the completion of Huzhou Zhili Phase 2 is delayed beyond FY2006, notwithstanding that we may have pre-sold these units during the period of construction, we will not recognize such proceeds received from such pre-sales as revenue, and accordingly profit, in FY2006. In the event this occurs and/or if we do not achieve the anticipated sales for our completed units of Huzhou Zhili Phase 1, Huzhou Liyang Phase 1, Huzhou Xinya Jiayuan and Wuxing Balidian Market, our operating results for FY2006 may be adversely affected.

Further, in the event we have investment properties, we may carry them at their respective fair values, being determined annually by external professional valuers. Such accounting policy adopted may result in us incurring unrealised gains or losses on the investment properties. Any gain or loss resulting from either a change in fair value or the sale of investment properties is immediately recognised in the consolidated income statement. Accordingly, should there be any significant adverse adjustment in our investment properties or if we sell any of our investment properties at a value significantly lower than its carrying value in the balance sheet, our financial performance for that relevant period will be adversely affected.

Our property development projects require substantial capital outlay

We are engaged in the property development of residential and commercial properties in Hangzhou City and Huzhou City in Zhejiang Province and Nanchang City in Jiangxi Province. As property development projects typically require substantial capital investment, one of the key factors which may affect our ability to complete our property developments is the adequacy of funding for the development project.

Our property development projects are typically funded through internal funds, borrowings and pre-sales proceeds. We typically commence pre-selling of the property units in our development projects upon receipt of the "Permit for Pre-Completion Sale of Commodity Buildings" (商品房预售许可证) ("pre-sale permits") which is issued by the government authorities upon the satisfaction of certain criteria, including the payment of the requisite fees and acquisition of the land use right certificate, as well as at least 25.0% of the total property development project cost being incurred. Therefore, if we are unable to achieve our targeted level of pre-sales of our property development projects or if we are unable to pre-sell our property units as a result of delays or failure in obtaining the pre-sale permits and we do not have sufficient internal funds or pre-sales proceeds or are unable to obtain sufficient borrowings, we may experience negative operating cash flow and/or may be unable to fund ongoing and future development projects. We have experienced negative operating cash flow in FY2003, FY2005 and FP2006 and although we have obtained financing support in the past to fund our development projects, there is no assurance that we will be able to continue to obtain such support in the future. In such an event, our cash flow, results of operations and financial position will be adversely affected. In addition, we may require additional borrowings to fund our future development projects. Accordingly, our interest costs may increase. Although we do not expect a material increase in interest costs as a proportion of our profits, there is no assurance that such an event will not occur. Accordingly, our cashflow, results of operations and financial position may be adversely affected.

We may fail to acquire land use rights for future developments

We believe that we need to continue identifying land suited for property development in order to maintain and/or grow our property development business. We will continue to actively source for and acquire appropriate land for future development. The PRC government has a substantial degree of control and influence over the PRC property market and accordingly the relevant government land administration authorities control land supply. Under existing PRC regulations, state-owned land use rights for commercial, office and residential purposes must be obtained by tendering, public auction or public trading through the land exchange. Moreover, under the aforesaid regulation, the purchase cost of land must be fully paid for before the land use rights may be granted. If we are unable to secure appropriate land for property development and at a reasonable cost or if we do not have sufficient financial resources to acquire appropriate land, our business and financial performance will be adversely affected. There is also no assurance that we can successfully secure any land reserve in future. Our failure to increase our land reserve will adversely affect our future operations and profitability.

Our land use rights may be forfeited if we breach the terms of the relevant land grant contract

Under PRC laws, namely the "Interim Regulations of the People's Republic of China on Assignment and Transfer of the Right to Use State-owned Urban Land" (中华人民共和国城镇国有土地使用权出让和转让暂行条例), where a developer fails to comply with or develop land according to the terms of the land grant contract, *inter alia*, relating to payment of fees, land use or the time for commencement and completion of the development of the land, the relevant government authority may issue a warning to or impose a penalty on the developer or even forfeit the land use rights granted to that developer. There can be no assurance that circumstances leading to a possible breach of the terms of the land grant contract (such as a delay in the payment of the land grant fees or delay in the commencement of the development of the land for more than two years since the stipulated date of commencement in the land grant contract) that may lead to the forfeiture of land use rights will not arise or forfeiture action will not be taken by the relevant PRC authority in the future. Therefore, if we are affected by circumstances which would cause us to breach the terms of the land grant contract for certain properties and the government forfeits our land use rights for those properties, our results of operations and prospects will be adversely affected. Please refer to "Appendix G — Summary of Relevant PRC Laws and Regulations" of this Prospectus for more details.

Our unsold property development units will affect our financial performance

It is our policy to commence pre-sales of the units in our property projects as soon as we have obtained the relevant approvals. There is no assurance that we will continue to effect this policy successfully in the future. As real estate investments are relatively illiquid, our financial performance may be adversely affected in the event a significant proportion of the property units in our future development projects remains unsold. If the property units continue to remain unsold or if we have to reduce the selling prices, this may have an adverse effect on our cash flow, financial performance and financial position. Such illiquidity also limits our ability to vary our portfolio in response to changes in economic or other conditions in a timely manner.

We may be unable to obtain relevant approvals, permits or certificates from the relevant government departments

We may be unable to obtain certain approvals, permits or certificates during the property development process and the whole project could thus be unable to proceed as a result. In the event our customers are not granted the relevant ownership certificates by the relevant PRC authorities in a timely manner or at all, our Group may have to compensate such customers. If the delay in obtaining ownership certificates extends beyond a certain period, these customers may also be entitled to terminate the pre-sales or sales agreements and claim losses against us. Should any of the above situations arise, our Group's operations, business and financial position will be adversely affected. Please refer to "Appendix G — Summary of Relevant PRC Laws and Regulations" of this Prospectus for more details of the aforementioned approvals, permits and certificates.

We are subject to property development risks

The property development projects that we undertake typically require substantial cash outlay during the construction phase. Our property development projects typically require more than 12 months to complete, depending on the size of the development project and the complexity of the property design. The time taken and the costs involved in the completion of projects may be adversely affected by several factors including but not limited to, delays in obtaining requisite licenses, permits or approvals from government agencies or authorities, shortages of labour, equipment and construction materials, adverse weather conditions, the occurrence of natural disasters, labour disputes, disputes with contractors, industrial accidents and changes in government policies and regulations. Any of these factors could delay the completion and launch of our development projects and may result in cost overruns as well as revenue foregone. While any cost overruns are usually borne by our contractors, and are governed by the terms of the contracts entered into between us and our contractors, if our contractors are unable to bear the cost overruns, we may be liable for such cost overruns. In such an event and if we are not able to pass the cost overruns to our customers, our profitability will be affected. In addition, we may incur cost overruns for our projects after we have recognised the completion of a project. In such an event, such cost overruns will be attributed to the remaining units of that project and accordingly, the gross margins derived from those remaining units may be lower. While such cost overruns have not been material in the past, there is no assurance such cost overruns will not be significant in the future. In such an event, our profitability for those financial periods when the remaining units are sold may be adversely affected.

We may also be exposed to delays arising from the inability of contractors engaged by us to complete the construction work for our property development projects and we may not have any recourse against such contractors. Therefore, any delays in project completion may expose us to potential liabilities including losses suffered or damages payable to purchasers of the affected properties. In addition, if the delay extends beyond a certain pre-agreed period, these purchasers may be entitled to terminate the pre-sale agreements and claim damages. In such an event, our results of operations and financial condition will be adversely affected.

In addition, our developed properties may not achieve anticipated sales. The sales derived from, and the values of, property development projects may be adversely affected by a number of factors, including but not limited to, the international, regional and local economic climate, local real estate conditions, changes in perceptions by residential property buyers, businesses, retailers or shoppers in terms of the convenience and attractiveness of the projects, competition from other available properties, changes in market rates for comparable sales, and increased operating costs. If any of the aforesaid events were to materialise, our financial performance will be adversely affected.

Further, any significant disruption in the supply of public utilities or the occurrence of fire, flood or other calamity could result in an interruption to, or delay of, or require us to curtail, our operations. It is possible that our project capabilities would be adversely affected, and this could delay the completion of our Group's property developments or result in additional expenditure thereby adversely affecting our financial performance.

We depend on our ability to identify and complete profitable property development projects

Our performance is dependent on our ability to identify profitable property development projects and following such identification, to successfully complete and market these projects. The viability and profitability of our property development projects may be undermined by changes in the general economic climate in the provinces which our developments are located, including changes in interest rates, construction costs, land zoning requirements, land costs and property prices. Accordingly, there is no assurance that we will always be successful in identifying profitable property development projects or completing such property development projects profitably. If we are unable to identify new property development projects which are profitable and to successfully complete and sell these projects, our profitability and financial condition will be adversely affected.

We believe that good project management is critical to the success of our projects. Depending on the nature of the project, we carry out inspections to ensure the quality of the building materials, conduct site visits to monitor and supervise work progress, and conduct regular meetings to discuss any outstanding issues relating to the development or marketing of the project. The failure to properly monitor and manage any one of our property development projects may result in delays and cost overruns which may have an adverse impact on our financial position and our results of operations.

We operate in a competitive environment

We operate in a competitive environment and face strong competition from existing competitors and new market entrants. Our main competitors are real estate development enterprises located in Hangzhou City and Huzhou City, Zhejiang Province and Nanchang City, Jiangxi Province, and include both local and foreign companies. The key competitive factors in our industry typically include capital resources, quality products (including variety of designs and pleasant environment), development capability and scale, selling prices, and management capabilities and experience. Our competitors may have access to greater financial and other resources than we do. In order to compete successfully, we may either have to offer more competitive pricing or differentiate ourselves by adopting more innovative property designs and more creative marketing strategies.

There is no assurance that we will continue to remain competitive. If we are unable to compete with our competitors effectively to market our property development projects, our results of operations may be adversely affected. In addition, intense competition may lead to an oversupply of development properties which may result in price competition. Failure to secure buyers or the significant reduction in property prices would have an adverse effect on our revenue and profitability.

We are reliant on key personnel

Our success to date has been due largely to the contributions and expertise of our management team. Our management team is led by our Executive Chairman, Mr Wong Lam Ping, who has over 20 years of experience in the property market. Our Deputy Chairman, Ms Chan Heung Ling, co-founded our Group with Mr Wong and has a similar wealth of experience. Our Executive Directors, Mr Shi Feng and Ms Wang Cuiping, both also have over 20 years of experience in their respective fields of expertise. Please refer to the section entitled "Directors, Executive Officers and Employees" of this Prospectus for further details. The loss of the services of any of our Directors and Executive Officers without a suitable and timely replacement will adversely affect our operations, and hence, our financial performance.

We have to guarantee the mortgage repayments of purchasers of our properties in line with market practice in the PRC

We have entered into arrangements with various domestic banks in the PRC to provide financing to the purchasers of our property units. Typically, the purchasers will mortgage their respective units with the banks for these facilities. In line with the consumer banking practices in the PRC, we are required to provide guarantees to these banks in respect of these facilities offered to these purchasers, if the relevant building ownership certificates for these units have not been received. Our guarantees for each of these units are released once the relevant building ownership certificates are issued and given to the relevant mortgagee banks, as the mortgages are then secured against the issued legal titles to the properties. During the period of guarantee, if a purchaser defaults on a loan, we have to pay the repayment instalments on both the principal and the interest due and outstanding from the purchaser to the relevant mortgagee bank under the loan, with the mortgagee bank then assigning its rights under that loan and the mortgage to us. In line with industry practice, our Group does not conduct independent credit checks on purchasers but will rely on the credit checks conducted by the mortgagee banks. Should there be substantial defaults on the loans during the period of the guarantee and we do not manage to re-sell these properties or re-sell them at prices that are above the loan amounts repaid, our Group's financial condition and results of operations will be materially and adversely affected. As at the Latest Practicable Date, the total contingent liabilities in respect of such guarantees amounted to approximately RMB8.9 million.

Your ability to rely on the property valuations of our properties is limited

This Prospectus refers to professional valuations of the properties of our Group. These valuations are based on certain assumptions and are not a prediction of the actual value likely to be achieved by our Group from the sale of these properties. Unanticipated changes in relation to particular properties, or changes in general or local economic or regulatory conditions or other relevant factors could affect such valuations. The principal assumptions of the valuations are set out in the Valuer's Report included in Appendix D of this Prospectus. For properties owned by our subsidiaries in which we have an attributable interest of less than 100%, the valuations assume that the interest of our Group in the aggregate value of the properties is equal to our effective interest in that Group company.

We may suffer losses arising from damages to our properties as we do not have insurance cover for such properties

We do not purchase any insurance cover for our properties developed and under development, as well as those properties that we have set aside for investment purposes and consequently we may suffer losses arising from any damages to our properties. There is no mandatory provision in the PRC laws, regulations and government rules which require a property developer to take out insurance policies for its real estate developments. In addition, there are certain types of losses for which we are unable to obtain insurance cover in the PRC such as liabilities from war, earthquake, typhoon, flooding or other natural disasters. Accordingly we may not be covered or receive adequate compensation for any losses or damage suffered in respect of our properties, thereby adversely affecting our results of operations and financial condition. Please refer to the section "Business — Insurance Coverage" of this Prospectus for more details.

We may be required to pay an amount of land value added tax ("LVAT") that exceeds what we have prepaid or made provision for

All income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LVAT at progressive rates under the applicable PRC tax laws and regulations. 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). Sale of commercial properties is not eligible for such an exemption. Under the relevant PRC regulations, if the property development contracts were entered into or the property development projects were approved before 1 January 1994 and the construction capital had been injected as required, the developers were also exempted from the payment of LVAT on the first transfer of land and buildings made during the five years commencing on 1 January 1994. The period of LVAT exemption was subsequently extended to the end of 2000. Since 2003, certain local tax bureaus in the cities where our developments are located have required payment of provisional LVAT on the sale proceeds of our property developments. In Zhejiang Province, we prepaid LVAT at the rate of between 1% to 2% of our proceeds from the sale or pre-sale of our properties, in the aggregate amount of approximately RMB3.2 million which was charged to the consolidated income statement of our Group in FY2005, based on the existing rules and interpretation of LVAT. Our Executive Directors considered the amount charged to the aforementioned consolidated income statement to be adequate. Please refer to the sections "Management's Discussion and Analysis of Financial Condition and Results of Operations — Cost of Sales" and "Appendix G — Summary of Relevant PRC Laws and Regulations" of this Prospectus for further details. If there is any subsequent change in the rules and interpretations of LVAT which will have an effect of increasing our present and/or future LVAT obligations, we cannot assure you that our liability to pay these additional amounts will not materially and adversely affect our business, our results of operations or financial condition.

We may require additional financing in the future

Our funding and capital requirements can be affected by the success of our principal activities and the amount of resources required to attract, maintain and expand our customer base as well as to maintain and expand our land reserve. We may need to obtain additional debt or equity financing to fund acquisitions or capital expenditures. Additional debt financing may restrict our freedom to operate our business as it may have conditions that:

- limit our ability to pay dividends or require us to seek consents for the payment of dividends;
- increase our vulnerability to general adverse economic and industry conditions;

- require us to dedicate a portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditures, working capital and other general corporate purposes; and
- limit our flexibility in planning for, or reacting to, changes in our business and our industry.

We cannot assure you that we will be able to obtain any additional financing on terms that are acceptable to us or even at all.

We may be involved in legal and other proceedings arising out of our operations from time to time and may face significant liabilities as a result

We may be involved in disputes with various parties involved in the development and the sale of our properties, including contractors, suppliers, construction workers, partners and purchasers. These disputes may lead to legal or other proceedings and may result in substantial costs and diversion of resources and management's attention. As most of our projects comprise of multiple phases, purchasers of our properties in earlier phases may file legal actions against us if our subsequent planning and development of the projects are perceived to be inconsistent with our representations and warranties made to such earlier purchasers. In addition, we may have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in pecuniary liabilities and cause delays to our property developments.

We rely on independent contractors

We engage independent contractors to provide various services, including construction, piling and foundation, engineering, interior decoration, mechanical and electrical installation and utilities installation. We select independent contractors by submission of open tenders. Although we invite contractors to tender bids according to their reputation for quality, track record and references, and although once a contract is awarded, we supervise the construction progress, we cannot assure you that the services rendered by any of these independent contractors will always be satisfactory or match our requirements for quality. Moreover, the completion of our property developments may be delayed, and we may incur additional costs due to a contractor's financial or other difficulties. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO THE PROPERTY INDUSTRY IN THE PRC

We are dependent on the climate of the property market in Hangzhou City and Huzhou City, Zhejiang Province and Nanchang City, Jiangxi Province in the PRC

Currently, all of our property development projects are based in the Jiangxi and Zhejiang provinces of the PRC. Our principal business activities are concentrated in the cities of Hangzhou, Huzhou and Nanchang. Hence, all of our sales and operating profit are derived from these three cities. Our business is thus dependent on the continuing growth of the PRC and in particular, the property markets in Hangzhou City, Huzhou City and Nanchang City. The property markets in these cities may be adversely affected by economic, political, social or regulatory developments affecting the PRC real estate sector and in particular, Jiangxi and Zhejiang provinces.

The PRC property market is cyclical in nature

We are subject to the cyclical nature of the PRC property market, and is hence vulnerable to any downturn in the residential and commercial property development market in Hangzhou, Huzhou and Nanchang cities. The cyclical nature of the PRC property market is generally due to the supply and demand for properties and is affected by the state of the PRC economy and its macroeconomic policy. There is no assurance that any measures adopted by us (such as the slowing down of the pace of our developments and the adjustment of property prices) to mitigate the effects of the cyclical nature of the PRC property market can insulate us from such risks. Although our Directors believe that the projected continuing economic growth in the PRC and consequently the higher standard of living will lead to a higher demand for private residential properties in the PRC, it is not possible to predict with certainty that such a correlation exists as there are many social, political, economic and legal factors which may affect the development of the property market. The PRC property market, including the Hangzhou, Huzhou and Nanchang property markets, may experience an oversupply of property units resulting in a decrease in property prices and this will have an adverse effect on our operations and financial performance.

We are susceptible to policies and regulations that significantly influence the property business in the PRC

The PRC government has exercised and continues to exercise significant influence over the PRC's economy in general and the property business in particular. Any action by the PRC government concerning the economy or the real estate sector such as restrictions or requirements relating to property developments and developers (in particular the recent promulgations commencing 1 June 2006 stipulating, *inter alia*, a minimum proportion of small size units, and a 5% business tax on resale of properties within five years — please see the section "Industry Overview — The Real Estate Market in the PRC" of this Prospectus), regulatory restrictions imposed on PRC banks in extending mortgage financing for the purchase of properties, the raising of interest rates applicable to housing loans or any changes in the tax levied on the disposal of properties by consumers or any requirements which may lead to a delay in commencement of development of our projects could have a material adverse effect on our cashflow, financial condition and results of operations. In addition, prospective purchasers are increasingly obtaining mortgages to finance their property purchases in the PRC. Any changes to the law, regulations and policy on mortgages in the PRC and any increase in mortgage interest rates may adversely affect the availability of mortgages and attractiveness of mortgages as a source of financing for property purchases. This may lead to an adverse effect on the demand for our properties and accordingly affect our sales. Please refer to the sections "Industry Overview", "History and Business — Prospects" and "Appendix G — Summary of Relevant PRC Laws and Regulation" of this Prospectus for further details.

We are subject to price fluctuations of key construction materials

We engage contractors for the development of our property projects based on mutually agreed terms. These contractors are typically responsible for the development of the whole project, including the sourcing of the requisite construction materials, such as cement, grit and steel. Under the terms of our contracts with these contractors, in the event the prices of cement, grit and steel increases significantly, the contractors may renegotiate the original contractual costs of these materials with us. In such an event, our results of operations will be adversely affected.

RISKS RELATING TO THE PRC

Our operations could be adversely affected by changes in the social, political and economic conditions in the PRC

All of our assets are located in the PRC and all our revenue is derived from the PRC and our customers are also located in the PRC. Accordingly, any significant slowdown in the PRC economy or decline in demand for our products from our customers in the PRC will have an adverse effect on our business, financial condition and results of our operations. Furthermore, any unfavourable changes in the social and political conditions of the PRC may also adversely affect our business and operations.

Since the adoption of the "open door policy" in 1978 and the "socialist market economy" in 1993, the PRC government has been reforming and is expected to continue to reform its economic and political systems. Any changes in the social, political and economic policy of the PRC government may lead to changes in the laws and regulations or the interpretation of the same, as well as changes in the foreign exchange regulations, taxation and import and export restrictions, which may in turn adversely affect our financial performance. Although we believe these reforms will have a positive effect on our overall and long-term development, we cannot predict whether changes in PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on our current or future business, results of operations or financial condition.

We are subject to environmental laws and regulations in the PRC

We are subject to a variety of laws and regulations concerning the protection of health and the environment. The particular environmental laws and regulations which apply to any given project development site may vary greatly according to the site's location, the site's environmental condition, the present and former uses of the site, as well as adjoining properties. Environmental laws and conditions may result in delays, may cause us to incur substantial compliance and other costs and can prohibit or severely restrict project development activity in environmentally sensitive regions or areas.

As required by PRC law, each project developed by us is required to undergo environmental assessments and an environmental impact assessment document is required to be submitted to the relevant government authorities for approval before commencement of construction. The local authorities may request us to submit the environmental impact documents, issue orders to suspend the construction and impose penalties amounting for each of our projects that did not receive the approval of the environmental impact assessment documents before construction commenced. There is no assurance that the environmental investigation with respect to these projects in the future would not reveal material environmental liability.

Introduction of new laws or changes to existing laws by the PRC government may adversely affect our business

Our operations in the PRC are subject to the laws and regulations promulgated by the PRC government. The PRC legal system is a codified legal system made up of written laws, regulations, circulars, administrative directives and internal guidelines. Unlike common law jurisdictions like the United Kingdom and Singapore, decided cases do not form part of the legal structure of the PRC and thus have no binding effect. As such, the administration of the PRC laws and regulations may be subject to a certain degree of discretion by the authorities. This has resulted in the outcome of dispute resolutions not having the level of consistency or predictability as in other countries with more developed legal systems.

Furthermore, in line with its transformation from a centrally planned economy to a more free market oriented economy, the PRC government is still in the process of developing a comprehensive set of laws and regulations. As the legal system in the PRC is still evolving, laws and regulations or the interpretation of the same may be subject to change.

Please see "Appendix G — Summary of Relevant PRC Laws and Regulations" of this Prospectus for more details.

Any changes in tax laws, regulations, policies, concessions and treatment (including those relating to income tax and land value added tax applicable to property developers in Hangzhou City, Huzhou City and Nanchang City) will adversely affect us

Currently, in accordance with industry practices, we are taxed according to the relevant national and local governmental laws and regulations pertaining to business tax, income tax and land value added tax and real estate tax which are prepaid in respect of the sales and pre-sales of our properties. In addition, all of our subsidiaries, as foreign invested enterprises, in the PRC are exempted from having to pay the relevant city maintenance and building taxes and education expenses, and we are entitled to preferential tax rebates when we reinvest after tax profits realised from existing foreign invested enterprises into other foreign invested enterprises pursuant to the relevant PRC tax laws and regulations. As the tax laws and regulations in the PRC may be further reformed by the PRC government, we cannot assure you that our subsidiaries in the PRC will continue to enjoy any of these special or preferential tax treatments or other incentives in future. In the event that there is a change in the tax laws, regulations, policies, concessions and treatment such as the amount and timing of the land appreciation tax prepayments, and the removal, loss, suspension or reduction of the above tax benefits or tax relief, our cashflow and profits may be affected adversely, resulting in a material adverse effect on our Group's financial condition and results of operations.

PRC foreign exchange control may limit our ability to utilise our revenue effectively and affect our ability to receive dividends and other payments from our PRC subsidiary

On 21 October 2005, the State Administration for Foreign Exchange ("SAFE") promulgated the *Circular of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and in Return Investment via Overseas Special Purpose Vehicles* (国家外汇管理局关于境内居民通过境外特殊目的公司融资及返程投资外汇管理有关问题的通知) (the "New Circular"), which came into effect on 1 Nov 2005. The New Circular will replace and supercede previous regulations as implemented by *the Circular of the State Administration of Foreign Exchange Concerning Relevant Issues on Improving Foreign Exchange Administration for Merger and Acquisitions with Foreign Entities* (国家外汇管理局关于完善外资并购外汇管理有关问题的通知) and *the Circular concerning the Relevant Issues for the Registration of Overseas Investments by Domestic Residents and Foreign Exchange Registration for Foreign Acquisition* (关于境内居民个人境外投资登记及外资并购外汇登记). The New Circular allows domestic residents, by using domestic assets, to set up overseas special purpose vehicles for fundraising purposes for purposes of investment to the PRC.

Our PRC subsidiaries are subject to the relevant PRC rules and regulations on currency conversion. In the PRC, the SAFE regulates the conversion of the RMB into foreign currencies. Currently, foreign investment enterprises ("FIEs") are required to apply to SAFE for "Foreign Exchange Registration Certificates for FIEs". With such registration certifications, FIEs are allowed to open foreign currency accounts including the "basic account" and "capital account". Currently conversion within the scope of the "basic account", including for purposes of remittance of foreign currencies for payment of dividends, can be effected without the approval of SAFE. However, conversion of currency in the "capital account", such as for capital items such as direct investments, loans and securities still requires the approval of SAFE. Please refer to the section "Exchange Controls" of this Prospectus for further details.

Our PRC subsidiaries are FIEs, and our significant assets are our interests in our PRC subsidiaries. The ability of our PRC subsidiaries to make distributions (excluding the payment of dividends) to us may be restricted by PRC foreign exchange control restrictions. We cannot assure you that the relevant regulations will not be amended to our disadvantage and that the ability of our PRC subsidiaries to distribute dividends to us will not be adversely affected.

We may be affected by an outbreak of infectious diseases

An outbreak of infectious diseases in the PRC may affect our operations and/or financial performance. Certain parts of the PRC (including Jiangxi and Zhejiang provinces) are especially susceptible to infectious diseases such as severe acute respiratory syndrome (SARS), bird flu and other diseases. If such an outbreak occurs in the PRC in the future, consumer sentiment and spending could be affected and may lead to deterioration in economic conditions and adversely affect the development of our real estate business.

RISKS RELATING TO AN INVESTMENT IN OUR SHARES

There are inherent risks in the stock market

There exists both a potential for risks and benefits when an investor participates in the stock market. Our share price is determined not only by internal factors such as our Group's profit margins and development prospects, but may also be adversely affected by changes in the political and economic conditions of the PRC. Our share price is also subject to extraneous factors such as, the market demand and supply conditions, prevailing interest rates, inflation, the prevailing investor sentiment and other unforeseeable factors. All these factors can give rise to a deviating share value which can, directly or indirectly, cause the investor to suffer a loss whilst investing in the stock market.

The future sales of securities by our Company or existing shareholders may adversely affect the price of our Shares

The market price of our Shares could decline after the Invitation as a result of sales of a large number of Shares or the perception that these sales could occur. These sales also might make it more difficult for us to offer Shares in the future at a time and at a price that we deem appropriate. Upon completion of the Invitation, we will have an aggregate of 480,000,000 Shares issued. Except as described in the section "General Information on Our Group — Moratorium" of this Prospectus, there are no restrictions on the ability of our existing shareholders to sell their Shares.

There has not been a prior market for our Shares and their prices might be volatile

The Issue Price was determined by mutual agreement between our Company, the Vendor and CIMB-GK after taking into consideration, *inter alia*, the growth prospects of our Group, industry outlook, expected investors' response to the Invitation and the prevailing stock market conditions. The Issue Price may therefore not be indicative of the market price for our Shares after the completion of the Invitation.

Prior to the Invitation, there has been no public market for our Shares. Although we have made an application to the SGX-ST to list our Shares on the SGX-ST, there is no assurance that an active trading market for our Shares will develop, or if it develops, be sustained after the Invitation. There is also no assurance that the market price for our Shares will not decline below the Issue Price after the Invitation. Volatility in the trading price of our Shares may be caused by factors outside our control and may be unrelated or is disproportionate to our operating results.

Our Share price may fluctuate significantly following this Invitation

The market price of our Shares following the Invitation of our Shares may fluctuate significantly and rapidly as a result of, among others, the following factors, some of which are beyond our control:

(a) variations of our operating results;

(b) liquidity of our Shares in the market;

(c) changes in securities analysts' estimates of our projected financial performance due to the difference between our actual financial or operating results and those expected by investors and securities analysts;

(d) changes in conditions affecting the property industry in the PRC generally and in Huzhou, Hangzhou and Nanchang cities and the cities which we intend to expand into, such as Nanning, Changsha and Yichun;

(e) changes in market valuations of similar companies;

(f) changes in client base;

(g) additions or departures of key personnel;

(h) fluctuations in stock market prices and volume;

(i) involvement in litigation;

(j) the success or failure of management operational policies and growth strategies; and/or

(k) general economic and stock market conditions.

We are a Bermuda incorporated company and the rights and protection accorded to our shareholders may not be the same as those applicable to shareholders of a Singapore incorporated company

We are incorporated in Bermuda as an exempted company with limited liability and are subject to the Bermuda Companies Act. The Singapore Companies Act may provide shareholders of Singapore incorporated companies with certain rights and protection of which there may be no corresponding or similar provisions under the Bermuda Companies Act. As such, if you invest in our Shares, you may or may not be accorded the same level of shareholder rights and protection that a shareholder of a Singapore incorporated company would be accorded under the Singapore Companies Act. We have set out in Appendix E a summary of the Memorandum of Association and selected Bye-laws of our Company and in Appendix F a summary of certain provisions under the Bermuda company law. Explanatory statements on specific issues have also been set out in the sections "Purchase By Our Company of Our Own Shares", "Attendance at General Meetings" and "Take-Overs" of this Prospectus. These summaries and explanatory statements are not intended to be and do not constitute legal advice and any person wishing to have advice on the differences between the Bermuda Companies and the Singapore Companies Act and/or the laws of any jurisdiction with which he is not familiar is recommended to seek independent legal advice. Copies of our Memorandum of Association and Bye-laws are available for inspection at such time and place as set out in "General and Statutory Information — Documents Available for Inspection" of this Prospectus.

It may be difficult to enforce civil liabilities against us or our key management

Our operating subsidiaries are established in the PRC. All of our significant operations and assets are located in the PRC. Our Executive Directors and Executive Officers are not resident in Singapore and substantially all of their assets are located outside Singapore. As such, it may not be possible to effect service of process within Singapore upon our Group or our Executive Directors or Executive Officers, or to enforce any judgement obtained in the Singapore courts against our Group or such persons.

We are not able to guarantee the accuracy of third party information

Our Company is unable to guarantee that the information in this Prospectus with regards to the Chinese economy and real estate business, forward-looking statements and all other statistical figures are accurate. The Prospectus contains information pertaining to the Chinese economy, the Chinese real estate business, forecasts and statistical figures which have been obtained from either the relevant government bodies or highly noted private publications including the National Bureau of Statistics of China, the Zhejiang Statistics Bureau, the Jiangxi Statistics Bureau, the Hangzhou Statistics Bureau, the Huzhou Statistics Bureau and the Nanchang Statistics Bureau. Given that most of these sources of information did not originate from our Company or any of our agents and their associated companies, or our consultants and that most of the information cited have not been independently verified, we cannot assure you of the credibility, quality or accuracy of the data. Factors such as flaws in the sourcing methods or the inadequacy of the information collected for the purposes of this Prospectus may result in the information being incommensurate with market or economic data. As such, we caution investors against placing excessive reliance on such data. In summary, we advise investors to independently carry out the necessary verifications in relation to the facts, forecasts and/or statistical figures and decide independently as to the amount of reliance they wish to place on these figures. Please see the preamble to the section “Industry Overview” of this Prospectus on page 99.

Our existing controlling shareholders will retain significant influence over matters submitted to shareholders for approval

Upon the completion of this Invitation, Mr Wong Lam Ping, Ms Chan Heung Ling and Extra Good will own in aggregate approximately 66.2% of our post-Invitation share capital. Should these parties act together, they will be able to exercise significant influence over all matters requiring our shareholders' approval, including the election of directors and the approval of significant corporate transactions. They will also have veto power with respect to any shareholder action or approval requiring a majority vote. Such concentration of ownership could have the effect of delaying or preventing a change in control of our Company or otherwise discouraging a potential acquirer from attempting to obtain control of us through corporate actions such as merger or takeover attempts notwithstanding that the same may be synergistic or beneficial to our Group in a manner that could conflict with the interests of our public shareholders.

We may issue future securities for additional funding for our future growth which will result in a dilution to our shareholders

Secondary issue(s) of securities after the Invitation may be necessary to raise the required capital to fund our future growth. If new Shares placed to new and/or existing shareholders are issued after the Invitation, they may be priced at a discount to the then prevailing market price of our Shares trading on the SGX-ST, in which case, existing shareholders' equity interest may be diluted. If we fail to utilise the new equity to generate a commensurate increase in earnings, our EPS will be diluted, and this could lead to a decline in our Share price. Any additional debt financing may, apart from increasing interest expense and gearing, contain restrictive covenants with respect to dividends, future fund raising exercises and other financial and operational matters.

Investors in our Shares face immediate dilution in the Adjusted NAV per Share

Our Issue Price of $0.35 or RMB1.78 is substantially higher than our Group's adjusted NAV per Share of RMB1.00 as at 31 March 2006 (after adjusting for the estimated net proceeds from the issue of the New Shares and based on the Post-Invitation share capital of 480,000,000 Shares) (please see section entitled "Dilution" of this Prospectus for further details). If we were liquidated immediately following this Invitation, each shareholder subscribing for or purchasing the Invitation Shares pursuant to this Invitation could receive less than the price they paid for their Shares.

INVITATION STATISTICS

ISSUE PRICE	S$0.35

PRO FORMA NET TANGIBLE ASSETS

Pro Forma NTA per Share as at 31 December 2005[1][2]:

(a)	before adjusting for the estimated net proceeds from the issue of the New Shares and based on the pre-Invitation share capital of 360,000,000 Shares	15.3 cents
(b)	after adjusting for the estimated net proceeds from the issue of the New Shares and based on the post-Invitation share capital of 480,000,000 Shares	19.4 cents

Premium of Issue Price over the Pro Forma NTA per Share as at 31 December 2005:

(a)	before adjusting for the estimated net proceeds from the issue of the New Shares and based on the pre-Invitation share capital of 360,000,000 Shares	128.8%
(b)	after adjusting for the estimated net proceeds from the issue of the New Shares and based on the post-Invitation share capital of 480,000,000 Shares	80.4%

UNAUDITED NET TANGIBLE ASSETS

Unaudited NTA per Share as at 31 March 2006[3][4]:

(a)	before adjusting for the estimated net proceeds from the issue of the New Shares and based on the pre-Invitation share capital of 360,000,000 Shares	15.8 cents
(b)	after adjusting for the estimated net proceeds from the issue of the New Shares and based on the post-Invitation share capital of 480,000,000 Shares	19.8 cents

Premium of Issue Price over the Unaudited NTA per Share as at 31 March 2006:

(a)	before adjusting for the estimated net proceeds from the issue of the New Shares and based on the pre-Invitation share capital of 360,000,000 Shares	121.5%
(b)	after adjusting for the estimated net proceeds from the issue of the New Shares and based on the post-Invitation share capital of 480,000,000 Shares	76.8%

ADJUSTED APPRAISED NET TANGIBLE ASSETS

Adjusted Appraised NTA as at 31 December 2005 as detailed in the section "Adjusted Appraised Net Tangible Assets" of this Prospectus based on our Company's pre-Invitation share capital of 360,000,000 Shares[(2)]	43.1 cents
Premium/(discount) of Issue Price over the Adjusted Appraised NTA per Share based on our Company's pre-Invitation share capital of 360,000,000 Shares	(18.8)%

PRO FORMA EARNINGS

Pro Forma EPS of our Group for FY2005 based on the pre-Invitation share capital of 360,000,000 Shares[(5)]	3.3 cents
Pro Forma EPS of our Group for FY2005 had the Service Agreements been in effect from 1 January 2005 and based on the pre-Invitation share capital of 360,000,000 Shares[(5)(6)]	3.2 cents

PRICE EARNINGS RATIO

PER based on the historical Pro Forma EPS of our Group for FY2005 and the pre-Invitation share capital of 360,000,000 Shares	10.6 times
PER based on the historical Pro Forma EPS of our Group for FY2005 had the Service Agreements been in effect from 1 January 2005 and based on the pre-Invitation share capital of 360,000,000 Shares	10.9 times

PRO FORMA NET OPERATING CASH FLOW[(7)]

Pro Forma net operating cash flow per Share of our Group for FY2005 based on the pre-Invitation share capital of 360,000,000 Shares[(5)]	3.3 cents
Pro Forma net operating cash flow per Share of our Group for FY2005 had the Service Agreements been in effect from 1 January 2005 and based on the pre-Invitation share capital of 360,000,000 Shares[(5)]	3.2 cents

PRICE TO NET OPERATING CASH FLOW

Historical price to Pro Forma net operating cash flow ratio based on the Pro Forma net operating cash flow per Share of our Group for FY2005 and the pre-Invitation share capital of 360,000,000 Shares	10.6 times
Historical price to Pro Forma net operating cash flow ratio based on the Pro Forma net operating cash flow per Share of our Group for FY2005 had the Service Agreements been in effect from 1 January 2005 and the pre-Invitation share capital of 360,000,000 Shares	10.9 times

MARKET CAPITALISATION

Market capitalisation based on Issue Price of S$0.35 per Share and post-Invitation share capital of 480,000,000 Shares	S$168.0 million

Notes:

(1) Based on the unaudited pro forma NAV of our Group as at 31 December 2005, less goodwill. Please refer to the "Accountants' Report on the Unaudited Pro Forma Financial Information of the Group" in Appendix C of this Prospectus.

(2) Based on the closing exchange rate for RMB/S$ of FY2005.

(3) Based on the unaudited combined NAV of our Group as at 31 March 2006, less goodwill. Please refer to the "Review Report from the Joint Reporting Accountants on the Unaudited Combined Financial Informtion of the Group for the three months ended 31 March 2006 " in Appendix B of this Prospectus.

(4) Based on the closing exchange rate for RMB/S$ of FP2006.

(5) Based on the average exchange rate for RMB/S$ for FY2005.

(6) Had the Service Agreements been in effect from 1 January 2005, the estimated aggregate remuneration for Mr Wong Lam Ping, Ms Chan Heung Ling, Mr Shi Feng and Ms Wang Cuiping would have been approximately S$0.4 million instead of approximately S$0.1 million, and our net profit attributable to equity holders for FY2005 would have been approximately S$11.8 million instead of approximately S$12.1 million.

(7) Pro Forma net operating cash flow is defined as pro forma net profit attributable to shareholders with depreciation added back.

DIVIDEND POLICY

No member of our Group has declared or paid dividends in the last three financial years ended 31 December 2005. We do not have a fixed dividend policy. The form, frequency and amount of future dividends on our Shares will depend on our earnings, our financial position, our results of operations, our capital needs, our plans for expansion and other factors which our Directors may deem appropriate. The dividends that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Directors:

- the level of our cash and retained earnings;
- our actual and projected financial performance;
- our projected levels of capital expenditure and other investment plans; and
- restrictions on payment of dividends imposed on us by our financing arrangements (if any).

Subject to the Bermuda Companies Act, shareholders in general meeting may from time to time declare a dividend or other distribution, but no dividend or distribution shall be declared in excess of the amount recommended by our Directors. Subject to the Bermuda Companies Act, our Directors may also from time to time declare a dividend or other distribution.

We intend, subject to the factors outlined above, to recommend and distribute dividends of not less than 20% of our net profits attributable to our Shareholders for FY2006 and FY2007. However, investors should note that all the foregoing statements, including the statements on the proposed dividend, are merely statements of our present intention and shall not constitute legally binding statements in respect of our future dividends which may be subject to modification (including reduction or non-declaration thereof) in our Directors' sole and absolute discretion. Investors should not treat the proposed dividend as an indication of our Group's future dividend policy. No inference should or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends in any of the periods discussed.

We expect to declare dividends in RMB and make payment thereof in S$. Shareholders should note that there will be an exchange rate exposure in respect of dividends declared in RMB and subsequently paid to them in S$ equivalent.

Information relating to taxes payable on dividends is set out under "Taxation" in Appendix H of this Prospectus.

CAPITALISATION AND INDEBTEDNESS

The following information should be read in conjunction with the "Accountants' Report on the Audited Combined Financial Information of the Group" in Appendix A of this Prospectus.

The following table shows our capitalisation and indebtedness which is prepared:

(i) based on the audited combined balance sheet of our Group as at 31 December 2005;

(ii) based on the unaudited combined balance sheet of our Group as at 30 June 2006; and

(iii) as adjusted for the net proceeds from the issue of the New Shares.

RMB'000	**Audited As at 31 December 2005**	**Unaudited as at 30 June 2006**	**As adjusted for the net proceeds from the issue of the New Shares**
Cash at banks and in hand	15,234	30,945	224,937
Indebtedness			
Current			
Bank borrowings	22,000	31,000	31,000
Amount due to related parties	1,296	3,988	3,988
Amount due to a minority shareholder of a subsidiary	—	19,000	19,000
Amount due to third parties	—	10,400	10,400
Non-current			
Shareholder's loan	194,253	13,586	13,586
Total indebtedness	217,549	77,974	77,974
Minority Interests	35,013	29,377	29,377
Total equity	96,479	325,728	519,720
Total capitalisation and indebtedness	314,028	403,702	597,694

As at 30 June 2006, our cash at banks and in hand are denominated in RMB.

As at 30 June 2006, we have bank borrowings of RMB31.0 million which are secured against the land use right relating to Huacui Tingyuan. These borrowings bear interests at the fixed rate ranging from 6.336% to 6.912% per annum.

As at 30 June 2006, the amount due to related parties of an aggregate of RMB3,988,000 were to Pan Hong Company Limited (of approximately RMB2,866,000) and Huzhou Jinquan Company (of approximately RMB1,122,000 as at 30 June 2006) and were unsecured, interest-free and had no fixed terms of repayment. The amount due to Pan Hong Company Limited is expected to be repaid by September 2006 and the amount due to Huzhou Jinquan Company has been paid in July 2006. Please refer to the section "Interested Person Transactions and Potential Conflicts of Interest" of this Prospectus for details on the amount due to Pan Hong Company Limited.

As at 30 June 2006, the amount due to a minority shareholder of a subsidiary, Huzhou Jiangnan Hailian Company of RMB19,000,000 was to Jiangnan Gongmao Group. It bore an interest rate of 6.786% per annum and was fully repaid in August 2006.

The amount due to third parties bear interest rates at 7.5% to 12.0% per annum and was fully repaid in September 2006.

The shareholder's loan of RMB194.3 million as at 31 December 2005 was due to our Executive Chairman, Mr Wong Lam Ping. This amount has been capitalised in March 2006 as part of the Restructuring Exercise. Subsequently, as at 30 June 2006, an amount of RMB13.6 million was outstanding to Mr Wong. This loan was unsecured and interest-free and Mr Wong has undertaken that he will not demand the repayment of this loan prior to 1 January 2008. Any payment will be subject to the approval of the Audit Committee, taking into consideration the cash flow requirements of our Group at the time of the proposed repayment. Subsequent to the Invitation, our Group does not intend to seek advances from Mr Wong. Please refer to the section "Interested Person Transactions and Potential Conflicts of Interest" of this Prospectus for details.

As at the Latest Practicable Date, there were no material changes in our capitalisation and indebtedness as disclosed above, save for changes in our retained earnings arising from our day-to-day operations in the ordinary course of our business.

As at the date of this Prospectus, we have drawndown a 3-year loan of RMB110.0 million from Industrial and Commercial Bank of China. This loan is secured against the land use rights of our Nanchang Honggu project and bear interest rate of approximately 6.4% per annum.

To the best of our Directors' knowledge and belief, we are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our financial position and results or business operations, or the investments of our shareholders.

Contingent Liabilities

As at the Latest Practicable Date, our contingent liabilities comprise mainly guarantees totalling approximately RMB8.9 million in favour of banks to secure their grants of loans to certain purchasers of our property units. Such guarantees terminate upon the earlier of (i) issuance of the relevant building ownership certificates and (ii) the satisfaction of mortgaged loan by the purchasers of the property units.

Save as disclosed above, we had no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading credits) or acceptances credits, mortgages, charges, finance lease commitments, guarantees or other material contingent liabilities as at the Latest Practicable Date.

Dilution is defined herein as the amount by which the Issue Price to be paid by the applicants for our Invitation Shares in the Invitation ("New Investors") exceeds our NAV per Share immediately after the Invitation.

Our NAV per Share as at 31 March 2006 as adjusted for the Consolidation ("NAV per Share") was 16.1 cents. Based on the issue of 120,000,000 New Shares at the Issue Price pursuant to the Invitation and after deducting the estimated issue expenses and adjusting for any disposal or acquisition which occurred between 31 March 2006 and the date of registration of this Prospectus, our adjusted NAV per Share would have been 20.1 cents. This represents an immediate increase in NAV per Share of 4.0 cents to our existing shareholders and an immediate dilution in NAV per Share of 14.9 cents (or approximately 74.1%) to our New Investors. The following table illustrates such dilution per Share as at 31 March 2006:

	Cents
Issue Price	35.0
NAV per Share[(1)]	16.1
Increase in NAV per Share contributed by New Investors pursuant to the Invitation	4.0
Adjusted NAV per Share after the Invitation	20.1
Dilution in NAV per Share to New Investors	14.9

Note:

(1) Based on the closing exchange rate of FP2006.

The following table summarises the total number of Shares acquired by our Directors and substantial shareholders adjusted for the Consolidation during the period of three years prior to the date of lodgement of this Prospectus, the total consideration paid by them and the effective cash cost per Share to them, and to the New Investors pursuant to the Invitation:

	Number of Shares acquired	**Total consideration (Approximate) ($'000)**	**Effective cash cost per Share (Approximate) (cents)**
Director			
Wong Lam Ping[(1)(3)]	24,840,000	3,978	16.1
Chan Heung Ling[(1)(3)]	16,559,300	2,937	17.7
Shi Feng[(2)]	473,900	—	—
Wang Cuiping[(2)]	473,900	—	—
Substantial shareholders			
Extra Good [(1) (3)]	288,000,000	46,277	16.1
Jumbo King[(4)]	18,000,000	—	—
New Investors	125,000,000	43,750	35.0

Notes:

(1) The consideration for the acquisition of the Shares by Mr Wong Lam Ping, Ms Chan Heung Ling and Extra Good was denominated in RMB and, for the purposes of the above table, such consideration was translated into S$ using the closing exchange rate as at the Latest Practicable Date. Please refer to the section "Restructuring Exercise" of this Prospectus for further details of the Shares acquired and consideration paid by Mr Wong Lam Ping, Ms Chan Heung Ling and Extra Good.

(2) Mr Shi Feng and Ms Wang Cuiping received these Shares from Ms Chan Heung Ling as a gift. Please see the section "General Information on Our Group — Shareholders" of the Prospectus for further details.

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

(4) The entire issued share capital of Jumbo King is held by Mr Wang Linjia, and he is thus deemed to be interested in the Shares held by Jumbo King. Mr Wang Linjia is the brother of Mr Wong Lam Ping. Jumbo King received its Shares for nominal consideration.

Save as disclosed above, no Director, substantial shareholder or their associate has acquired any shares in our Company during the period of three years prior to the date of lodgement of this Prospectus.

ADJUSTED APPRAISED NET TANGIBLE ASSETS

The following Adjusted Appraised NTA of our Group is based on the unaudited pro forma combined net assets as at 31 December 2005 set out in the "Accountants' Report on the Unaudited Pro Forma Financial Information" in Appendix C of this Prospectus, and adjusted as follows:

	RMB'000
Unaudited pro forma net assets attributable to our Group	278,647
Less: Goodwill arising on acquisition of 100.0% of Wiseidea Investments	(11,900)
Adjusted NTA	266,747
Surplus arising from valuation of our land use rights and properties on hand. Please refer to the Valuer's Report in Appendix D of this Prospectus(1)	726,074
Less: Provision for deferred tax on revaluation surplus(2)	(239,604)
Net surplus from revaluation	486,470
Adjusted Appraised NTA after taking into consideration the estimated net surplus from revaluation	**753,217**
Estimated net proceeds from the issue of the New Shares	193,992
Adjusted Appraised NTA after factoring in the estimated net proceeds	947,209
Adjusted Appraised NTA per Share based on our Company's pre-Invitation share capital of 360,000,000 shares in RMB	RMB2.09
Adjusted Appraised NTA per Share based on our Company's pre-Invitation share capital of 360,000,000 shares in S$ equivalent(3)	S$0.43
Adjusted Appraised NTA per Share based on our Company's post-Invitation share capital of 480,000,000 after factoring in the estimated net proceeds in RMB	RMB1.97
Adjusted Appraised NTA per Share based on our Company's post-Invitation share capital of 480,000,000 after factoring in the estimated net proceeds in S$ equivalent(4)	S$0.39

Notes:

(1) The surplus arising on the valuation of our Group's interests in these properties is calculated based on the appraised value of such interests as at 31 December 2005 as stated in the Valuer's Report in Appendix D of this Prospectus, and adjusting for the Group's attributable interests in these properties after the Restructuring Exercise. Please note that this surplus does not take into account the (a) payment of the requisite price for the assignment of the land use right for the land for Hangzhou Liyang Yuan project which is expected to be by September 2006, and (b) payment which may be required relating to the change in land use and tenure for the land for Huzhou Hailian Construction project arising from the rezoning of the land to residential land. Please see the section "History and Business — Properties and Fixed Assets" of this Prospectus for further details.

(2) The provision of the deferred tax on revaluation surplus is calculated on the basis of income tax provision of the revaluation of the Group's property interest as at 31 December 2005, as adjusted for the Group's attributable interests in these properties after the Restructuring Exercise, and the income tax is charged at the prevailing rates. The amount of potential land value added tax attributed to the Group in respect of the surplus arising on revaluation of the properties has not been included in the adjusted net tangible assets.

(3) Based on the closing exchange rate for RMB/S$ of FY2005.

(4) Based on the exchange rate for RMB/S$ as at the Latest Practicable Date.

You should read the following selected combined financial information in conjunction with the sections "Management's Discussion and Analysis of Financial Condition and Results of Operations", the "Accountants' Report on the Audited Combined Financial Information of the Group" as set out in Appendix A of this Prospectus and the "Review Report from the Joint Reporting Accountants on the Unaudited Combined Financial Information of the Group for the Three Months Ended 31 March 2006" as set out in Appendix B of this Prospectus.

OPERATING RESULTS OF OUR GROUP[1]

	Audited			Unaudited	
RMB'000	**FY2003**	**FY2004**	**FY2005**	**FP2005**	**FP2006**
Revenue	—	66,702	288,012	—	33,332
Cost of sales	—	(57,772)	(194,823)	—	(19,782)
Gross profit	—	8,930	93,189	—	13,550
Gross profit margin	—	13.4%	32.4%	—	40.7%
Other income and gains	568	496	661	191	6,058
Selling expenses	(176)	(600)	(268)	(53)	(21)
Administrative expenses	(1,069)	(1,834)	(3,797)	(880)	(2,479)
Other operating expenses	—	(762)	(955)	(450)	(263)
Finance costs	—	—	(913)	—	(326)
Share of loss of associates	—	(38)	(210)	(66)	(75)
(Loss)/profit before taxation	(677)	6,192	87,707	(1,258)	16,444
Taxation	—	(2,370)	(29,194)	—	(6,162)
(Loss)/profit for the year/period	(677)	3,822	58,513	(1,258)	10,282
Attributable to:					
Equity holders of the Company[2]	(497)	2,077	59,297	(1,341)	10,174
Minority interests	(180)	1,745	(784)	83	108
Net profit margin	NM	5.7%	20.3%	NM	30.8%
(Loss)/earnings per Share for (loss)/profit attributable to the equity holders of the Company (RMB cents)[2, 3]	(0.14)	0.58	16.47	(0.37)	2.83

Notes:

(1) The financial results of our Group from FY2003 to FY2005 have been prepared on the basis that the Group structure had been in place, save for the Group's acquisition of additional 8% equity interest in Huzhou Jiangnan Hailian Company and 58% equity interest in Huzhou Hongjin Market Company which were acquired after 31 December 2005, and as set out in note 3 to the "Accountants' Report on the Audited Combined Financial Information of the Group" in Appendix A of this Prospectus. The financial results of our Group for FP2006 was prepared on the basis that the Group structure was in place for the three months ended 31 March 2006, save for the operating results relating to the Acquired Interests (as defined in the Accountants' report in Appendix A) which is included as at the respective dates of acquisition.

(2) Had the Service Agreements been in place on 1 January 2005, the net profit attributable to equity holders of the Company for FY2005 would have been RMB58.0 million and the earnings per Share would have been RMB16.1 cents.

(3) For comparative purposes, (loss)/earnings per Share for the period under review has been computed based on the profit attributable to equity holders of the Company and the pre-Invitation share capital of 360,000,000 Shares.

(4) Depreciation expenses charged to the income statements for FY2003, FY2004 and FY2005 were approximately RMB87,000, RMB163,000 and RMB250,000 respectively, and that for FP2005 and FP2006 were approximately RMB41,000 and RMB69,000 respectively.

FINANCIAL POSITION OF OUR GROUP[1]

RMB'000	Audited As at 31 December 2003	Audited As at 31 December 2004	Audited As at 31 December 2005	Unaudited As at 31 March 2006
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	1,044	1,799	1,794	1,888
Investment properties	—	—	—	7,588
Goodwill	—	—	—	6,030
Interests in associates	—	3,832	22,360	2,475
Total non-current assets	1,044	5,631	24,154	17,981
Current assets				
Properties held under development	182,743	186,027	216,397	298,122
Properties held for sale	—	15,815	82,310	63,960
Account receivables	—	3,342	18,122	12,542
Deposits paid, prepayments and other receivables	15,347	41,093	4,127	35,393
Prepaid tax	2,139	3,732	—	—
Amount due from a related party	—	—	25,290	—
Cash and cash equivalents	20,113	19,727	15,234	6,158
Total current assets	220,342	269,736	361,480	416,175
Current liabilities				
Account payables	105	143	59	1,423
Accruals, receipts in advance and other payables	112,238	169,844	53,636	28,650
Provision for tax	—	—	17,911	20,291
Amount due to related parties	—	—	1,296	3,998
Borrowings	55,000	25,000	22,000	51,000
Total current liabilities	167,343	194,987	94,902	105,362
Net current assets	52,999	74,749	266,578	310,813
Total assets less current liabilities	54,043	80,380	290,732	328,794
Non-current liabilities				
Shareholder's loan	43,016	66,569	194,253	9,042
Deferred taxation	—	—	—	1,940
Net assets	11,027	13,811	96,479	317,812

RMB'000	Audited As at 31 December 2003	Audited As at 31 December 2004	Audited As at 31 December 2005	Unaudited As at 31 March 2006
EQUITY				
Equity attributable to the Company's equity holders				
Share capital	11	11	11	200,232
Reserves	(2,197)	(1,158)	61,455	87,652
	(2,186)	(1,147)	61,466	287,884
Minority interests	13,213	14,958	35,013	29,928
Total equity	11,027	13,811	96,479	317,812
NTA per Share (RMB cents) [(2)]	(0.61)	(0.32)	17.07	78.29

Notes:

(1) The financial position of our Group as at 31 December 2003, 2004 and 2005 under review have been prepared on the basis the Group structure had been in place, save for the Group's acquisition of additional 8% equity interest in Huzhou Jiangnan Hailian Company and 58% equity interest in Huzhou Hongjin Market Company which were acquired after 31 December 2005, and as set out in Note 3 to the "Accountants' Report on the Audited Combined Financial Information of the Group" in Appendix A of this Prospectus for more details. The financial position of our Group as at 31 March 2006 was prepared on the basis that the Group structure was in place as at 31 March 2006.

(2) Comparative NTA per Share as at 31 December 2003, 2004 and 2005, and 31 March 2006 has been computed based on the equity attributable to the Company's equity holders net of goodwill and the pre-Invitation share capital of 360,000,000 Shares on these dates.

The following discussion of our Group's results of operations and financial position should be read in conjunction with the "Accountants' Report on the Audited Combined Financial Information of the Group" set out in Appendix A of this Prospectus and the "Review Report from the Joint Reporting Accountants on the Unaudited Combined Financial Information of the Group for the Three Months Ended 31 March 2006" set out in Appendix B of this Prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our Group's actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements, include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly in "Risk Factors" of this Prospectus. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, the Vendors, the Manager, the Underwriter, the Placement Agent or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of date hereof. Please refer to "Cautionary Note on Forward-Looking Statements" of this Prospectus.

The "Accountants' Report on the Audited Combined Financial Information of the Group" had been prepared on the basis the Group structure, save for the Group's acquisition of additional 8.0% equity interest in Huzhou Jiangnan Hailian Company and 58.0% equity interest in Huzhou Hongjin Market Company which were acquired after 31 December 2005 (collectively, the "Acquired Interests"), had been in place and as set out in note 3 to the "Accountants' Report on the Audited Combined Financial Information of the Group". Accordingly, the "Unaudited Pro Forma Financial Information" in Appendix C of this Prospectus had been prepared for the financial results and cashflows of the Group for FY2005 and financial position of the Group as at 31 December 2005, on the basis that the Group structure (and factoring in the Acquired Interests) been in place since 1 January 2005. Please refer to the "Accountants' Report on the Unaudited Pro Forma Financial Information of the Group" as set out in Appendix C of this Prospectus for details on the adjustments made between the audited combined financial statements and the unaudited pro forma financial information of our Group.

The "Review Report from the Joint Reporting Accountants on the Unaudited Combined Financial Information of the Group for the Three Months Ended 31 March 2006" set out in Appendix B of this Prospectus was prepared on the basis that the Group structure was in place for the three months ended 31 March 2006, save for the operating results relating to the Acquired Interests which is included as at the respective dates of acquisition.

OVERVIEW

We are a property developer for quality residential and commercial properties in the PRC. Our strategy is to focus our property development projects in developing cities in the PRC such as Hangzhou and Huzhou in Zhejiang Province and Nanchang in Jiangxi Province as we believe such developing cities have significant growth potential in the future. We strive to develop quality residential and commercial developments, catering to the middle to upper-middle income level residents in each city.

In addition to the development of residential and commercial properties, our Group also own commercial units for investment purposes and to rent out to suitable tenants for rental income.

Revenue and gross profit

Our revenue from properties is attributable to our sale of residential and commercial properties. Our revenue recognition policy is based on the completion method of accounting i.e. revenue from the sale of our property units is only recognised upon the issuance of the completion certificate by the relevant government authorities or when possession of the property has been passed to the purchasers, whichever is later. We believe that the recognition basis is appropriate and is in accordance with the current practice in the PRC. Consequently, any proceeds received from the purchasers arising from the pre-sales of the property units prior to the transfer of the legal title or the passing of possession to the buyers is recognised as current liabilities i.e. receipts in advance. Typically, a purchaser pays a deposit of at least 30.0% of the aggregate purchase price of the property unit at the time of the execution of the sale and purchase property contract. Our customers may choose from any of the three methods of making payment when they enter into the sale and purchase property contract. They may choose to make full payment upfront at which they will generally be entitled to a discount of between 1.0% and 3.0% of the purchase price or make payment in instalments or with partial payment through mortgage facilities from a bank, financial institution or provident fund management centres. Regardless of the mode of payment by the customer, the purchase price must be paid in full prior to the handover of the property. The payment schedule for purchasers who choose to pay in instalments or make payments under mortgage facilities can be found under the section "Major Customers-Terms of Payment by our Customers" of this Prospectus.

The analysis of our property development revenue derived from sales of residential, commercial and other properties and gross profits in FY2003, FY2004, FY2005, FP2005 and FP2006 are as follows:

Revenue (RMB'000)	**FY2003**	**FY2004**	**FY2005**	**FP2005**	**FP2006**
Residential	—	66,702	239,309	—	24,202
Commercial	—	—	27,881	—	7,558
Others including car park lots	—	—	20,822	—	1,572
	—	66,702	288,012	—	33,332

Gross profit (RMB'000)	**FY2003**	**FY2004**	**FY2005**	**FP2005**	**FP2006**
Residential	—	8,930	70,630	—	9,233
Commercial	—	—	17,472	—	3,535
Others including car park lots	—	—	5,087	—	782
	—	8,930	93,189	—	13,550

Revenue from property development is project based and recognised only upon the completion of the project and accordingly may experience significant fluctuations from one financial period to another, depending on the duration of our projects and the number and size of projects completed during the relevant financial period. The residential and commercial properties market may also be affected by the following factors:

(a) *Ability to grow our land reserves*

We compete with other property developers for new land use rights in the PRC. The ability to identify and acquire land use rights suited for property development in the PRC is critical to the success of our Group. We generally acquire new and suitable land reserves in our targeted markets through public tender or auction or by acquiring companies which own the land or through joint ventures or business alliances with other partners which own the land, for joint development. Our growth will depend on our continuing ability to secure appropriate land for future property development and at a reasonable cost.

(b) *Cyclical nature of the PRC property market, the PRC macroeconomic policy and property prices*

Our business is subject to the cyclical nature of the PRC property market, in particular the property market in Hangzhou, Huzhou and Nanchang cities, given that our existing projects are all in these cities. The cyclical nature of the PRC property market is generally due to the supply and demand for properties and is also affected by the general economic, political and regulatory developments in the PRC. Consumers' preference and disposable income will also affect the demand for our development properties. The PRC property market, including the Hangzhou, Huzhou and Nanchang property markets, may experience oversupply resulting in the falling of property prices and this will have an adverse effect on our financial performance.

(c) *Competition*

We operate in a competitive environment and face strong competition from existing competitors and new market entrants. The key competitive factors in our industry typically include the quality of products (including variety of designs and pleasant environment), development capability and scale, selling prices, and management capabilities and experience.

Intense competition may lead to an oversupply of development properties which may result in price competition. Our properties may also be unable to meet anticipated sales level which may be affected by a number of factors, including but not limited to, the economic climate, local real estate conditions, changes in perceptions by the buyers in terms of the convenience and attractiveness of the projects and competition from other available properties.

Revenue from the sale of completed properties accounted for approximately 100.0% of revenue in FY2004 and FY2005. There was no contribution from the sale of completed properties in FY2003.

Generally, the gross profit margin of our commercial development units is higher than that for our residential development units. To our Directors' best belief and knowledge, this is consistent with the industry norm in China. Due to the difference in gross profit margins for our two types of developments, our overall gross profit margins are influenced by revenue contribution from these types of developments. Further, within each type of development i.e. residential or commercial, the gross profit margins may also vary depending on various factors including competition, the architectural design, the location of the development and the prevailing market conditions. In addition, the factors that affect our revenue and cost of sales will also affect our gross profit and gross profit margin.

Gross profit margins in FY2003, FY2004 and FY2005 were 0.0%, 13.4% and 32.4%, respectively. Gross profit margins for FP2005 and FP2006 were 0.0% and 40.7%, respectively.

Cost of sales

Costs of sales of our completed properties include the cost of land use rights, costs of construction, salaries of construction and engineering staff, borrowing costs and other overheads such as land value added tax ("LVAT") and business tax.

(a) Cost of land use rights typically comprises payments to the government authorities for obtaining the right to occupy, use and develop the land, certain fees for altering the intended use of land and resettlement costs. Typically, our internal resources and shareholder's loans are used for the payment of land premiums in connection with the acquisition of the land use rights.

The location and level of competition are some of the major factors that will affect the cost of land use rights for our property development projects.

The payment for land premiums accounted for 10.4%, 21.9% and 24.1% of our total cost of sales for Huzhou Xinya Jiayuan, Huzhou Zhili Phase 1 and Huzhou Liyang Phase 1, respectively.

(b) Costs of construction encompasses all costs for the design and construction of a development project, including architectural design fees, costs for construction of infrastructure and communal facilities and professional fees paid out to the contractors.

We engage contractors to carry out construction works. We select reputable contractors with proven track records through an open tender process. Accordingly, our cost of engaging the contractors depends on the competition and the contractor's tender price at the open tender. These contractors carry out various services, including site clearance, piling and foundations works, construction works, electrical and mechanical engineering works, installation of elevators and security systems and unit fitting-out work.

The factors affecting the costs of construction are mainly the price of construction materials, the duration of the project and the level of difficulty of transforming a parcel of land to a residential and/or commercial property development, which is in turn dependent on the condition of the land. The duration of the project involved in completing the construction depends on, *inter alia*, time taken to obtain the requisite licenses, permits or approvals from the relevant government authorities, availability of labour, equipment and construction materials, weather conditions, the occurrence of natural disasters, labour disputes, disputes with contractors, industrial accidents and changes in government policies and regulations.

While the contractors we engage for the construction of our residential and commercial projects purchase the construction materials directly, we are indirectly affected by the price fluctuation of construction materials as these form part of the contractors' costs. Any future adverse price fluctuations of these construction materials will result in an increase in our cost of construction.

Construction costs are usually financed via borrowings and internal resources. Where bank loans are obtained by our Group to finance the costs of our property development, the relevant banks may typically require legal charges over our Group's assets. Generally, we are able to finance our development costs through bank borrowings secured by the land use rights held under development.

Costs of construction accounted for approximately 70.0%, 77.1% and 88.3% of our total cost of sales for Huzhou Liyang Phase 1, Huzhou Zhili Phase 1 and Huzhou Xinya Jiayuan, respectively.

(c) Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

(d) We are also subject to LVAT. According to the requirements of the "Provisional Regulations of the PRC on LVAT (中华人民共和国土地增值税暂行条例)" which were promulgated on 13 December 1993 and took effect on 1 January 1994, and the "Detailed Implementation Rules on the Provisional Regulations of the PRC on LVAT (中华人民共和国土地增值税暂行条例实施细则)" which were promulgated and took effect on 27 January 1995, all units and individuals receiving income from the sales or transfer of state-owned land use rights, buildings and their attached facilities are required to pay the LVAT. As advised by GFE Law Office, the legal advisers to the Company as to PRC law (the "PRC Legal Advisor"), according to such regulations and rules, tax payers have to report to the local tax bureau in respect of the LVAT issues within 7 days from the date of signing the sale and disposal agreement of properties. For those tax payers who frequently engage in the activities of sale and purchase of properties such that they can hardly report to the local tax bureau in respect of the LVAT issues after each occurrence of these activities, they can, upon obtaining consent from the relevant tax bureau, report on a mutually agreed regular basis.

Based on the "Notice in respect of Land Value-added Tax on contract signed before 1 January 1994 for development and transfer of Property (关于对一九九四年一月一日前签订开发及转让合同的房地产免征土地增值税的通知)" issued by 财政部 (the Ministry of Finance) and 国家税务总局 (the State Administration of Taxation of the PRC), 27 January 1995, LVAT is exempted in connection with the first transfer of land and buildings which were concluded prior to 1 January 1994 and the requisite capital had already been injected. Subsequently, on 24 December 1999 the Ministry of Finance and the State Administration of Taxation of the PRC issued the "Notice in respect of the extension of the period of the period for the LVAT exemption policy (关于土地增值税优惠政策延期的通知)" and extended the period of LVAT exemption until the end of 2000.

Our executives will from time to time consult the relevant tax bureau to finalise and confirm the exact amount of LVAT payable.

In the Zhejiang Province, the provisional LVAT payable is computed at 1.0% to 2.0% of the proceeds from the sale or pre-sale of the properties. The actual LVAT payable for each project is at the progressive rate of 30% to 60% on the sales proceeds net of allowable development costs and is determined upon completion of the relevant project. In the event that the provisional LVAT paid is more than the actual LVAT payable, we will be entitled to a refund. Conversely, if the provisional LVAT paid is less than the actual LVAT payable, we will have to make up the difference. The cost of sales included LVAT of RMB3.2 million in FY2005. There were no LVAT recognised in the consolidated income statement for FY2003 and FY2004. Please refer to Appendix G of this Prospectus for further details on LVAT.

We are also subject to business tax of 5%. The cost of sales included business tax of RMB3.4 million and RMB14.5 million in FY2004 and FY2005, respectively. There was no business tax recognised in the consolidated income statement for FY2003. Please refer to Appendix G of this Prospectus for further details on business tax.

Other income and gains

Other income and gains refers to rental income derived mainly from the leasing of our properties, interest income derived from bank deposits, exchange gain and fair value change of investment property.

Selling expenses

Selling expenses consist primarily of advertising and promotion expenses, sales overheads and travelling expenses. Advertising and promotion expenses are those incurred to market and promote our development units and for advertisements in local newspapers and promotional banners around our property development and site areas which can be easily seen by the public, as well as costs incurred in carrying out direct marketing such as mailing flyers to target customers and setting up on-site sales and reception centres with showflats, where possible, for display for potential purchasers' visit and evaluation and sample units at off-site promotional centres. Sales overheads include sales staff salaries and benefits and sales commissions paid to sales agents. Selling expenses accounted for approximately 14.1%, 18.8% and 4.5% of our total expenses in FY2003, FY2004 and FY2005 respectively. For FP2005 and FP2006, selling expenses accounted for approximately 3.8% and 0.7% of our total expenses.

Administrative expenses

Administrative expenses consist primarily of staff costs for our administrative staff (including directors' remuneration), depreciation costs, entertainment, traveling, motor vehicle and office expenses, professional fees and other sundry expenses. Depreciation expenses were charged for property, plant and equipment, motor vehicles, computers and other equipment on a straight-line basis over their estimated useful lives. Administrative expenses accounted for approximately 85.9%, 57.4% and 64.0% of our total expenses in FY2003, FY2004 and FY2005 respectively. For FP2005 and FP2006, administrative expenses accounted for approximately 63.6% and 80.3% of our total expenses.

Other operating expenses

Other operating expenses comprise mainly donations to schools and charitable organizations, loss on disposal of property, plant and equipment, bad debts written off.

Other operating expenses accounted for approximately 0.0%, 23.8% and 16.1% of our total expenses in FY2003, FY2004 and FY2005 respectively. For FP2005 and FP2006, other operating expenses accounted for approximately 32.5% and 8.5% of our total expenses.

Finance costs

Finance costs related to interest expense incurred on our borrowings.

Share of loss of associates

Share of loss of associates relate to the Group's associated companies, Huzhou Jinquan Company, as well as Huzhou Hongjin Market Company from FY2003 to FY2005. Huzhou Jinquan Company has been liquidated in June 2006 and Huzhou Hongjin Market Company became our subsidiary in March 2006 when we acquired directly and indirectly the remaining 58% equity interest in Huzhou Hongjin Market Company which we did not own, under the Restructuring Exercise.

Taxation

The current corporate income tax rate applicable to our subsidiaries in the PRC is 33.0%.

REVIEW OF FINANCIAL RESULTS

FY2003 and FY2004

Revenue

In FY2003, we did not recognise any revenue as there was no property completed during that financial year. Our revenue in FY2004 was approximately RMB66.7 million, derived from the sale of completed properties of the Huzhou Zhili Phase 1 in Huzhou, Zhejiang Province, PRC. Pre-sale for this project commenced in 2002 and the construction was completed in August 2004. The sale of residential units with an aggregate GFA of approximately 49,101 sq m accounted for 100.0% of our revenue in FY2004. The average selling price of these residential units was approximately RMB1,358 per sq m.

Cost of sales

Cost of sales in FY2004 was approximately RMB57.8 million. These were costs that we recognised for the Huzhou Zhili Phase 1 that we completed during the financial year. There was no cost of sales recognised in FY2003, as there were no projects completed during that financial year.

Gross profit and gross profit margin

Our gross profit of approximately RMB8.9 million in FY2004 was derived from the sale of residential units in Huzhou Zhili Phase 1 with an average gross profit margin of approximately 13.4%.

Other income and gains

Other income and gains decreased by approximately RMB0.1 million or 16.7% from RMB0.6 million in FY2003 to RMB0.5 million in FY2004 as we did not record any exchange gain in FY2004 compared to an exchange gain of RMB0.4 million that was recorded in FY2003. This was partially offset mainly by the increase in interest income.

Selling expenses

Selling expenses increased by approximately RMB0.4 million or 200.0% from RMB0.2 million in FY2003 to RMB0.6 million in FY2004 due mainly to the increase in costs of advertising and promotion by approximately RMB0.1 million and staff costs and commissions to sales agents incurred for the launch and sale of Huzhou Zhili Phase 1 by approximately RMB0.1 million and RMB0.2 million respectively.

Administrative expenses

Administrative expenses increased by approximately RMB0.7 million or 63.6% from RMB1.1 million in FY2003 to RMB1.8 million in FY2004 due mainly to the increase in entertainment of RMB0.2 million, office expenses of RMB0.1 million and sundry expenses of approximately RMB0.2 million.

Other operating expenses

Other operating expenses of approximately RMB0.8 million in FY2004 was attributable to donation to schools and charity organizations of approximately RMB0.6 million and the balance was attributable to the loss on disposal of property, plant and equipment. We did not incur such expenses in FY2003.

Taxation

Taxation was approximately RMB2.4 million as a result of our profits derived from the sales of Huzhou Zhili Phase 1 in FY2004. In FY2003, no income tax was incurred, as there was no profit earned during that financial year.

(Loss)/profit for the year

We recorded a profit for the year of approximately RMB3.8 million in FY2004 as a result of recognition of revenue from the sale and completion of the Huzhou Zhili Phase 1 during the financial year as discussed above.

FY2004 and FY2005

Revenue

Revenue increased by approximately RMB221.3 million or 331.8% from RMB66.7 million in FY2004 to RMB288.0 million in FY2005 mainly due to revenue contribution from the sale of the Huzhou Zhili Phase 1, Huzhou Liyang Phase 1 and Huzhou Xinya Jiayuan in Huzhou City, Zhejiang Province, PRC in FY2005.

Revenue attributable to the sales of residential units for the Huzhou Zhili Phase 1 was approximately RMB3.3 million. An aggregate GFA of approximately 3,349 sq m was sold at an average selling price of approximately RMB985 per sq m. The average selling price for Huzhou Zhili Phase 1 is relatively low as it is located in the Zhili Town, a suburban area of Huzhou City.

We also recognised revenue of approximately RMB131.3 million in revenue from the sale of both residential and commercial units in Huzhou Liyang Phase 1. Pre-sale for this project commenced in April 2004 and the construction was completed in December 2005. In FY2005, we had recognised sales of approximately RMB130.8 million from the sale of residential units with an aggregate GFA of 38,738 sq m, sales of approximately RMB0.5 million from the sales of commercial units with an aggregate GFA of approximately 75 sq m. The average selling prices of our units and commercial units for the Huzhou Liyang Phase 1 were approximately RMB3,377 per sq m and RMB6,667 per sq m respectively. We were able to command higher selling prices for Huzhou Liyang Phase 1 as it is located in the prime area of Huzhou City. In addition, we also recognised approximately RMB9.6 million from the sales of others including car park lots.

Further, an aggregate of RMB132.6 million in revenue was recognised from the sale of both residential and commercial units in Huzhou Xinya Jiayuan. Pre-sale for this project commenced in 2003 and the construction was completed in December 2005. In FY2005, we recognised revenue of approximately RMB105.2 million from the sale of residential units with an aggregate GFA of approximately 47,352 sq m, revenue of approximately RMB27.4 million from the sale of commercial units with an aggregate GFA of 2,895 sq m. The average selling prices of our residential units and commercial units for the Huzhou Xinya Jiayuan were approximately RMB2,222 per sq m and RMB9,465 per sq m, respectively. We were able to command higher selling prices for Huzhou Xinya Jiayuan as it is located in the more affluent Nanxun area. In addition, we also recognised approximately RMB11.2 million from the sales of others including car park lots.

Cost of sales

Cost of sales increased by approximately RMB137.0 million or 237.0% from RMB57.8 million in FY2004 to RMB194.8 million in FY2005. The increase was in line with the increase in revenue.

Gross profit and gross profit margin

Due to the increased revenue, our Group's gross profit increased by approximately RMB84.3 million or 947.2% from RMB8.9 million in FY2004 to RMB93.2 million in FY2005. Gross profit margin increased from approximately 13.4% in FY2004 to approximately 32.4% in FY2005. The increase in gross profit margin during the financial year was due mainly to (i) higher average selling prices of residential units for Huzhou Liyang Phase 1 and Huzhou Xinya Jiayuan as compared to that for Huzhou Zhili Phase 1 notwithstanding the higher average costs of sales for Huzhou Liyang Phase 1 and Huzhou Xinya Jiayuan vis-à-vis Huzhou Zhili Phase 1. The average selling prices of residential units in Huzhou Liyang Phase 1 and Huzhou Xinya Jiayuan were higher than Huzhou Zhili Phase 1 by 242.8% and 125.6%, respectively due mainly to their better location; and (ii) the sales of commercial units in Huzhou Liyang Phase 1 and Huzhou Xinya Jiayuan in FY2005 which generally commanded higher margins. In FY2004, there were no pure commercial units for sale as each unit of Huzhou Zhili Phase 1 comprised of a commercial shop unit on the first floor and residential units on the second and third floors.

Other income and gains

Other income and gains increased by approximately RMB0.2 million or 40.0% from RMB0.5 million in FY2004 to RMB0.7 million in FY2005 due mainly to the increase in rental income from our properties. The increase was due mainly to the full year contribution from the rental of the properties in FY2005 amounting to approximately RMB0.5 million compared to the one month contribution in FY2004 as the leases for the properties commenced in December 2004 and amounted to approximately RMB43,000.

Selling expenses

Notwithstanding an increase in revenue, selling expenses decreased by approximately RMB0.3 million or 50.0% from RMB0.6 million in FY2004 to RMB0.3 million in FY2005 due mainly to a decrease in sales commissions by approximately RMB0.2 million and advertising and promotion costs by approximately RMB0.1 million in FY2005. The higher advertising and promotion costs were incurred in FY2004 for the sales of property units that were recognised in FY2005. Sales commissions decreased in FY2005 as we increased our direct sales to our customers and ceased to sell our property units through real estate agents.

Administrative expenses

Administrative expenses increased by about RMB2.0 million or 111.1% from RMB1.8 million in FY2004 to RMB3.8 million in FY2005 due mainly to an increase in staff cost by approximately RMB0.7 million, an increase in entertainment, motor vehicle and office expenses by approximately RMB1.1 million and an increase in professional fees by approximately RMB0.1 million. The increases were in line with the increase in our business activities.

Other operating expenses

Other operating expenses increased by approximately RMB0.2 million or 25.0% from RMB0.8 million in FY2004 to RMB1.0 million in FY2005 due mainly to the increase in miscellaneous expenses.

Finance costs

Finance costs of RMB0.9 million related to interest expense incurred on loans from a minority shareholder of a subsidiary taken up during the year to acquire the land use rights for Huzhou Hailian Construction in FY2005.

Taxation

Taxation was approximately RMB29.2 million in FY2005 due mainly to taxation on profits derived from the sale of the Huzhou Zhili Phase 1, Huzhou Liyang Phase 1 and Huzhou Xinya Jiayuan in FY2005 as discussed above. Our effective tax rate was approximately 33.3% and is comparable to our statutory tax rate in the PRC.

Profit for the year

We recorded an increase in profit for the year of 1,439.5% to approximately RMB58.5 million in FY2005 as a result of higher revenue attributable to the recognition of revenue from the sale of the the Huzhou Zhili Phase 1, Huzhou Liyang Phase 1 and Huzhou Xinya Jiayuan in FY2005 as discussed above.

FP2005 and FP2006

Revenue

In FP2005, we did not recognise any revenue as there was no property completed during this period. Our revenue in FP2006 was approximately RMB33.3 million, derived from the sale of property units of our completed properties, namely, Huzhou Zhili Phase 1, Huzhou Liyang Phase 1 and Huzhou Xinya Jiayuan.

Revenue attributable to the sales of residential units with a GFA aggregating 1,768 sqm for Huzhou Zhili Phase 1 was approximately RMB2.5 million. The average selling price was RMB1,414 per sq m.

We also recognised the revenue of RMB29.9 million attributable to the sales of residential and commercial units in Huzhou Liyang Phase 1. In FP2006, we had recognised sales of approximately RMB21.7 million from the sales of residential units with an aggregate GFA of 5,407 sqm and sales of approximately RMB6.9 million from the sales of commercial units with an aggregate GFA of 1,349 sqm. The average selling prices of our residential units and commercial units for Huzhou Liyang Phase 1 were RMB4,013 per sq m and RMB5,114 per sq m, respectively. In addition, we also recognised approximately RMB1.3 million from the sales of others including carpark lots.

In addition in FP2006, we recognised the revenue of approximately RMB0.9 million from the sales of units in Huzhou Xinya Jiayuan. These were mainly attributable to our sales of commercial units of approximately RMB0.6 million with an aggregate GFA of RMB136 sq m. The average selling prices of the commercial units in Huzhou Xinya Jiayuan were RMB4,412 per sq m. In addition, we also recognised approximately RMB0.3 million from the sales of others including carpark lots.

Cost of sales

As there were no properties completed during FP2005, there were no costs of sales recognised for this period. Cost of sales in FP2006 was approximately RMB19.8 million, relating to costs for the corresponding property units sold for our completed projects, namely, Huzhou Zhili Phase 1 which was completed in FY2004 and Huzhou Liyang Phase 1 and Huzhou Xinya Jiayuan which were completed in FY2005.

Gross profit and gross profit margin

Our gross profit of approximately RMB13.6 million in FP2006, and was attributable to the sales of property units in Huzhou Zhili Phase 1, Huzhou Liyang Phase 1 and Huzhou Xinya Jiayuan. Gross profit margin for FP2006 was approximately 40.7%. The higher gross profit margin achieved in FP2006 compared to FY2005 was due mainly to the higher average selling prices for the residential units for Huzhou Zhili Phase 1 and Huzhou Liyang Phase 1, notwithstanding the lower average selling prices of commercial units sold in FP2006 as these commercial units were at less favourable locations compared to the commercial units sold in FY2005. During the financial period under review, we had also sold a higher proportion of residential units at higher average selling prices.

Other income and gains

Other income and gains increased by approximately RMB5.9 million from RMB0.2 million in FP2005 to RMB6.1 million in FP2006. This was attributable mainly to the fair value change of the investment property, namely, 2nd floor of Nanxun Yazhoucheng Garden of approximately RMB5.9 million as we obtained the land use rights of this property in FP2006 and this was transferred to investment property in FP2006 from deposits in FY2005.

Selling expenses

Selling expenses decreased by approximately RMB32,000 or 60.4% from RMB53,000 in FP2005 to approximately RMB21,000 in FP2006. The decrease was due mainly to the decrease in sales commissions as we continued to increase our direct sales to our customers and ceased to sell our property units through real estate agents.

Administrative expenses

Administrative expenses increased by approximately RMB1.6 million or 177.8% from approximately RMB0.9 million in FP2005 to approximately RMB2.5 million in FP2006 due mainly to the professional fees incurred for the Company's preparation of its listing of approximately RMB1.2 million as well as increases in salaries & allowances.

Other operating expenses

Other operating expenses decreased by approximately RMB0.2 million or 40.0% from approximately RMB0.5 million in FP2005 to approximately RMB0.3 million in FP2006. The decrease was attributable mainly to a decrease in charitable donations in FP2006 as well as sundry expenses incurred in FP2005 which did not recur in FP2006.

Finance costs

Finance costs of RMB0.3 million incurred in FP2006 was related to interest expense incurred on other loan from a minority shareholder of a subsidiary incurred during the period to fund the acquisition of land-use rights for Huzhou Hailian Construction project in FY2005.

Taxation

Taxation was approximately RMB6.2 million of which RMB4.3 million resulted from taxation on our profits derived from the sales of Huzhou Zhili Phase 1, Huzhou Liyang Phase 1 and Huzhou Xinya Jiayuan in FP2006. The remaining RMB1.9 million represented the deferred tax provided for the fair value change of our group's investment property in FP2006. In FP2005, no income tax was incurred, as there was no profit earned during that financial quarter. Our effective tax rate was approximately 37.5% and is higher than our statutory tax rate in the PRC due to the non-provision of tax credits for the start-up losses for certain subsidiaries.

Profit for the period

We recorded a profit of approximately RMB10.3 million in FP2006 as a result of recognition of revenue from the sale of certain property units of the completed projects, Huzhou Zhili Phase 1 which was completed in FY2004 and Huzhou Liyang Phase 1 and Huzhou Xinya Jiayuan which were completed in FY2005. In FP2005, we did not record any profit as there was no property completed during the period nor sales of property units of the completed project, Huzhou Zhili Phase I.

REVIEW OF FINANCIAL POSITION

Non-current assets

Non-current assets comprises property, plant and equipment, investment property, goodwill and interests in associates. Our property, plant and equipment comprise buildings, which are mainly used by our Group as staff quarters, computers and other equipment and motor vehicles. Our goodwill arose from the acquisition of 100% equity interest in Wiseidea Investments and interests in associates refers to our interests in Huzhou Hongjin Market Company and Huzhou Jinquan Company. Huzhou Hongjin Market Company became our subsidiary when we acquired directly and indirectly the remaining 58.0% equity interest in Huzhou Hongjin Market Company in March 2006. Huzhou Jinquan Company was liquidated in June 2006.

As at 31 December 2003, our non-current assets amounted to approximately RMB1.0 million and consisted of property, plant and equipment only.

As at 31 December 2004, our non-current assets increased by RMB4.6 million to approximately RMB5.6 million. The increase was due mainly to the increase in additional property, plant and equipment such as motor vehicles and car parks as well as our equity interest of 42.0% in an associate, Huzhou Hongjin Market Company, which we acquired in FY2004.

As at 31 December 2005, our non-current assets increased by approximately RMB18.6 million to approximately RMB24.2 million due to increase in our interests in associates of approximately RMB18.6 million. Interests in associates relates to our 37.65% equity interest in Huzhou Jinquan Company which was incorporated in the PRC in FY2005 and 42.0% equity interest in Huzhou Hongjin Market Company.

As at 31 March 2006, our non-current assets decreased by approximately RMB6.2 million to approximately RMB18.0 million. The decrease was due mainly to the decrease in interests in associates namely, Huzhou Hongjin Market Company, of approximately RMB19.9 million to RMB2.5 million as it became our wholly-owned subsidiary when we acquired directly and indirectly the remaining 58.0% equity interest in Huzhou Hongjin Market Company in March 2006. These were partially offset by a goodwill of approximately RMB6.0 million relating to our acquisition of the entire issued share capital in Wiseidea Investments and the investment property of approximately RMB7.6 million held as at 31 March 2006.

Current assets

Current assets comprises mainly properties held under development, properties held for sale, account receivables, deposits paid, prepayments and other receivables, prepaid tax, amount due from a related party and cash and cash equivalents.

As at 31 December 2003, our current assets consisted of mainly cash and cash equivalents of approximately RMB20.1 million, deposits paid, prepayments and other receivables of approximately RMB15.3 million, prepaid tax of approximately RMB2.1 million and properties held under development of approximately RMB182.7 million.

As at 31 December 2004, current assets increased by approximately RMB49.4 million to RMB269.7 million. The increase was attributable mainly to an increase in properties held under development and properties held for sale by approximately RMB19.1 million, increase in account receivables by RMB3.3 million, increase in deposits paid, prepayments and other receivables by approximately RMB25.8 million and increase in prepaid tax of approximately RMB1.6 million. Properties held under development increased due mainly to an increase in development costs and borrowing costs incurred for the Huzhou Liyang Phase 1, Huzhou Xinya Jiayuan, Huacui Tingyuan and Nanchang Honggu Kaixuan in FY2004 and properties held for sale relates to the costs such as cost of leasehold interests in land, development costs and borrowing costs for the unsold units of the completed development project, Huzhou Zhili Phase 1. The increase in deposits paid, prepayments and other receivables were due mainly to the commencement of development of Huzhou Xinya Jiayuan and Huzhou Liyang Phase

1 in FY2004. The increase in prepaid tax was due mainly to the income tax prepaid on the proceeds from our pre-sales of property units.

As at 31 December 2005, our current assets increased by approximately RMB91.8 million to RMB361.5 million. The increase was due mainly to an increase in properties held under development by approximately RMB30.4 million to RMB216.4 million, an increase in properties held for sale by approximately RMB66.5 million to RMB82.3 million, an increase in account receivables by approximately RMB14.8 million to RMB18.1 million and an increase in amount due from Huzhou Hongjin Market Company of approximately RMB25.3 million. The increase in properties held under development and properties held for sale were a result of the leasehold land costs and development costs incurred arising from the Huzhou Liyang Phase 1 and Huzhou Xinya Jiayuan in FY2005. The increase in account receivables was a result of our increased revenue in FY2005. The amount due from Huzhou Hongjin Market Company was to support its working capital requirements and acquisition of land use rights for land for the Wuxing Balidian Market project. The above increases were partially offset by a decrease in deposits paid, prepayments and other receivables by approximately RMB37.0 million to RMB4.1 million and a decrease in prepaid tax. Prepaid tax decreased by approximately RMB3.7 million as the corporate income tax prepaid were recognised in the income statement upon the handover of the property units to the purchasers in FY2005.

As at 31 March 2006, current assets increased by approximately RMB54.7 million from approximately RMB361.5 million as at 31 December 2005 to approximately RMB416.2 million as at 31 March 2006. The increase was attributable mainly to an increase in properties held under development by approximately RMB81.7 million to RMB298.1 million as well as an increase in deposits paid, prepayments and other receivables by approximately RMB31.3 million to RMB35.4 million. The increase in properties held under development were due mainly to the acquisition of land use rights for the Huzhou Liyang Phase 2 project and the consolidation of land use rights relating to Wuxing Balidian Market (as Huzhou Hongjin Market Company, which owns Wuxing Balidian Market, became our subsidiary in FP2006), increase in development costs and associated finance costs relating to Wuxing Balidian Market as well as initial development costs incurred for Nanchang Honggu Kaixuan during FP2006. The increase in deposits paid, prepayments and other receivables were related mainly to construction costs prepaid relating to Wuxing Balidian Market. The above increases were partially offset by decreases in amounts due from related parties by RMB25.3 million due to consolidation effects as this amount was due from Huzhou Hongjin Market which became our subsidiary in FP2006, decrease in properties held for sale by RMB18.3 million to RMB64.0 million, decrease in accounts receivables by approximately RMB5.6 million to RMB12.5 million and a decrease in cash and cash equivalents. Properties held for sale decreased as we continued to sell our property units in our completed property projects, Huzhou Zhili Phase 1, Huzhou Liyang Phase 1 and Huzhou Xinya Jiayuan. Accounts receivables decreased as we continued to receive payments from purchasers for the completed property units sold prior to FP2006. Cash at banks and in hand decreased by RMB9.0 million to RMB6.2 million.

Current liabilities

Current liabilities comprises mainly accounts payables, accruals, receipts in advance and other payables, provision for tax, amount due to related parties and borrowings.

As at 31 December 2003, our current liabilities amounted to approximately RMB167.3 million, comprising mainly of accruals, receipt in advance and other payables of approximately RMB112.2 million and borrowings of approximately RMB55.0 million. Accruals and other payables include retention monies from contractors withheld by us. We typically withhold 5.0% of the contract amount for a period of 1 to 3 years, depending on the type of construction works undertaken.

As at 31 December 2004, our current liabilities increased by approximately RMB27.7 million to RMB195.0 million due mainly to an increase in accruals, receipt in advance and other payables by approximately RMB57.6 million mainly as a result of increase of receipts in advance from our customers arising from the pre-sales of our development properties. Our borrowings decreased to RMB25.0 million in FY2004 due to our repayment of borrowings by RMB30.0 million in that year.

As at 31 December 2005, our current liabilities decreased by approximately RMB100.1 million to RMB94.9 million due mainly to a decrease in accruals, receipts in advance and other payables of approximately RMB116.2 million as these receipts in advance from our customers were recognised as revenue in FY2005 when the projects were completed. As at 31 December 2005, there was also a provision for income tax of approximately RMB17.9 million, arising from the profits earned from the sale of completed properties in Huzhou Zhili Phase 1, Huzhou Liyang Phase 1 and Huzhou Xinya Jiayuan in FY2005. There were no such tax provisions as at 31 December 2003 and 2004. As at 31 December 2005, we had an amount due to related companies of RMB1.3 million. These were amounts due to our associated company, Huzhou Jinquan Company and Pan Hong Company Limited. Pan Hong Company Limited is owned by Mr Wong Lam Ping and Ms Chan Heung Ling-please see "History and Business-History and Development of Our Group" for further details on Pan Hong Company Limited. In addition, our borrowings decreased by RMB3.0 million. Our borrowings were denominated in RMB and bears interest at prevailing market rates. Borrowings of RMB22.0 million were secured against the land use rights of certain land reserves of our Group.

As at 31 March 2006, our current liabilities increased by approximately RMB10.5 million to RMB105.4 million. The increase was attributable mainly to increases in account payables, provision for tax, amount due to related parties and borrowings. The increase in account payables by approximately RMB1.4 million to RMB1.4 million was attributable mainly to costs for completed projects namely Huzhou Zhili Phase 1, Huzhou Liyang Phase 1 and Huzhou Xinya Jiayuan. The increase in provision for tax of approximately RMB2.4 million to RMB20.3 million was due mainly to the revenue recognised for Huzhou Zhili Phase 1 and Huzhou Liyang Phase 1 for FP2006. The increase in amount due to related parties by RMB2.7 million to RMB4.0 million was due to increased advances from Pan Hong Company Limited (which is jointly owned by our Executive Chairman, Mr Wong Lam Ping and Deputy Chairman, Ms Chan Heung Ling) for our Group's working capital. Borrowings increased by RMB29.0 million to RMB51.0 million as at 31 March 2006 due to increase of loans from banks and a minority shareholder of a subsidiary procured by the Group to partially finance the acquisition of the land for the Huzhou Liyang Phase 2 and the consolidation of borrowings procured by Huzhou Hongjin Market Company (as Huzhou Hongjin Market Company became our subsidiary in FY2006) for Wuxing Balidian Market project. These borrowings were denominated in RMB and bears interest at prevailing market rates and are secured against the land-use rights of certain land reserves of our Group. The increases were partially offset by a decrease in accruals, receipts in advance and other payables of approximately RMB24.9 million to RMB28.7 million. This was due mainly to the recognition of receipt in advance as revenue for our completed development properties, namely, Huzhou Liyang Phase 1 and Huzhou Xinya Jiayuan in FP2006 as well as lower accruals and payables.

Non-current liabilities

Non-current liabilities consist of a shareholder's loan and amounted to approximately RMB43.0 million, RMB66.6 million and RMB194.3 million as at 31 December 2003, 2004 and 2005, respectively. These are loans from Mr Wong Lam Ping and are for the purpose of acquisition of land use rights and working capital purposes. These amounts were unsecured and interest free and had no fixed terms of repayment. Please also refer to the section "Interested Person Transactions and Conflicts of Interest" of this Prospectus. The balance outstanding as at 31 December 2005 was capitalised in March 2006.

Non-current liabilities consisted of shareholder's loan which decreased by RMB185.3 million to RMB9.0 milion as at 31 March 2006. The decrease was due mainly to the capitalisation of shareholders' loan of RMB194.3 million in March 2006 (please refer to the section "Restructuring Exercise" of this Prospectus for more details), and the subsequent net advances of RMB9.0 million from the substantial shareholder, Mr Wong Lam Ping, for working capital purposes, and after factoring in the consolidation effects of shareholder's loans extended to Wiseidea Investments and Huzhou Hongjin Market Company (as these companies became our subsidiaries in FP2006). These amounts were unsecured and interest-free and will not be repayable prior to 1 January 2008. Please refer to the section "Interested Person Transactions and Potential Conflicts of Interest" of this Prospectus for more details. The decrease was partially offset by an increase in deferred taxation of approximately RMB1.9 million.

Total Equity

Our total equity comprised share capital, exchange reserves, retained earnings and minority interests. Our total equity had increased from approximately RMB11.0 million as at 31 December 2003 to RMB96.5 million at 31 December 2005 mainly as a result of the increase in our retained earnings in the past three financial years.

Our total equity as at 31 March 2006 comprised mainly share capital, share premium, exchange reserves, retained earnings and minority interests. Our total equity had increased by approximately RMB221.3 million as at 31 December 2005 to approximately RMB317.8 million at 31 March 2006 mainly as a result of the capitalisation of shareholder's loan of RMB194.3 million, the share premium of approximately RMB16.5 million as a result of acquisition of Wiseidea Investments through the issuance of shares in Pan Hong Investment, increase in retained earnings by approximately RMB10.2 million offset by a decrease in exchange reserves by RMB0.5 million to a deficit of RMB0.1 million as a result of foreign exchange translation.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

Our material capital expenditure in FY2003, FY2004 and FY2005, and FP2006 were as follows:

RMB'000	FY2003	FY2004	FY2005	FP2006
Buildings	—	599	—	—
Computers and other equipment	73	151	325	31
Motor vehicles	629	471	178	—
TOTAL	**702**	**1,221**	**503**	**31**

The above investments were made to support our property development business in Huzhou, Hangzhou and Nanchang cities and were financed by internally generated resources of our Group.

Capital and lease commitments

As at 31 March 2006, we have commitments amounting to approximately RMB9.7 million as set out in the table below. We intend to finance such expenditure through financing from borrowings and internal resources. Our capital and lease commitments at 31 December 2003, 2004 and 2005, and 31 March 2006 are as follows:

RMB'000		As at 31 December 2003	2004	2005	As at 31 March 2006
(a)	Contracted but not provided for capital commitments in respect of:				
	— properties held under development (including attributable share of an associate)	112,530	92,237	8,410	8,300
	— capital injection to an associate	—	14,006	—	—
		112,530	106,243	8,410	8,300
(b)	Minimum lease receipts under non-cancellable operating leases in respect of properties				
	• Not later than one year	—	605	665	834
	• Later than one year and not later than five years	—	3,089	3,397	3,507
	• Later than five years	—	974	—	—
		—	4,668	4,062	4,341
(c)	Commitments in respect of non-cancellable operating leases for rental of land and buildings falling due:				
	• Not later than one year	—	47	282	458
	• Later than one year and not later than five years	—	228	584	897
		—	275	866	1,355

LIQUIDITY AND CAPITAL RESOURCES

As at the Latest Practicable Date, our Group has financed its working capital, capital expenditures and other capital requirements primarily through internally generated cash flows, proceeds from sale of properties, borrowings and loans from shareholders.

Our total banking facilities as at 30 June 2006 amounted to RMB67.4 million of which RMB60.4 million has been utilised.

Our Directors are of the opinion that, after taking into account our available credit facilities, cash in banks and at hand, and net cash to be generated from our operating activities, our Group has adequate working capital for our requirements.

The following table presents selected cash flow data from our audited combined cash flow statements for the years indicated:

RMB'000	Year ended 31 December 2003	2004	2005	FP2006
Net cash generated from/(used in) operating activities	(1,362)	14,081	(131,546)	(32,417)
Net cash used in investing activities	(623)	(4,590)	(18,990)	(1,309)
Net cash generated from/(used in) financing activities	17,869	(8,839)	142,727	24,022
Net increase /(decrease) in cash and cash equivalents	15,884	652	(7,809)	(9,704)
Effect of foreign exchange difference	(473)	(1,038)	3,316	628
Cash and cash equivalents at the beginning of the year/ period	4,702	20,113	19,727	15,234
Cash and cash equivalents at the end of the year/period	20,113	19,727	15,234	6,158

Operating activities

Cash used in operations comprises mainly amounts paid for the property development activities, which are reflected in the combined balance sheet as an increase in the outstanding balance of the properties under development. The cash generated from operations refers to the proceeds from sale of properties, including pre-sales of properties under development.

For FY2003, net cash used in operating activities before changes in working capital was RMB0.7 million. The net cash used in operating activities was approximately RMB1.4 million. The cash outflows were due mainly to the increase in properties held under development. The increase in properties under development was due mainly to Huzhou Zhili Phase 1, Huzhou Liyang Phase 1, Huacui Tingyuan and Nanchang Honggu Kaixuan. The cash outflows were offset by the decrease in account and other receivables, prepayments and deposits of RMB34.2 million and the increase in account and other payables, accruals and receipts in advance of RMB51.2 million attributable to the pre-sales from Huzhou Zhili Phase 1. This was offset by income taxes paid of RMB0.5 million, resulting in net cash used in operating activities.

For FY2004, net cash generated from operating activities before changes in working capital was RMB6.1 million. The net cash generated from operating activities was approximately RMB14.1 million due mainly to increases in account and other payables, accruals and receipts in advance received amounting to RMB57.6 million attributable to the pre-sales of Huzhou Xinya Jiayuan and Huzhou Liyang Phase 1. These were offset by cash outflows attributable to the increase in account and other receivables, prepayments and deposits of RMB29.1 million and properties held under development of RMB16.6 million. These were also offset by income tax paid of RMB4.0 million resulting in positive net cash generated from operating activities.

For FY2005, net cash generated from operating activities before changes in working capital was RMB89.0 million. The net cash used in operating activities was approximately RMB131.5 million. The cash outflows aggregating RMB94.9 million were due mainly to the payment for the acquisition of land use rights for Huzhou Hailian Construction in mid FY2005, the decrease in account and other payables, accruals and receipts in advance of RMB116.3 million as well as an increase in amount due from Huzhou Hongjin Market Company of RMB25.3 million. The decrease in receipts in advance was attributable to the completion of Huzhou Zhili Phase 1, Huzhou Liyang Phase 1 and Huzhou Xinya

Jiayuan projects in FY2005, and such receipts in advance were recognized as revenue in accordance with our Group's revenue recognition policy. The above cash outflows were partially offset by a decrease in account and other receivables, prepayments and deposits of RMB22.2 million, increase in amount due to related parties of RMB1.3 million. In addition, there were income taxes paid of RMB7.6 million.

For FP2006, net cash generated from operating activities before changes in working capital was RMB11.0 million. The net cash used in operating activities was approximately RMB32.4 million. The cash outflows were due mainly to increases in properties held under development and properties held for sales of approximately RMB27.4 million and decreases in amounts due to related parties of approximately RMB19.9 million and account and other payables, accruals and receipts in advance of approximately RMB23.8 million. The increase in properties held under development was mainly attributable to the acquisition of the land use rights for Huzhou Liyang Phase 2 of approximately RMB41.2 million as well as the development costs incurred for Nanchang Honggu Kaixuan and Wuxing Balidian Market projects, which were partially offset by a decrease in property held for sales due to continuing sales for completed property units in Huzhou Zhili Phase 1, Huzhou Liyang Phase 1 and Huzhou Xinya Jiayuan. The net decrease in amount due to related parties was due mainly to the net increase in amount reclassified as amount due to fellow subsidiaries by virtue of acquiring equity interests in Wiseidea Investments which held 48% in Huzhou Hongjin Company. The decrease in account and other payables, accruals and receipts in advance of approximately RMB23.8 million due mainly to the recognition of receipts in advance as revenue for our completed development properties, namely, Huzhou Liyang Phase 1 and Huzhou Xinya Jiayuan in FP2006 as well as lower accruals and payables incurred due to repayments of construction fees to our contractors for Huzhou Liyang Phase 1 and Huzhou Xinya Jiayuan. These were offset by cash inflows attributable to a decrease in accounts receivables of approximately RMB3.5 million, and a decrease in amount due from a related party of approximately RMB26.0 million. The decrease in amounts due from a related party arose mainly from the consolidation effects of amounts due to us by Huzhou Hongjin Market Company. In addition, there was income tax paid of approximately RMB1.8 million.

Investing activities

In FY2003, the net cash used in investing activities was RMB0.6 million. This was due mainly to the purchases of properties, plant and equipment of RMB0.7 million which were offset by the interest received of RMB0.1 million.

In FY2004, the net cash used in investing activities of RMB4.6 million was attributable to the cash outflow arising from purchases of properties, plant and equipment of RMB1.2 million and our investment in associates of RMB3.9 million. These cash outflows were offset by the cash inflows from the sales proceeds of property, plant and equipment and interest received totaling RMB0.5 million.

In FY2005, the net cash used in investing activities of RMB19.0 million was due mainly to investment in associates, namely Huzhou Hongjin Market Company and Huzhou Jinquan Company, of RMB18.7 million and purchases of properties, plant and equipment of RMB0.5 million. These were partially offset by the cash inflow from the sales proceeds of property, plant equipment and interest received totaling RMB0.2 million.

In FP2006, the net cash used in investing activities of RMB1.3 million was attributable mainly to the acquisitions of the 8.0% equity interest in Huzhou Jiangnan Hailian Company and remaining 58.0% equity interest in Huzhou Hongjin Market Company not owned by us, as well as our acquisition of property, plant and equipment of approximately RMB31,000. These cash outflows were offset by the cash inflows from the interest received of about RMB19,000.

Financing activities

In FY2003, net cash generated from financing activities was RMB17.9 million due mainly to the capital contribution made by minority shareholders of RMB4.3 million and by the drawdown of a bank loan of RMB40.0 million. These were offset by the cash outflow for the repayment of shareholders' loan of RMB23.4 million and interest paid of RMB3.0 million.

In FY2004, net cash used in financing activities were RMB8.8 million. These were due mainly to the repayment of bank loans of RMB30.0 million which was drawndown for the construction of Huzhou Liyang Phase 1 in prior years, and interest paid of RMB2.4 million. The cash outflow was partially offset by a shareholder's loan of RMB23.6 million.

In FY2005, net cash generated from financing activities were RMB142.7 million. This was attributable mainly to the capital contribution made by minority shareholders of RMB20.8 million, drawdown of bank loans of RMB22.0 million and increase in shareholder's loan of RMB127.7 million. These were offset by repayment of bank loans of RMB25.0 million which was drawndown for the construction of Huzhou Liyang Phase 1 in prior years and interest paid of RMB2.8 million.

In FP2006, net cash generated from financing activities was approximately RMB24.0 million. These were due mainly to additional net bank loans and other loans from a minority shareholder of Jiangnan Hailian Company of approximately RMB13.0 million as well as an increase in shareholder's loan of approximately RMB12.0 million. The cash inflow was partially offset by an interest paid of approximately RMB1.0 million. Please refer to the section "Restructuring Exercise" of this Prospectus for more details.

FOREIGN EXCHANGE EXPOSURE

The reporting currency of our Group is RMB. As all our operations are in the PRC currently and the functional currency of our operations is RMB and our operating subsidiaries also maintain its books and records in RMB, we are not exposed to any fluctuation in foreign exchange.

In addition, we also maintain a US$ account with a financial institution for the contribution of paid-up capital made by our immediate holding company in Hong Kong. We may incur foreign exchange gains or losses when we convert the US$ balances into RMB.

Currently, our Group does not have a formal foreign currency hedging policy as our foreign exchange gains and losses over the past three financial years ended 31 December 2003, 2004 and 2005, and the financial periods FP2005 and FP2006 were insignificant. Our management believes that it is more efficient for us to assess the hedging need of each transaction on a case-by-case basis. We will continue to monitor our foreign exchange exposure in the future and will consider hedging any material foreign exchange exposure should such need arise.

You should read the following unaudited pro forma financial information in conjunction with the "Accountants' Report on the Unaudited Pro Forma Financial Information" as set out in Appendix C of this Prospectus.

UNAUDITED PRO FORMA COMBINED INCOME STATEMENT OF OUR GROUP(1)

RMB'000	**Unaudited FY2005**
Revenue	288,012
Cost of sales	(194,823)
Gross profit	93,189
Gross profit margin	32.4%
Other income	694
Selling expenses	(378)
Administrative expenses	(4,220)
Other operating expenses	(955)
Finance costs	(913)
Profit before taxation	87,417
Taxation	(29,194)
Profit for the year	58,223
Attributable to:	
Equity holders of the Company(2)	58,881
Minority interests	(658)
Net profit margin	20.2%
Earnings per Share for profit attributable to the equity holders of the Company during the year (RMB cents)(1), (2)	16.4

Notes:

(1) The unaudited pro forma combined income statement of our Group for FY2005 has been prepared on the basis that the further acquisitions of certain entities and loan capitalisation as set out in the "Restructuring Exercise" in this Prospectus had occurred on 1 January 2005. Please refer to the "Accountants' Report on the Unaudited Pro Forma Financial Information" in Appendix C of this Prospectus for more details.

(2) EPS for FY2005 has been computed based on the pro forma profit attributable to equity holders of the Company and the pre-Invitation share capital of 360,000,000 Shares.

UNAUDITED PRO FORMA COMBINED BALANCE SHEET OF OUR GROUP[(1)]

RMB'000	**Unaudited as at 31 December 2005**
ASSETS AND LIABILITIES	
Non-current assets	
Goodwill	11,900
Property, plant and equipment	1,954
Interests in associates	2,472
Total non-current assets	16,326
Current assets	
Properties held under development	235,224
Properties held for sale	82,310
Account receivables	18,122
Deposits paid, prepayments and other receivables	26,358
Amount due from related companies	9,841
Cash at banks and in hand	41,216
Total current assets	413,071
Current liabilities	
Account payables	59
Accruals, receipt in advance and other payables	53,899
Provision for tax	17,911
Amount due to related party	1,296
Borrowings	37,000
Total current liabilities	110,165
Net current assets	302,906
Total assets less current liabilities	319,232
Non-current liabilities	
Shareholder's loan	10,766
Net assets	308,466
EQUITY	
Equity attributable to the Company's equity holders	278,647
Minority interests	29,819
Total equity	308,466
Pro Forma NTA per Share (RMB cents) [(2)]	74.10

Notes:

(1) The financial position of our Group as at 31 December 2005 have been prepared on the basis the further acquisitions of certain entities and loan capitalisation as set out in the "Restructuring Exercise" in this Prospectus had occurred on 31 December 2005. Please refer to the "Accountants' Report on the Unaudited Pro Forma Financial Information" in Appendix C of this Prospectus for more details.

(2) NTA per Share as at 31 December 2005 has been computed based on the pro forma NAV of our Group, less goodwill and the pre-Invitation share capital of 360,000,000 Shares on this date.

The following table presents unaudited pro forma combined cash flow statements for FY2005:

RMB'000	FY2005
Net cash used in operating activities	(157,371)
Net cash generated from investing activities	5,400
Net cash generated from financing activities	171,549
Net increase in cash and cash equivalents	19,578
Effect of foreign exchange difference	1,911
Cash and cash equivalents as at 1 January 2005	19,727
Cash and cash equivalents as at 31 December 2005	41,216

SHARE CAPITAL

Our Company was incorporated in Bermuda on 20 December 2005 under the Bermuda Companies Act as an exempted company. As at the date of incorporation, our authorised share capital was HK$100,000 comprising 1,000,000 ordinary shares of HK$0.10 each. On 3 January 2006, 1,000,000 ordinary shares of HK$0.10 each in the share capital of our Company were allotted and issued, nil paid, as to 500,000 shares to our Executive Chairman, Mr Wong Lam Ping and 500,000 shares to our Deputy Chairman, Ms Chan Heung Ling. Thereafter, our Company further issued 2,159,000,000 ordinary shares of HK$0.10 each and credited as fully paid the abovementioned nil paid shares pursuant to the Restructuring Exercise as described in that section. We then restructured our share capital by way of the Consolidation.

As at the date of lodgement of this Prospectus, our authorised share capital is HK$510,000,000 comprising 5,100,000,000 shares of HK$0.10 each and our issued capital is HK$100,000 comprising 1,000,000 nil paid shares of HK$0.10 each. As at the date of this Prospectus, we have only one class of shares in the capital of our Company, being the Shares. There are no founder, management, deferred or unissued shares reserved for issue for any purpose. The rights and privileges of our Shares are stated in our Bye-laws.

Pursuant to written resolutions dated 14 August 2006, our shareholders approved, *inter alia*, the following:

(a) an increase in the authorised share capital of the Company from HK$100,000 to HK$510,000,000 by the creation of an additional 5,099,000,000 ordinary shares of par value of HK$0.10 each;

(b) the consolidation of six ordinary shares of par value of HK$0.10 each in the Company into one ordinary share of HK$0.60 with effect from the allotment and issue of the 2,159,000,000 shares of HK$0.10 each in the capital of our Company pursuant to the Restructuring Exercise;

(c) the adoption of a new set of Bye-laws (the "New Bye-laws") with effect from the Listing Date;

(d) the Service Agreements between our Company and each of our Executive Directors and Executive Officers;

(e) the allotment and issue of the New Shares which, together with the Vendor Shares, are the subject of the Invitation. The New Shares, when allotted, issued and fully paid up, will rank *pari passu* in all respects with the existing issued and fully paid up Shares;

(f) that authority be given to the Directors to grant the Over-allotment Option to the Manager and the allotment and issue of the Additional Shares pursuant to the exercise of the Over-allotment Option; and

(g) that, pursuant to Bye-laws 12 and 147 of the New Bye-laws, our Directors be authorised to (i) allot and issue shares in our Company, and (ii) issue convertible securities and any shares in our Company pursuant to the conversion of such convertible securities, (whether by way of rights, bonus or otherwise) at any time and from time to time thereafter upon such terms and conditions whether for cash or otherwise and for such purposes and to such persons as our Directors may think fit for the benefit of our Company, provided that the aggregate number of shares and convertible securities to be issued pursuant to such authority shall not exceed 50 percent of the post-Invitation issued share capital of our Company and that the aggregate number of shares to be issued other than on a pro-rata basis to the then existing shareholders of our Company shall not exceed 20 percent of the post-Invitation issued share capital of our Company, and, unless revoked or varied by our Company in general meeting, such authority shall take effect from the date of listing of our Shares on the SGX-ST and shall continue to be in force until our next annual general meeting or the date by which our next annual general meeting is required by law or by our Bye-laws to be held, whichever is earlier.

For the purposes of this resolution, and pursuant to Rules 806(3) and 806(4) of the SGX-ST Listing Manual, "post-Invitation issued share capital" shall mean the enlarged issued and paid-up share capital of our Company after the completion of the Invitation, after adjusting for: (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from the exercise of share options or the vesting of share awards outstanding or subsisting at the time such authority is given, provided the options or awards were granted in compliance with the SGX-ST Listing Manual; and (iii) any subsequent consolidation or sub-division of shares.

Details of the changes in the issued and paid-up share capital of our Company since incorporation and our issued and paid-up share capital immediately after the Invitation are as follows:

	Number of Shares		
	Par Value HK$0.10	**Par Value HK$0.60**	**Paid-up Capital (HK$)**
Upon first allotment and issue on 3 January 2006	1,000,000	—	—
New ordinary shares of HK$0.10 each issued pursuant to the Restructuring Exercise	2,159,000,000	—	215,900,000
Crediting as fully paid the 1,000,000 shares of HK$0.10 each that were issued nil paid on 3 January 2006 pursuant to the Restructuring Exercise		—	100,000
Consolidation	—	360,000,000	216,000,000
New ordinary shares of HK$0.60 each to be issued pursuant to the Invitation	—	120,000,000	72,000,000
Post-Invitation share capital	—	480,000,000	288,000,000

The authorised share capital and shareholders' funds of our Company as at incorporation, after adjustments to reflect the Restructuring Exercise and the Consolidation, and after the Invitation are set out below. These statements should be read in conjunction with the "Accountants' Report on the Unaudited Pro Forma Financial Information" set out in Appendix C of this Prospectus.

(HK$)	**As at Incorporation**	**After the Restructuring Exercise and the Consolidation**	**After the Invitation**
Authorised Share Capital			
Ordinary shares of HK$0.10 each	100,000	—	—
Ordinary shares of HK$0.60 each	—	510,000,000	510,000,000
Shareholders' Equity			
Issued and paid-up share capital	—	216,000,000	288,000,000
Share premium(1)	—	—	116,341,282
Contributed surplus(1)	—	54,531,068	54,531,068
Total shareholders' equity	—	270,531,068	458,872,350

Note :

(1) Based on the exchange rate for RMB/HK$ of 1.03.

The changes in the issued share capital of our Company and our subsidiaries within the three years preceding the date of lodgement of this Prospectus are set out below:

Our Company

Date	Event	No of Shares Issued	Par Value	Issue Price Per Share	Resultant issued share capital
3 January 2006	First allotment and issue	1,000,000 (issued nil paid)	HK$0.10	HK$0.10	—
9 September 2006	Restructuring Exercise	2,159,000,000	HK$0.10	HK$0.10	HK$215,900,000
9 September 2006	Crediting as fully paid the 1,000,000 shares of HK$0.10 each that were issued nil-paid on 3 January 2006 as part of the Restructuring Exercise	—	HK$0.10	HK$0.10	HK$216,000,000
9 September 2006	Consolidation	—	HK$0.60	—	HK$216,000,000

Modernland Developments

Date	Event	No of Shares Issued	Par Value	Issue Price Per Share	Resultant issued share capital
10 March 2006	First allotment and issue	1,000	US$1.00	US$1.00	US$1,000
8 September 2006	Restructuring Exercise	999,000	US$1.00	US$34.94	US$1,000,000

Pan Hong Investment

Date	Event	No of Shares Issued	Par Value	Issue Price Per Share	Resultant issued share capital
23 March 2006	Capitalisation of shareholder's loan	186,782,480	HK$1.00	HK$1.00	HK$186,792,480
23 March 2006	Acquisition of Wiseidea Investments	5,777,087	HK$1.00	HK$5.199	HK$192,569,567

Huzhou Hongjin Market Company

Date	Event	Resultant registered share capital
30 November 2004	Incorporation	US$6,000,000

Huzhou Jiangnan Hailian Company

Date	Event	Resultant registered share capital
6 December 2004	Incorporation	RMB28,000,000
7 April 2005	Increase in registered capital	US$8,000,000

Hangzhou Liyang Company

Date	Event	Resultant registered share capital
28 October 2004	Incorporation	US$3,000,000

SHAREHOLDERS

Our shareholders and their respective shareholdings in our Company immediately before and after the Invitation (assuming that the Over-allotment Option is not exercised) are set out below:

	Before the Invitation				After the Invitation			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors								
Wong Lam Ping[(1)(2)]	18,321,184	5.1	288,000,000	80.0	18,321,184	3.8	288,000,000	60.0
Chan Heung Ling[(1)(3)]	16,559,300	4.6	288,000,000	80.0	11,559,300	2.4	288,000,000	60.0
Shi Feng[(3)]	473,900	0.1	—	—	473,900	0.1	—	—
Wang Cuiping[(3)]	473,900	0.1	—	—	473,900	0.1	—	—
Chan Kin Sang	—	—	—	—	—	—	—	—
Sim Wee Leong	—	—	—	—	—	—	—	—
Dr Choo Kian Koon	—	—	—	—	—	—	—	—
Dr Zheng Haibin	—	—	—	—	—	—	—	—
Substantial Shareholders								
Extra Good[(1)]	288,000,000	80.0	—	—	288,000,000	60.0	—	—
Jumbo King[(4)]	18,000,000	5.0	—	—	18,000,000	3.8	—	—
Others								
Glory Group[(2)(5)]	17,318,816	4.8	—	—	17,318,816	3.6	—	—
Management[(3)]	852,900	0.3	—	—	852,900	0.2	—	—
Public	—	—	—	—	125,000,000	26.0	—	—
Total	360,000,000	100.0			480,000,000	100.0		

Notes:

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

(2) On 9 September 2006, Mr Wong Lam Ping transferred 6,518,816 Shares to Glory Group pursuant to the Restructuring Exercise to arrive at the agreed consideration of HK$30.0 million for the acquisition of Wiseidea Investment by Pan Hong Investment as described under "Restructuring Exercise" — Step e(ii).

(3) On 9 September 2006, Ms Chan Heung Ling transferred an aggregate of 1,800,700 Shares to our two Executive Directors and certain of our Executive Officers as gifts (not in relation to employment within our Group) as set out below. These gifts are subject to a moratorium for five years, with each of the transferee agreeing not to dispose of, or transfer, directly or indirectly: 100% of the Shares for the first year from the Listing Date, 80% for the subsequent year, 60% for the third, 40% for the fourth and 20% for the fifth. Please also see the section "Moratorium".

Name	No. of Shares
Shi Feng	473,900
Wang Cuiping	473,900
Wang Yinjian	284,300
Xu Guangquan	284,300
Zhang Ning	284,300

(4) The entire issued share capital of Jumbo King is held by Mr Wang Linjia, and he is thus deemed to be interested in the Shares held by Jumbo King.

(5) The entire issued share capital of Glory Group is beneficially owned by Mr Shen Zhen Lin. Glory Group is a company incorporated in Hong Kong and which previously held the entire issued share capital of Wiseidea Investments, one of our subsidiaries. Mr Shen Zhen Lin is an independent third party unrelated to any of our Directors or other substantial shareholders and was previously a minority shareholder of Huzhou Hongjin Market Company (held through Wiseidea Investments), one of our subsidiaries, holding a 48% interest therein. Pursuant to a sale and purchase agreement dated 23 March 2006, Pan Hong Investment acquired Wiseidea Investments. Please see "Restructuring Exercise" — Step e(ii) for more details on the acquisition.

Ms Chan Heung Ling is the spouse of Mr Wong Lam Ping. They both collectively own the entire share capital of Extra Good. In addition, the entire issued share capital of Jumbo King is owned by Mr Wang Linjia who is the brother of Mr Wong Lam Ping. Save as disclosed above, there are no relationships among our Directors and substantial shareholders.

The Shares held by our Directors and substantial shareholders do not have different voting rights from other shareholders of the Company.

As at the Latest Practicable Date, to the best of the knowledge of our Directors, there is no known arrangement, the operation of which, may, at a subsequent date, result in a change in the control of our Company.

There has not been any public take-over offer by a third party in respect of our Shares or by our Company in respect of shares of another corporation or units of a business trust which has occurred between 1 January 2003 and the Latest Practicable Date.

There are no Shares that are held by or on behalf of our Company or by our subsidiaries.

As at the Latest Practicable Date, to the best of the knowledge of our Directors, no options over our Shares or the shares in the equity of our subsidiaries have been granted to anyone.

Saved as disclosed above, our Company is not directly or indirectly owned or controlled by another corporation, any government or other natural or legal person whether severally or jointly.

Significant Changes in Percentage of Ownership

At incorporation, Mr Wong Lam Ping and Ms Chan Heung Ling held our issued share capital in equal proportions.

Thereafter:

(i) our Company allotted and issued new Shares in consideration for the acquisition of Modernland Developments, the intermediate holding company of our Group (and credited as fully paid the nil paid shares of HK$0.10 each initially issued to Mr Wong Lam Ping and Ms Chan Heung Ling) pursuant to the Restructuring Exercise; and

(ii) Ms Chan Heung Ling transferred as a gift, 1,800,700 Shares to our two Executive Directors and certain of our Executive Officers as described in the footnotes to the table of our shareholders set out under "General Information on Our Group — Shareholders",

resulting in our pre-Invitation shareholding structure as disclosed in the above shareholdings table.

Save as disclosed above, there were no significant changes in the percentage of ownership of shares in our Company since its incorporation and up to the Latest Practicable Date.

VENDOR

Details of the following existing shareholder which will be selling Shares in the Invitation are set out below:

Name	Address	No. of Vendor Shares	As an approximate percentage of share capital before the Invitation
Chan Heung Ling	Flat C-D, 33/F, Laguna Grande-Tower 18, Laguna Verde, Phase 4,8 Laguna Verde Ave., Hunghom, Kowloon, Hong Kong	5,000,000	1.0

MORATORIUM

To demonstrate their commitment to our Group, our substantial shareholders, Mr Wong Lam Ping, Ms Chan Heung Ling, Extra Good, Jumbo King as well as Glory Group, which will collectively directly own 353,199,300 Shares, representing approximately 73.6% of the issued share capital of our Company after the Invitation, have each undertaken not to sell, realise, transfer or otherwise dispose of any part of their respective interests in the issued share capital of our Company immediately after the Invitation for a period of six months from the Listing Date.

Mr Wong Lam Ping and Ms Chan Heung Ling, who collectively own the entire issued share capital of Extra Good, have each undertaken not to sell, realise, transfer or otherwise dispose of any part of their respective interests in the issued share capital of Extra Good immediately after the Invitation for a period of six months from the Listing Date.

Mr Wang Linjia, who owns the entire issued share capital of Jumbo King, has undertaken not to sell, realise, transfer or otherwise dispose of any part of his interest in the issued share capital of Jumbo King immediately after the Invitation for a period of six months from the Listing Date.

Mr Shen Zhen Lin, who beneficially owns the entire issued share capital of Glory Group, has undertaken not to sell, realise, transfer or otherwise dispose of any part of his interest in the issued share capital of Glory Group immediately after the Invitation for a period of six months from the Listing Date.

Further, our two Executive Directors, Mr Shi Feng and Ms Wang Cuiping, and certain of our Executive Officers, received gifts of Shares from Ms Chan Heung Ling as set out in "General Information on Our Group — Shareholders". These gifts of shares are also subject to a five-year moratorium as described in that section.

In addition, Extra Good has entered into an agreement with the Manager to lend up to 25,000,000 Shares to the Manager for the purpose of effecting the Over-allotment or stabilisation activities in connection with the Invitation. At the conclusion of the price stabilisation activities (if any), the Shares lent by Extra Good will be returned and will thereafter be subject to the aforementioned moratorium undertaking. There are no commission or fees payable to Extra Good in respect of the share lending arrangement pursuant to the Over-allotment Option.

Prior to the Invitation, we undertook the following Restructuring Exercise in preparation for our listing on the SGX-ST, resulting in our Company becoming the investment holding company of our Group:

The following steps were taken in the Restructuring Exercise:

(a) *Incorporation of Our Company*

Our Company was incorporated on 20 December 2005 under the laws of Bermuda with the intention of establishing it as the ultimate holding company of our Group. Mr Wong Lam Ping and Ms Chan Heung Ling were the initial shareholders, each holding 50% of the issued share capital of our Company, comprising 1,000,000 ordinary shares of HK$0.10 each issued nil paid.

(b) *Incorporation of Modernland Developments*

Modernland Developments was incorporated in the BVI on 9 January 2006 with the intention of establishing it as the intermediate holding company of our Group. Mr Wong Lam Ping and Ms Chan Heung Ling were the initial shareholders, each holding 50% of the issued share capital of Modernland Developments of 1,000 ordinary shares of US$1.00 each.

(c) *Acquisition of an 8% equity stake in Huzhou Jiangnan Hailian Company*

In January 2006, Pan Hong Investment acquired an 8% equity interest in Huzhou Jiangnan Hailian Company from Ocean Joint Investments Limited (海联投资有限公司) ("OJIL"), a third party unrelated to any of our Directors or substantial shareholders, for a consideration of HK$4,993,900 (equivalent to approximately US$640,000) (equivalent to the proportion of OJIL's contribution to the registered capital of Huzhou Jiangnan Hailian Company) which was satisfied in cash. This increased Pan Hong Investment's interest in Huzhou Jiangnan Hailian Company to 65.0%.

(d) *Capitalisation of Shareholders' Loan*

In March 2006, Mr Wong Lam Ping capitalised an outstanding amount of approximately RMB194.3 million (or the equivalent of approximately HK$186.8 million) owing to him by the issuance of 186,782,480 ordinary shares of HK$1.00 in the capital of Pan Hong Investment, at his direction, to him and Ms Chan Heung Ling in equal proportions.

(e) *Acquisition of the remaining 58% equity interest in Huzhou Hongjin Market Company*

(i) On 15 March 2006, Pan Hong Investment entered into a share transfer agreement pursuant to which it acquired a 10% interest in Huzhou Hongjin Market Company from Huzhou Balidian Cunzhen Construction Co., Ltd. (湖州八里店村镇建设有限公司) ("HBCC"), a third party unrelated to any of our Directors or substantial shareholders, for a consideration of RMB4,876,980 (equivalent to approximately US$600,000) (equivalent to the proportion of HBCC's contribution to the registered capital of Huzhou Hongjin Market Company) which was satisfied in cash;

(ii) On 23 March 2006, Pan Hong Investment entered into a share purchase agreement pursuant to which it acquired the entire issued share capital of Wiseidea Investments from Glory Group and the entire benefits arising from an existing shareholder's loan of HK$12,010,079 due from Wiseidea Investments to Glory Group (the same of which was assigned to Pan Hong Investment), for an aggregate consideration of HK$30.0 million. Wiseidea Investments holds a 48% equity interest in Huzhou Hongjin Market Company (one of our subsidiaries). The consideration was arrived at taking into consideration the commercial valuation of the land and on a willing-buyer-willing-seller basis. The entire issued share capital of Glory Group is beneficially owned by Mr Shen Zhen Lin, a third party unrelated to any of our Directors or substantial shareholders. In consideration for the acquisition, Pan Hong Investment issued 5,777,087 ordinary shares of HK$1.00 to Glory Group (the number of shares issued was calculated based on an agreed indicative Issue Price). In addition, Mr Wong Lam Ping on one side, and Glory Group and Mr Shen Zhen Lin on the other side, further agreed that, in the event the value of the Shares held by Glory Group upon completion of the Restructuring Exercise (see steps (f) and (g) below) is less than HK$30.0 million based on the actual Issue Price, Mr Wong will transfer such number of Shares to Glory Group and vice versa in order to make up the difference and to arrive at the agreed consideration of HK$30.0 million (except where such difference is less than HK$100,000). Such transfer will take place just prior to the Invitation.

Pursuant to the completion of the above share purchase agreements, our Group holds the entire registered capital of Huzhou Hongjin Market Company.

(f) Pursuant to a share purchase agreement entered into between the relevant parties dated 8 September 2006, Modernland Developments acquired the entire issued and paid-up capital of Pan Hong Investment at a consideration of approximately RMB278.6 million (based on the unaudited proforma equity attributable to the equity shareholders of Pan Hong Investment and its subsidiaries as at 31 December 2005 which have been adjusted for the steps (a) to (e) above). The consideration was satisfied by the allotment and issue of an aggregate of 999,000 shares of US$1.00 each in Modernland Developments, credited as fully paid, as to 484,500 shares to Mr Wong Lam Ping, 484,500 shares to Ms Chan Heung Ling and 30,000 shares to Glory Group.

(g) Pursuant to a share purchase agreement entered into between the relevant parties dated 9 September 2006, our Company acquired the entire issued and paid-up capital of Modernland Developments at a consideration of approximately RMB278.6 million (based on the unaudited proforma equity attributable to the equity shareholders of Modernland Developments and its subsidiaries as at 31 December 2005 which have been adjusted for steps (a) to (f) above). The consideration was satisfied by:

   (i) the allotment and issue of an aggregate of 2,159,000,000 shares of HK$0.10 each in our Company, credited as fully paid, as to 148,540,000 shares to Mr Wong Lam Ping, 109,660,000 shares to Ms Chan Heung Ling, and upon the direction of Mr Wong Lam Ping and Ms Chan Heung Ling (pursuant to the share purchase agreement), 1,728,000,000 shares to Extra Good, and, upon the direction of Ms Chan Heung Ling (pursuant to the share purchase agreement and for nominal consideration received from Jumbo King) 108,000,000 shares to Jumbo King, and 64,800,000 shares to Glory Group; and

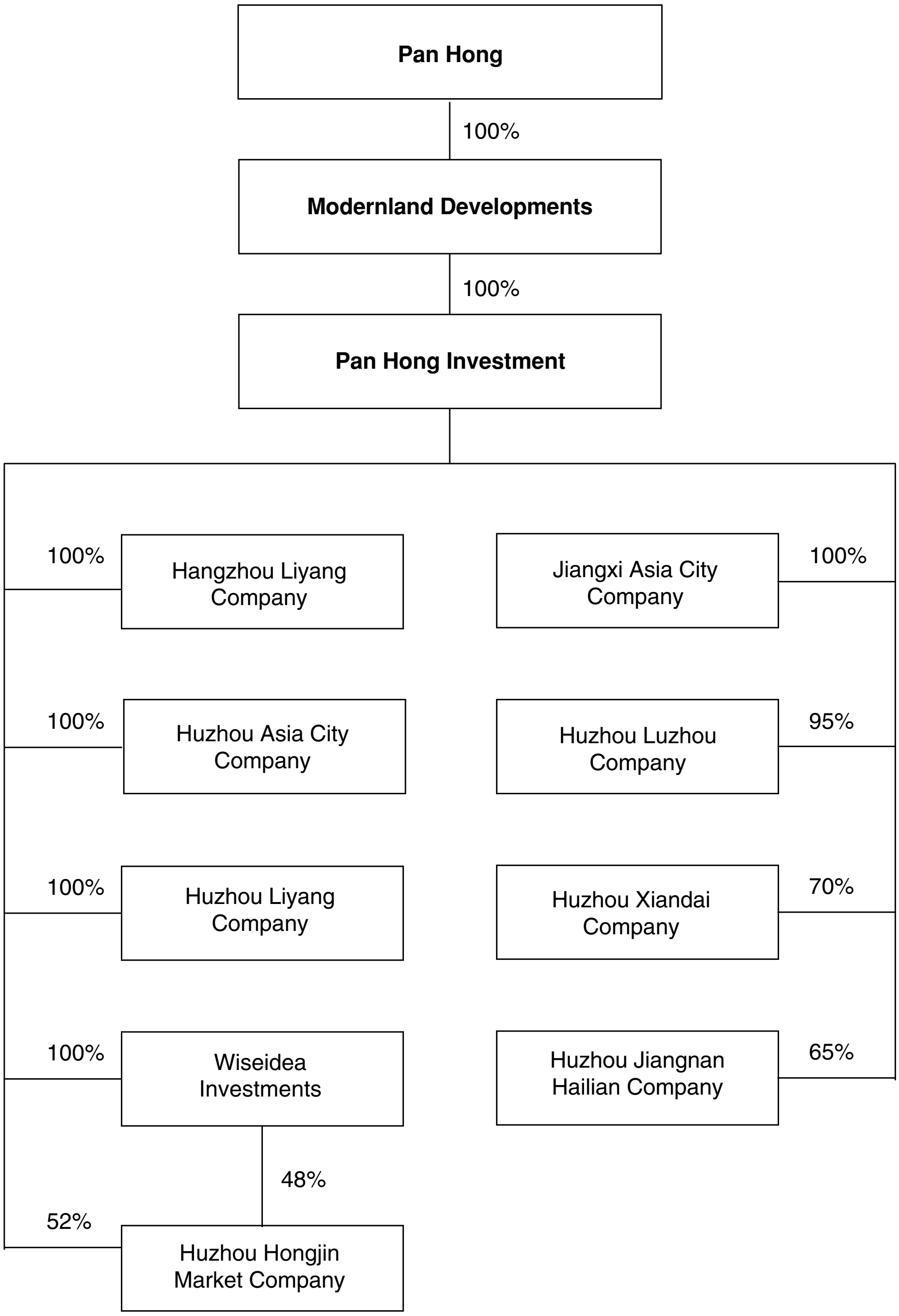
   (ii) the crediting as fully paid the 1,000,000 nil paid shares of HK$0.10 each in the share capital of our Company held by Mr Wong Lam Ping and Ms Chan Heung Ling in equal proportions (please refer to "General Information on our Group — Share Capital" of this Prospectus for further details).

(h) Subsequent to the issue of the 2,159,000,000 shares of HK$0.10 each in our Company as set out above and after the Consolidation taking effect, Ms Chan Heung Ling transferred an aggregate of 1,800,700 Shares to our two Executive Directors and certain of our Executive Officers as gifts (not in relation to employment within our Group). Please refer to "General Information on Our Group — Shareholders" for further details of these transfers.

Following the completion of the Restructuring Exercise, the structure of our Group is as set out under "Group Structure" of this Prospectus.

GROUP STRUCTURE

Our Group structure as at the date of this Prospectus is as follows:



SUBSIDIARIES

The details of our subsidiaries as at the date of this Prospectus are as follows:

Name of company	Date and place of incorporation	Principal place of business/ registered address	Principal activities	Issued and paid-up/ registered capital	Equity interest held by our Group
Huzhou Xiandai Company	11 December 2000, PRC	No. 198 Zhili Bei Road, Zhili Town, Huzhou City	Property Development	RMB22,500,000	70%(1)
Huzhou Liyang Company	29 August 2002, PRC	Land No. 5, Huzhou Economic and Technological Development Zone (No. 579, Longxi Bei Road)	Property Development	RMB42,000,000	100%
Huzhou Asia City Company	7 April 2000, PRC	2nd Floor, Nanxun Town Shangcheng Building, Tai'an Xi Road, Nanxun Town, Huzhou City, Zhejiang Province	Property Development	RMB27,000,000	100%
Huzhou Hongjin Market Company	30 November 2004, PRC	Southern land, Huzhi Road, Northern 318 National Highway, Zhenqian Village, Balidian, Wuxing District, Huzhou City	Property Development	US$6,000,000	100%(2)
Huzhou Luzhou Company	11 March 2002, PRC	Land No. 11, Meidong Taihu Tour and Vacation Resort, Huzhou Economic and Technological Development Zone, Zhejiang Province	Property Development	RMB43,790,000	95%(3)
Huzhou Jiangnan Hailian Company	6 December 2004, PRC	Jiashanyang, Zhonggeng Village, Daochang Town, Huzhou City	Organisation and management of cultural, sports and leisure facilities(4)	US$8,000,000	65%(5)
Hangzhou Liyang Company	28 October 2004, PRC	Entertainment Center, No. 460, Wenhua Road, Xihu District, Hangzhou City	Property Development	US$3,000,000 (up until 27 January 2005, US$1,226,956.10 of the registered capital has been contributed)	100%

Name of company	Date and place of incorporation	Principal place of business/ registered address	Principal activities	Issued and paid-up/ registered capital	Equity interest held by our Group
Jiangxi Asia City Company	4 July 2003, PRC	8th Floor, Northern Municipal Party Committee Building, Xingzheng Yi Road, Honggu Tan New District, Nanchang City	Property Development	US$5,000,000	100%
Pan Hong Investment	23 August 1994, Hong Kong	Room 708, Tower B Hunghom Commercial Centre, 37–39 Ma Tau Wai Road, Hunghom, Hong Kong	Investment Holding	HK$192,569,567	100%
Modernland Developments	9 January 2006, BVI	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI	Investment Holding	US$1,000,000	100%
Wiseidea Investments	8 January 2004, BVI	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI	Investment Holding	US$1	100%

Notes:

(1) The remaining 30.0% of the registered capital of Huzhou Xiandai Company is held by Huzhou New Guoyuan Commercial Co., Ltd., a third party unrelated to any of our Directors or substantial shareholders.

(2) 52.0% of the registered capital is held through Pan Hong Investment and the remaining 48.0% is held through Wiseidea Investments.

(3) The remaining 5.0% of the registered capital of Huzhou Luzhou Company is held by Guangzhou Fangxin Real Estate Construction Co., Ltd, a third party unrelated to any of our Directors or substantial shareholders.

(4) We will make the requisite application to change the scope of business at a later stage prior to the commencement of the development of the Huzhou Hailian Construction project.

(5) The remaining 35.0% of the registered capital of Huzhou Jiangnan Hailian Company is held by Jiangnan Gongmao Group, a third party unrelated to any of our Directors or substantial shareholders. Our Executive Officer, Mr Wu Jie, is a director of Jiangnan Gongmao Group, and owns less than 5% of its registered capital.

None of our subsidiaries are listed on any stock exchange.

The Group had an associated company, Huzhou Jinquan Company, in which the Group had a 37.65% equity interest. Huzhou Jinquan Company was incorporated in the PRC on 16 June 2005 with an issued and paid-up share/registered capital of US$6.0 million. Huzhou Jinquan Company was liquidated in June 2006.

Certain of the information contained in this section, in particular economical and demographical data relating to the PRC in this section has been derived from the economical and statistical data published publicly by the various statistical bureaus of the PRC central, provincial and municipal governments, including the National Bureau of Statistics of China, the Zhejiang Statistics Bureau, the Jiangxi Statistics Bureau, the Hangzhou Statistics Bureau, the Huzhou Statistics Bureau and the Nanchang Statistics Bureau. The various PRC government bureaus have not consented to the inclusion of such information for the purposes of Section 249 of the Securities and Futures Act and is therefore not liable for such information under Sections 253 and 254 of the Securities and Futures Act. While our Directors have included such information in their proper form and context in this Prospectus, they have not verified the accuracy of such information. Please see the risk factor entitled "We are not able to guarantee the accuracy of third party information" in the section "Risk Factors" for a description of the relevant risks.

ECONOMIC DEVELOPMENT OF THE PRC

The PRC economy has grown significantly since the PRC government introduced economic reforms in the late 1970's. China's accession to the WTO in 2001 has further accelerated the reform of the PRC economy. In the past ten years, China's GDP has increased from approximately RMB9.7 trillion in 2001 to approximately RMB13.7 trillion in 2004. In 2005, China's GDP grew approximately 9.9% to reach more than RMB18.2 trillion to become one of the world's largest economies.[1]

Since 2004, in order to prevent China's economy from expanding too rapidly and to achieve a balanced and sustainable economic growth, the PRC government has taken measures to control money supply, credit availability and fixed asset investments. The PRC government has also taken measures to discourage speculation in the residential property market and to increase the supply of affordable housing. In response to concerns over the scale of the increase in property investment, the PRC government has introduced policies to restrict future development, including:

- limiting the monthly mortgage payment to 50% of an individual borrower's monthly income and limiting all monthly debt service payments of an individual borrower to 55% of his or her monthly income;
- requiring real estate developers to finance 35% rather than 20% of the total projected capital outlay of any property development with their capital funds;
- increasing the required reserve ratio of funds that a commercial bank must hold on deposit to 7.5% from 7.0% or 8.0% from 7.5%, effectively reducing the amount of money a bank is able to lend; and
- tightening regulations governing mortgage lending and restricting approval of new development zones.

In April 2005, the Ministry of Construction of PRC and other relevant Chinese government authorities jointly issued the "Notice of Stabilising Property Prices (关于做好稳定住房价格工作的意见)" followed by a set of new measures which appear to be the most aggressive measures implemented to date in stabilising the real estate industry, including:

- since 1 June 2005, a business tax levy on the sales proceeds from sub-sales (i.e. sales by the initial purchasers from the property developer) subject to the length of holding period and type of properties;

[1] The information on GDP was derived from the databases of the National Bureau of Statistics of China found at the following uniform resource locator: http://www.stats.gov.cn. Please refer to the preamble at the beginning of this section for the relevant disclaimers on the source.

- a ban on onward transfer of uncompleted properties;
- an imposition of a "land idle" fee for land which has not been developed for one year starting from the commencement date stipulated in the land grant contract, and cancellation of land-use rights for lands idle for two years or more;
- a revocation of projects not in compliance with the planning permits; and
- a ban on land provision for villa construction and a restriction on land provision for high-end residential property construction.

The table below sets out selected economic statistics of the PRC for the last five years:

	2001	2002	2003	2004	2005
Nominal GDP (RMB in billions)	9,593.3	10,239.8	11,669.4	13,651.5	18,232.1
Real GDP growth rate (%)	7.3	8.0	9.1	9.5	9.9
Per capita GDP (RMB)	7,651.0	7,651.0	9,111.0	10,561.0	13,944.0
Foreign direct investment - Actual investment (US$ in billions)	46.8	52.7	53.5	60.6	60.3
Fixed asset investment (RMB in billions)	3,689.8	4,320.2	5,511.8	7,007.3	8,860.4

Source: National Bureau of Statistics of China[2]

THE REAL ESTATE MARKET IN THE PRC

Real Estate Reform

Real estate reform in the PRC did not commence until the 1990's, prior to which the PRC real estate industry was part of the planned economy. Beginning in the 1990's, China's real estate and housing sector began its transition from that under a planned economy to a market-based system. A brief timeline of key real estate reforms is set out below:

1988 The PRC government amended the national constitution to permit the transfer of state-owned land use rights.

1992 Commencement of public housing sales in major cities.

1994 The PRC government further implemented and established an employer/employee-funded housing fund.

1995 The PRC government issued regulations regarding the sale and pre-sale of estates, establishing a regulatory framework for real estate sales.

1998 The PRC government abolished the state-allocated housing policy.

1999 The PRC government extended the maximum mortgage term for properties (meant for personal residence) purchased with loans obtained from housing provident funds to 30 years.

The PRC government increased the maximum mortgage financing from 70% to 80%.

The PRC government formalised procedures for the sale of real property in the secondary market.

2000 The PRC government issued regulations to standardise the quality of construction projects, establishing a framework for administering construction quality control.

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2 The information was derived from the databases of the National Bureau of Statistics of China found at the following uniform resource locator: http://www.stats.gov.cn. Please refer to the preamble at the beginning of this section for the relevant disclaimers on the source.

2001	The PRC government issued regulations relating to the sale of commodity properties.
2002	The PRC government promulgated the "Rules Regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-For-Sale" (招标拍卖挂牌出让国有土地使用权规定).
	The PRC government eliminated the dual system for domestic and overseas home buyers in China.
2003	The PRC government promulgated rules for more stringent administration of real estate loans with a view to reducing the credit and systemic risks associated with such loans.
	The State Council issued a notice for sustained and healthy development of the real estate market.
2004	The State Council issued a notice requiring that, with respect to real estate development projects (excluding ordinary housing), the proportion of capital funds should be increased from 20% to 35%.
	The Ministry of Construction amended the "Administrative Measures on the Pre-sale of Commercial Housing in Cities" (城市商品房预售管理办法).
	The China Banking Regulatory Commission issued the "Guideline for Commercial Banks on Risks of Real Estate Loans" (商业银行房地产贷款风险管理指引) to further strengthen the risk control of commercial banks on real estate loans.
2005	The PRC government instituted additional measures to discourage speculation in certain regional markets including, among others, increasing the minimum required down payment to 30% of the total purchase price, eliminating the preferential mortgage interest rate for residential housing, imposing a business tax of 5% for sales within two years of purchase, and prohibiting reselling unfinished properties before they are completed.
2006	The PRC government promulgated the "Opinion on Adjustment of Housing Structure and Stabilization of Housing Price" (关于调整住房供应结构稳定住房价格的意见), which stipulated that commencing from 1 June 2006, (i) in relation to the newly-approved or the newly-constructed commodity properties development projects, the ratio of the GFA of the small size units (not exceeding 90 sq m per unit) to the GFA of the whole project shall be not less than 70%, (ii) the transferor shall pay business tax at the rate of 5% for sales within 5 years of purchase, and (iii) other measures to tackle the overheating of the real estate industry.
	The Ministry of Construction subsequently clarified in its "Some Opinions on Meeting the Ratio Requirements on Newly-constructed Housing Structure" (关于落实新建住房结构比例要求的若干意见) issued on 6 July 2006, that (i) in relation to the stipulation for the ratio of GFA of small size units to be not less than 70% of the whole project, that such ratio referred to the ratio for the entire city on an annual basis, as opposed to a particular project, and (ii) in relation to the stipulation of small size units (not exceeding 90 sq m per unit), that such area referred to the construction area of a single unit as listed on its housing ownership certificate. As at the Latest Practicable Date, the local governments of Huzhou, Hangzhou and Nanchang have yet to promulgate the implementing rules and regulations pursuant to the abovementioned opinion. The Ministry of Commerce, together with 5 other ministries and commissions, promulgated the "Opinions on Regulating Entry and Administration of Foreign Investment in Real Estate Market" (关于规范房地产市场外资准入和管理的意见) on 11 July 2006 which set out new requirements and restrictions on foreign investment in the real estate market and the purchase of real estate properties in China by foreign institutions or individuals.

The housing reforms, together with the economic growth of China, an increase in disposable income, emergence of the mortgage lending market and an increase in the urbanisation rate, are key factors in sustaining the growth of China's real estate market. Government housing reforms continue to encourage private ownership and it is expected that an increasing proportion of urban residents will own private properties in the near future. The table below sets out selected figures showing China's urbanisation rate and the increase in disposable income levels of the urban population in China for the last five years.

	2001	2002	2003	2004	2005
Urban population (in millions)	481	502	524	543	562
Total population (in millions)	1,276	1,285	1,292	1,300	1,308
Urbanization rate (%)	37.7	39.1	40.5	41.8	43.0
Per capita disposable income for urban households (RMB)	6,860	7,703	8,472	9,422	10,493

Source: National Bureau of Statistics of China[3]

Real Estate Price and Supply[4]

Prices for real estate in China had increased from 2000 to 2004. The average price of residential properties in the PRC had increased from approximately RMB1,948.0 per sq m in 2000 to approximately RMB2,549.0 per sq m in 2004, while the average price for commercial properties in the same period increased from approximately RMB3,419.5 per sq m in 2000 to approximately RMB3,981.1 per sq m in 2004. The average price per sq m for the overall property market, including both residential and commercial properties, was approximately RMB2,714.0 in 2004, compared to approximately RMB2,112.0 in 2000.

The following table sets forth selected data relating to the PRC real estate market for the periods indicated below:

	2000	2001	2002	2003	2004	2005
Investment in real estate (RMB in billions)	498.4	624.5	773.6	1,010.6	1,315.8	1,575.9
Total GFA sold (sq m in millions)	186.4	224.1	268.1	337.2	382.3	NA(1)
GFA of residential properties sold (sq m in millions)	165.7	199.4	237.0	297.8	338.2	NA(1)
GFA of commercial properties sold (sq m in millions)	20.7	24.7	31.1	39.4	44.1	NA(1)
Average price of residential properties (RMB per sq m)	1,948.0	2,017.0	2,092.0	2,197.0	2,549.0	NA(1)
Average price of commercial properties (RMB per sq m)	3,419.5	3,403.3	3,459.8	3,585.4	3,981.1	NA(1)
Average price of residential and commercial properties (RMB per sq m)	2,112.0	2,170.0	2,250.0	2,359.0	2,714.0	NA(1)

Source: National Bureau of Statistics of China

Note:

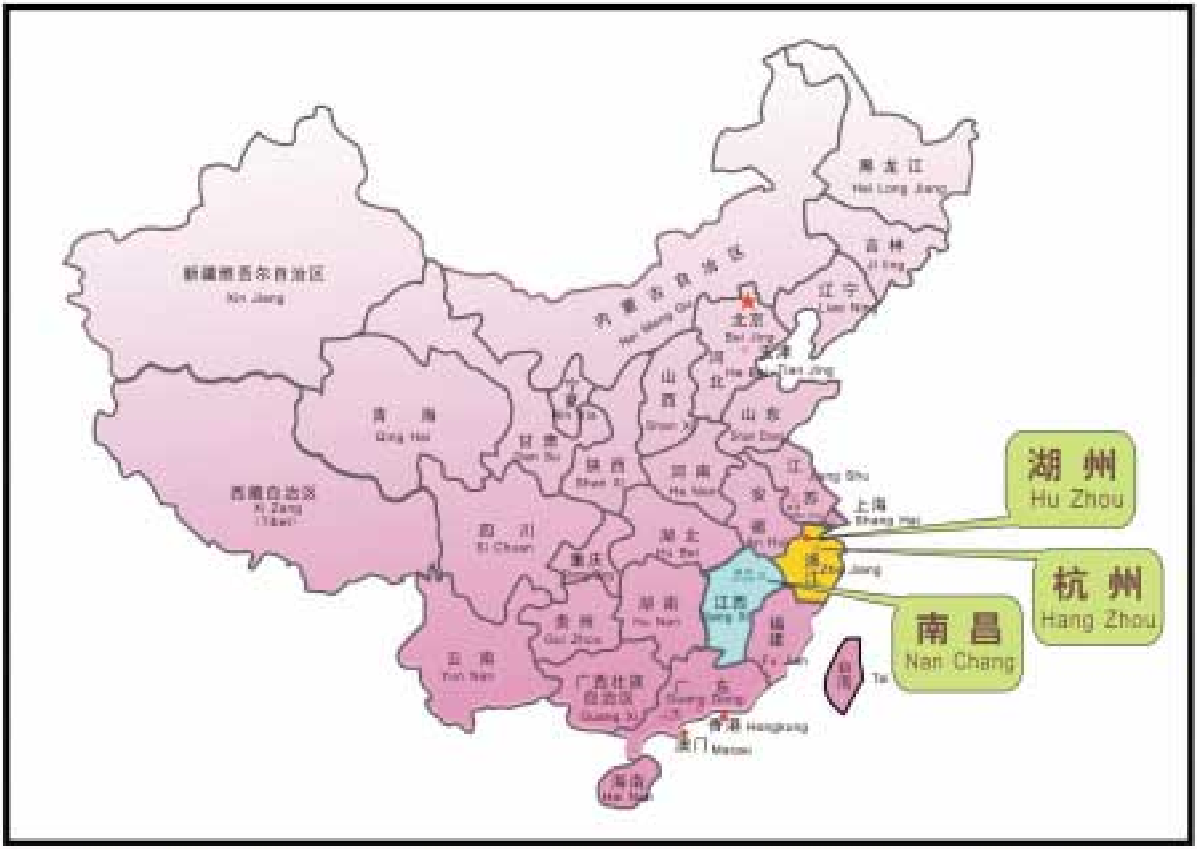
(1) As at the Latest Practicable Date, the statistical data was not available from the database of the National Bureau of Statistics of China.

3 The information was derived from the databases of the National Bureau of Statistics of China found at the following uniform resource locator: http://www.stats.gov.cn. Please refer to the preamble at the beginning of this section for the relevant disclaimers on the source.

4 The statistical data in this subsection (including that contained in the table) was derived from the databases of the National Bureau of Statistics of China found at the following uniform resource locator: http://www.stats.gov.cn. Please refer to the preamble at the beginning of this section for the relevant disclaimers on the source.

Overview of Huzhou and Hangzhou Cities in Zhejiang Province and Nanchang City in Jiangxi Province

The following map illustrates the geographic locations of the three cities in which we currently undertake the development of our property development projects:



The table below sets out selected economic statistics of the three cities for 2005 in which we currently undertake the development of our property development projects:

City	GDP (RMB billion)	Population	Per capita disposable income of urban households (RMB)
Huzhou	64.0	2,572,100(1)	15,375
Hangzhou	291.9	6,604,500	16,601
Nanchang	100.8	4,607,900(1)	10,301

Source: Huzhou Statistics Bureau, Hangzhou Statistics Bureau and Nanchang Statistics Bureau for each respective cities[5]

Note:

(1) Based on statistical data for 2004 as the statistical data for 2005 was not available from the databases of Huzhou Statistics Bureau and Nanchang Statistics Bureau as at the Latest Practicable Date.

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5 The information was derived from the databases of the Huzhou Statistics Bureau found at the following uniform resource locator: http://www.hustats.gov.cn, the databases of the Hangzhou Statistics Bureau found at the following uniform resource locator: http://www.hzstats.gov.cn, or the databases of the Nanchang Statistics Bureau found at the following uniform resource locator: http://www.nctj.gov.cn, as the case may be. Please refer to the preamble at the beginning of this section for the relevant disclaimers on the source.

The Real Estate Market in Zhejiang Province[6]

Zhejiang is located in the southern wing of the Yangtze River Delta on the southeastern coast of China. Adjacent to the north is Shanghai, China's largest city, while a vast hinterland stretches westward. It borders Fujian to the south, Jiangxi and Anhui to the west, Jiangsu and Shanghai to the north. Zhejiang covers an area of approximately 100,000 sq km, with a total population of approximately 48.9 million. While it is one of the smallest provinces in the PRC, it is also generally considered to be one of the most densely populated and wealthiest of China's provinces. The provincial capital of Zhejiang is Hangzhou City. Following the introduction of the reform and opening-up policies, Zhejiang has made rapid strides in its economic, scientific and technological and social undertakings. The leading economic sector in Zhejiang is the industrial sector with machinery, electronics, chemical engineering and medicine as the mainstay. In addition, silk, textile, garment and leather industries also occupy an important position in the province. With the support of port cities, industries like chemical engineering, power and export processing have taken shape in the coastal areas.

From 2000 to 2004, its GDP rose from RMB603.0 billion to RMB1,124.3 billion, and which is ranked fourth among all of China's provinces in terms of GDP. Over the same period, GDP per capita rose from RMB13,400 to RMB23,942. For 2005, the GDP and GDP per capita rose to RMB1,336.5 billion and RMB27,552, respectively. The living standards of the residents have also risen in tandem with the economic development.

The following table sets forth selected data relating to the Zhejiang Province real estate market for the periods indicated below:

	2000	**2001**	**2002**	**2003**	**2004**	**2005**
GDP (RMB million)	603,000	670,000	767,000	920,000	1,124,300	1,336,500
Per capita GDP (RMB)	13,400	14,550	16,570	19,730	23,942	27,552
Per capita disposable income of urban households (RMB)	9,279	10,465	11,716	13,180	14,546	16,294
GFA of properties completed ('000 sq m)	15,090	20,040	25,508	30,530	32,149	NA(1)
GFA of properties sold ('000 sq m)	13,140	17,360	21,114	26,140	27,818	NA(1)

Source: Zhejiang Statistics Bureau

Note:

(1) As at the Latest Practicable Date, the statistical data was not available from the database of the Zhejiang Statistics Bureau.

Hangzhou City[7]

Hangzhou, the capital of Zhejiang Province, is the provincial centre in politics, economy, culture, science and education. The city and its Xihu Lake are renowned tourist attractions in China and internationally. Hangzhou has a total area of approximately 16,596 sq km and a total population of approximately 6.6 million in 2005. Located at the southern wing of the Yangtze River Delta, 180 km southwest of Shanghai, it is an important central city in the Yangtze River Delta and a hub of transportation in southeast China. Hangzhou's city proper covers an area of 3,068 sq km with an urban

6 The statistical data in this subsection (including that contained in the table) was derived from the databases of the Zhejiang Statistics Bureau found at the following uniform resource locator: http://www.zj.stats.gov.cn. Please refer to the preamble at the beginning of this section for the relevant disclaimers on the source.

7 The statistical data in this subsection was derived from the databases of the Hangzhou Statistics Bureau found at the following uniform resource locator: http://www.hzstats.gov.cn. Please refer to the preamble at the beginning of this section for the relevant disclaimers on the source.

population of approximately 4.0 million in 2004. The GDP of Hangzhou in 2005 was RMB291.9 billion, an increase of 12.5% over the previous year (in real terms). The GDP per capita in 2005 was RMB39,677.

The living standards for the residents of Hangzhou have also improved in tandem with its economic development. The disposable income per capita for urban households was estimated to be RMB16,601 in 2005, up by 12.1% over the previous year (adjusted for inflation) and the living expenditure per capita was estimated to be RMB13,438, up by 19.8%. The net income per capita for rural households was estimated to be RMB7,655, up by 7.2% over the previous year (adjusted for inflation) and the living expenditure per capita was estimated to be RMB6,004, up by 7.1%. The savings of Hangzhou residents also increased with the balances of urban and rural residents' savings in RMB and foreign exchange totaling RMB219.2 billion by the end of 2005, up by 19.4% over the previous year.

The property market is also developing in line with the economic progress. The investment of the real estate enterprises totalled RMB40.8 billion, up by 24.2% over the previous year. The total GFA of the buildings sold in 2005 reached approximately 7.1 million sq m, up by 16.5% over the previous year and the total GFA of the buildings under construction was approximately 41.8 million sq m, up by 23.7% over the previous year.

Huzhou City[8]

Huzhou is the only city around the Taihu Lake that is named after it. Located in northern Zhejiang Province, it neighbours Shanghai in the east, Hangzhou in the south, Nanjing in the west, and opposite the Taihu Lake from Suzhou and Wuxi in the north. It is an important commodity collecting and distributing centre and water and road transportation centre on the border of Jiangsu, Zhejiang, Anhui and Shanghai. Huzhou City has a total area of approximately 5,817 sq km and a population of approximately 2.6 million, of which approximately 0.8 million are urban population.

Huzhou's key industries include textile, building materials, pharmaceutical products and specialised electronics. It hosts the biggest children wear market in China — Zhili Mall — and the biggest wood floor/composite floor material distribution centre in Zhejiang province — Nanxun Construction Material Market.

Since the adoption of the national reform policy in the PRC more than twenty years ago, Huzhou has achieved significant success in its economic development. In 2005, the GDP of the city reached RMB64.0 billion, representing an increase of 14.1% over the previous year (in real terms).

The disposable income per capita for urban households was estimated to be RMB15,375 in 2005, up by 12.6% over the previous year (adjusted for inflation) and the living expenditure per capita was estimated to be RMB11,108, up by 18.4%. In addition, the net income per capita for rural households was estimated to be RMB7,288, up by 12.8% over the previous year (adjusted for inflation) and the living expenditure per capita was estimated to be RMB4,821, up by 14.5%.

In 2005, the investment of the real estate enterprises totalled RMB7.0 billion, up by 23.4% over the previous year. The total GFA of the buildings sold in 2005 reached approximately 1.7 million sq m (of which approximately 1.4 million sq m were residential properties), up by 16.8% over the previous year.

8 The statistical data in this subsection was derived from the databases of the Huzhou Statistics Bureau found at the following uniform resource locator: http://www.hustats.gov.cn. Please refer to the preamble at the beginning of this section for the relevant disclaimers on the source.

The Real Estate Market in Jiangxi Province[9]

Jiangxi Province lies to the south of the Yangzi River, about 400 km southwest of Shanghai. Its neighbouring provinces include Zhejiang, Fujian, Guangdong, Hunan, Hubei and Anhui. Jiangxi Province got its name during the Tang Dynasty (618–907) and because the Gan River runs through this province from north to south, it is also called Gan for short. Jiangxi covers an area of approximately 169,000 sq km, with a total population of approximately 43.1 million, with the urban population totalling approximately 16.0 million.

The capital of Jiangxi Province is Nanchang City.

The following table sets forth selected data relating to the Jiangxi Province for the periods indicated below:

	2000	2001	2002	2003	2004	2005
GDP (RMB million)	200,307	217,600	245,000	283,000	349,594	405,620
Per capita GDP (RMB)	4,838	5,203	5,828	6,677	8,189	9,439
Per capita disposable income of urban households (RMB)	5,104	5,506	6,336	6,901	7,560	8,620
GFA of properties completed ('000 sq m)	13,598	14,860	16,508	6,882	28,901	NA(1)
GFA of properties sold ('000 sq m)	2,867	3,137	5,621	5,621	10,207	NA(1)

Source: Jiangxi Statistics Bureau

Note:

(1) As at the Latest Practicable Date, the statistical data was not available from the database of the Jiangxi Statistics Bureau.

Nanchang City[10]

Nanchang, the capital of Jiangxi Province, has a population of approximately 4.6 million with an area of 7,402 square kilometers. It is located adjacent to the Pearl River Delta and Yangtze River Delta and is accessible to eight major cities including Guangzhou, Macau, Fuzhou, Hangzhou, Nanjing within one hour by flight. It is the biggest industrial city in Jiangxi Province and widely considered to be the transportation hub of the province. Nanchang is a provincial city of many dynasties with a history of 2,200 years and is largely remembered in modern Chinese history as the city where the Communist-led uprising of August 1927 commenced.

In 2005, the GDP of Nanchang City increased to approximately RMB100.8 billion, representing an increase of 16.8% over the previous year (in real terms). The disposable income per capita for urban households was estimated to be RMB10,301 in 2005, up by 17.8% over the previous year (adjusted for inflation). The net income per capita for rural households was estimated to be RMB3,879, up by 13.6% over the previous year. The total GFA of the buildings sold in 2005 reached approximately 2.5 million sq m, up by 17% over the previous year, and the total GFA of the buildings under construction was approximately 24.5 million sq m, up by 31.9% over the previous year.

9 The statistical data in this subsection (including that contained in the table) was derived from the databases of the Jiangxi Statistics Bureau found at the following uniform resource locator: http://www.jx.stats.gov.cn.

10 The statistical data in this subsection was derived from the databases of the Nanchang Statistics Bureau found at the following uniform resource locator: http://www.nctj.gov.cn. Please refer to the preamble at the beginning of this section for the relevant disclaimers on the source.

HISTORY AND DEVELOPMENT OF OUR GROUP

Our Company was incorporated on 20 December 2005 under the laws of Bermuda and became the holding company of our Group pursuant to the Restructuring Exercise.

The history of our Group can be traced back to the establishment of Pan Hong Company Limited in Hong Kong on 25 March 1983 to engage principally in property development. The other businesses of Pan Hong Company Limited included general trading, trading in pharmaceutical products, printing, trading of furniture, trading of bathroom equipment and electronic products. At that time, the shareholders of Pan Hong Company Limited were Mr Wong Lam Ping and Ms Chan Heung Ling, each holding a 50% interest in the issued capital of Pan Hong Company Limited. In 1997, to rationalise the organisational structure and operational focus of our Group, all the properties held under Pan Hong Company Limited were transferred to Pan Hong Investment, a company then held in equal proportions by Mr Wong Lam Ping and Ms Chan Heung Ling. Thereafter, Pan Hong Company Limited was no longer involved in property development or management.

We started to focus our property development projects in Zhejiang Province in 1992, as the province was generally known to be one of the wealthier provinces in the PRC, with a growing economy and an increasing standard of living. In addition, because Zhejiang Province was generally not as developed as compared to the cities in the Pearl River Delta region in the PRC such as Shenzhen, we believed that the cities in the Zhejiang Province possessed significant development potential.

In 1992, we acquired a piece of land measuring 49,911 sq m in Hangzhou City, Zhejiang Province with plans to develop it into a residential-cum-commercial property project named Hangzhou Yazhoucheng Garden. We had purchased this land, which was located at the edge of Hangzhou's city centre, in anticipation of the future enlargement of the city centre. We had carried out the development of this project in three stages, with commencement of construction of the first stage in 1996 and completion of the third stage in 2001. The property units in this development were completely sold by 2002 and the sales derived from this project amounted to approximately RMB227.0 million.

In 1993, we acquired another piece of land with a site area of 81,595 sq m in the Huzhou City Economic Development Zone (湖州市经济开发区), Huzhou City, Zhejiang Province with plans to develop it into a residential-cum-commercial property project named Huzhou Jinquan Garden. We commenced the development of this project in May 1994 and completed its development in December 1999. The property units of this development were completely sold by 2000 with aggregate sales amounting to approximately RMB148.0 million.

In 1996, we further increased our land reserve in Huzhou City with the acquisition of a piece of land with a site area of 18,216 sq m in Nanxun, Huzhou City with plans to develop it into a residential-cum-commercial project named Nanxun Yazhoucheng Garden. We commenced the development of this project in October 1996, and completed its development in December 1999. This development has been completely sold by 2001 and we derived sales of approximately RMB66.6 million.

Capitalising on the success of Huzhou Jinquan Garden and Nanxun Yazhoucheng Garden in Huzhou City, we purchased another piece of land measuring 37,804 sq m in Nanxun, Huzhou City in 2000 with plans to develop it into another residential-cum-commercial project named Huzhou Xinya Jiayuan. We commenced the development of this project in July 2003 and the development was completed in December 2005.

Since 2000, we have continually sought to increase our land reserve in Huzhou City as we saw the potential for growth in this city which is in the centre of the Yangtze River Delta where both per capita income and urbanisation levels are high, and has traditionally been a more affluent region. Moreover, we have established ourselves as a reliable developer of quality developments since 1993 and have also built up a good understanding of the local culture and environment within Huzhou City, which we believe is critical in enabling us to continue to develop residential and/or commercial projects that will appeal to local consumer tastes. As a result, in 2001, we made further land acquisitions totaling approximately 35,380 sq m with plans to develop it into a residential-cum-commercial project, named Huzhou Zhili, to be completed in two phases.

In 2002, we expanded our land acquisition exercise into Nanchang City, the capital of Jiangxi Province, PRC with the acquisition of a piece of land measuring 78,361 sq m with plans to develop it into a residential-cum-commercial property project, proposed to be named Nanchang Honggu Kaixuan (南昌红谷凯旋).

In 2002 and 2003, we also made land acquisitions in Huzhou City totaling 36,720 sq m and 133,423 sq m respectively with plans to develop them into residential-cum-commercial property projects, proposed to be named Huzhou Liyang Phase 1 and Huacui Tingyuan respectively. In June 2003, we received the Huzhou City Outstanding Property Development Award which we believe is an endorsement of our standing as a quality property developer.

In October 2004, our subsidiary, Huzhou Liyang Company, was awarded the “Huzhou City Foreign Capital Enterprise — Modern Unit Award”. In the same year, we acquired a piece of land measuring 7,833 sq m in Hangzhou City with plans to develop it into a residential-cum-commercial property project, proposed to be named Hangzhou Liyang Yuan.

In 2005, we acquired land totalling 220,767 sq m in Huzhou City from Jiangnan Gongmao Group (through a joint venture, leading to the establishment of Huzhou Jiangnan Hailian Company) as well as land totalling 14,247 sq m in Huzhou City through an auction sale, and which we intend to develop into residential and commercial properties. These are our Huzhou Hailian Construction and Wuxing Balidian Market projects respectively. In November 2005, our Nanchang Honggu Kaixuan project received the China IACE International Habitat Award.

In mid-2005, we established Huzhou Jinquan Company as an associated company (with an equity interest of less than 40%) together with an unrelated third party, with the view of acquiring land. However we did not proceed with the plan and have since liquidated the company. The liquidation process was completed in June 2006.

In February 2006, we acquired land totalling 17,251 sq m for the development of Huzhou Liyang Phase 2 for RMB41.2 million.

AWARDS AND CERTIFICATES

Over the years, our Group has been accorded the following awards and certificates:

Award/Certificates	Recipient of Award	Awarding organisation	Date of issue
Huzhou City Outstanding Property Development Award (湖州优秀房产)	Huzhou Asia City Real Estate Development Co., Ltd	Huzhou Top Ten Brands Property Reporting Committee (湖州十大品牌房产调查组委会)	June 2003

Award/Certificates	Recipient of Award	Awarding organisation	Date of issue
Huzhou City Foreign Capital Enterprise-Modern Unit Award (湖州市侨资企业–先进单位)	Huzhou Liyang Housing and Landing Development Co., Ltd	Huzhou City Overseas Chinese Affairs Office (湖州市人民政府侨务办公室), Huzhou City Returned Overseas Chinese Federation (湖州市归国华侨联合会)	October 2004
China IACE International Habitat Award (中国IACE国际人居奖)	Jiangxi Asia City Real Estate Development Co., Ltd	China Real Estate And Housing Research Association (中国房地产及住宅研究会), International Architectural Society (国际建筑学会) and the Shanghai International Culture Association (上海市对外文化交流协会)	November 2005
Trustworthy Taxpayer for 2004 to 2005 (2004–2005年度诚信纳税户)	Huzhou Liyang Housing and Landing Development Co., Ltd	Huzhou Municipal State Taxation Bureau (湖州市国家税务局) Huzhou Municipal Local Taxation Bureau (湖州市地方税务局)	April 2006

BUSINESS AND PRINCIPAL ACTIVITIES

Property Development

We are a property developer for quality residential and commercial properties in the PRC. Our strategy is to focus our property development projects in developing cities in the PRC such as Hangzhou and Huzhou cities in Zhejiang Province and Nanchang City in Jiangxi Province as we believe such developing cities have significant growth potential in the future. We strive to develop quality residential and commercial developments, catering to the middle to upper-middle income level residents in each city.

The PRC is currently one of the world's largest economies and our Directors believe that the expected increase in consumer affluence and spending in the PRC, which is currently the most populous country in the world, will lead to the development of the property industry as a whole. Our Directors also believe that with rapid urbanisation and increasing population density in cities in the PRC, particularly Nanchang, Huzhou and Hangzhou cities, the demand for residential housing will increase, and that the recent implementation of a range of property control measures by the PRC government should ensure the healthy and sustainable growth of the property market in the PRC.

(A) Completed property projects which have been completely sold

The property projects which we have already completed construction and completely sold are:

- Hangzhou Yazhoucheng Garden (杭州亚洲城花园);
- Huzhou Jinquan Garden (湖州金泉花园); and
- Nanxun Yazhoucheng Garden (南浔亚洲城花园).

Further details of the above developments are provided below.

Hangzhou Yazhoucheng Garden *(杭州亚洲城花园)*

This property development is located at Yuhangjiang Village, Hangzhou City and is in the prestigious vicinity of Xihu Lake, one of the most popular tourist destinations in China, and Zhejiang University, one of the top universities in China. The development of this property was undertaken by our subsidiary, Hangzhou Asia City Company (杭州亚洲城房地产开发有限公司). Following the completion of this project, the subsidiary was liquidated. The construction of this development commenced in 1996 and was completed in 2001 and the development occupies a land area of 49,911 sq m. It has a GFA of 67,032 sq m. Hangzhou Yazhoucheng Garden has a total of 563 residential units comprising 96 units of medium-rise apartments, 439 units of low-rise apartments and 28 bungalows. It also has a block of 29 commercial shop units located within the development itself which includes a supermarket. The development also has a total of 136 parking lots that have been sold to residents for their exclusive use. Further, the development has aesthetic land-scaping with greenery to create a pleasant environment for the enjoyment of the residents. It also has sports and recreational facilities such as tennis courts, swimming pool, childcare centre and a children's playground.

Huzhou Jinquan Garden *(湖州金泉花园)*

This property development is located at the Huzhou City Economic Development Zone (湖州市经济开发区), Huzhou City, Zhejiang Province and was undertaken by our wholly-owned subsidiary, Huzhou Jingquan Real Estate Development Co., Ltd. (湖州金泉房地产开发有限公司). This subsidiary has since been liquidated following the completion of the development. The development of this project commenced in 1994 and was completed in 1999. It occupies a land area of 81,595 sq m and has a GFA of 140,000 sq m. Huzhou Jinquan Garden (湖州金泉花园) has a total of 1,491 residential units in low-rise apartments. It also has a block of 28 commercial shop units located within the development itself with a childcare centre on the premises. Other facilities include a gymnasium, a childcare centre and a supermarket. The development also has a total of 168 parking lots that have been sold to residents for their exclusive use. Further, the development is well landscaped with greenery to create a pleasant environment for the residents.

Nanxun Yazhoucheng Garden *(南浔亚洲城花园)*

This property development is located at Tai'an Road, Huzhou City, Zhejiang Province and was undertaken by our wholly-owned subsidiary, Nanxun Branch of Hangzhou Asia City Real Eastate Development Co., Ltd. (杭州亚洲城房地产开发有限公司南浔公司) The development of this project commenced in 1994 and was completed in 1999. It occupies a site area of 18,216 sq m and has a GFA of 50,177 sq m. Nanxun Yazhoucheng Garden is an integrated residential-cum-commercial property development targeted at middle to upper-middle income consumers. It is strategically located at the centre of the Nanxun Town, linked by two state expressways, namely No. 318 State Expressway and No. 104 State Expressway, which provide excellent accessibility to nearby metropolises such as Shanghai and Hangzhou City. It has a total of 327 residential units in low-rise apartments. It also has a total of 319 commercial shop units located within the development, including a supermarket. The development also has a total of 120 parking lots that have been sold to residents for their exclusive use. Further, its modern architectural concept, together with its classical landscaping, creates a tranquil environment for the enjoyment of the residents.

(B) Completed property projects with ongoing sales

The property projects which we have already completed construction with ongoing sales are:

- Huzhou Zhili Phase 1 (湖州织里亚洲城第一期);
- Huzhou Liyang Phase 1 (湖州丽阳景苑第一期);
- Huzhou Xinya Jiayuan (湖州馨雅家园); and
- Wuxing Balidian Market (吴兴区八里店社区综合市场).

Further details of the above developments are provided below:

Huzhou Zhili Phase 1 *(湖州织里亚洲城第一期)*

This residential-cum-commercial property development is located at Northern Wuxing Road and Eastern Kaixuan Road, Zhili Town, Huzhou City, Zhejiang Province and the development was undertaken by our subsidiary, Huzhou Xiandai Company. Huzhou Zhili Phase 1 occupies a site area of approximately 32,911 sq m and has a GFA of approximately 55,212 sq m. It has a total of 263 residential-cum-commercial units.

Each unit is three-storeys high with a commercial shop unit on the first floor and the residential units on the second and third floors respectively.

We commenced the development of this project in May 2001 and it was completed in August 2004. We commenced the pre-sales of the property units of this project in early 2002 after we obtained the relevant governmental approval. As at 31 December 2005, approximately 250 units of this development have been sold, with the remaining 13 units left unsold (or an equivalent GFA of approximately 2,762 sq m). The appraised value of our 70% equity interest in the remaining unsold units was approximately RMB2.9 million as at 31 December 2005. Please also refer to the Valuer's Report in Appendix D on page D-19 of this Prospectus. The net book value of these remaining unsold units was approximately RMB2.1 million as at 31 December 2005. As at 30 June 2006, 10 of the remaining 13 units have been sold at an aggregate price of RMB2.5 million.

The tenure of the land use right for this development is 40 years (as each unit is used for mix residential and commercial purposes) and expires on 28 March 2041.

Please refer to the section "Future Projects" of this Prospectus for details of the final phase — Huzhou Zhili Phase 2.

Locality map of project

Huzhou Liyang Phase 1 *(湖州丽阳景苑第一期)*

This residential-cum-commercial property development is centrally located at the Huzhou Economic and Technological Development Zone, Huzhou City, Zhejiang Province and was developed by our wholly-owned subsidiary, Huzhou Liyang Company. Huzhou Liyang Phase 1 occupies a site area of approximately 36,720 sq m and has a GFA of approximately 64,293 sq m. It has a total of 501 residential units in 16 low-rise blocks and three medium-rise blocks. It also has 39 commercial units, 420 storeroom units and an office block (which we have reserved for our own use — please refer to page 127 of this Prospectus) located within the development. The target is to attract retailers which are in the beauty, hairdressing and supermarket industries, and government offices to occupy our commercial shop units. In addition, the development also has a total of 97 parking lots that can be sold to residents for their exclusive use. The development also has "smart" digital features such as pre-installed broadband internet access and closed-circuit television intercoms for screening visitors. The development also comprises sports and recreational facilities.

We commenced the development of this project in January 2004 and it was completed in December 2005. We commenced the pre-sales of the property units of this project in April 2005 after we obtained the relevant governmental approval. As at 31 December 2005, we have sold a total of 419 residential units, one commercial shop unit, 305 storeroom units and 25 parking lots. The appraised value of our interest in the remaining 82 residential units, 38 commercial units, 115 storeroom units, the office block and 72 parking lots (or an equivalent GFA of 19,225 sq m) was approximately RMB89.2 million (excluding the office block which has been separately appraised — please refer to page 127 and and the Valuer's Report in Appendix D on page D-6 of this Prospectus). Please also refer to the Valuer's Report in Appendix D on page D-17 and D-18 of this Prospectus. The net book value was approximately RMB40.1 million as at 31 December 2005. As at 30 June 2006, we have sold 54 residential units, 29 commercial units, 40 storeroom units and 31 parking lots at an aggregate price of RMB43.8 million.

The tenure of the land use right for the commercial units is 40 years and expires on 1 October 2042 and 29 August 2045 and 70 years for the residential units and expires on 1 October 2072.

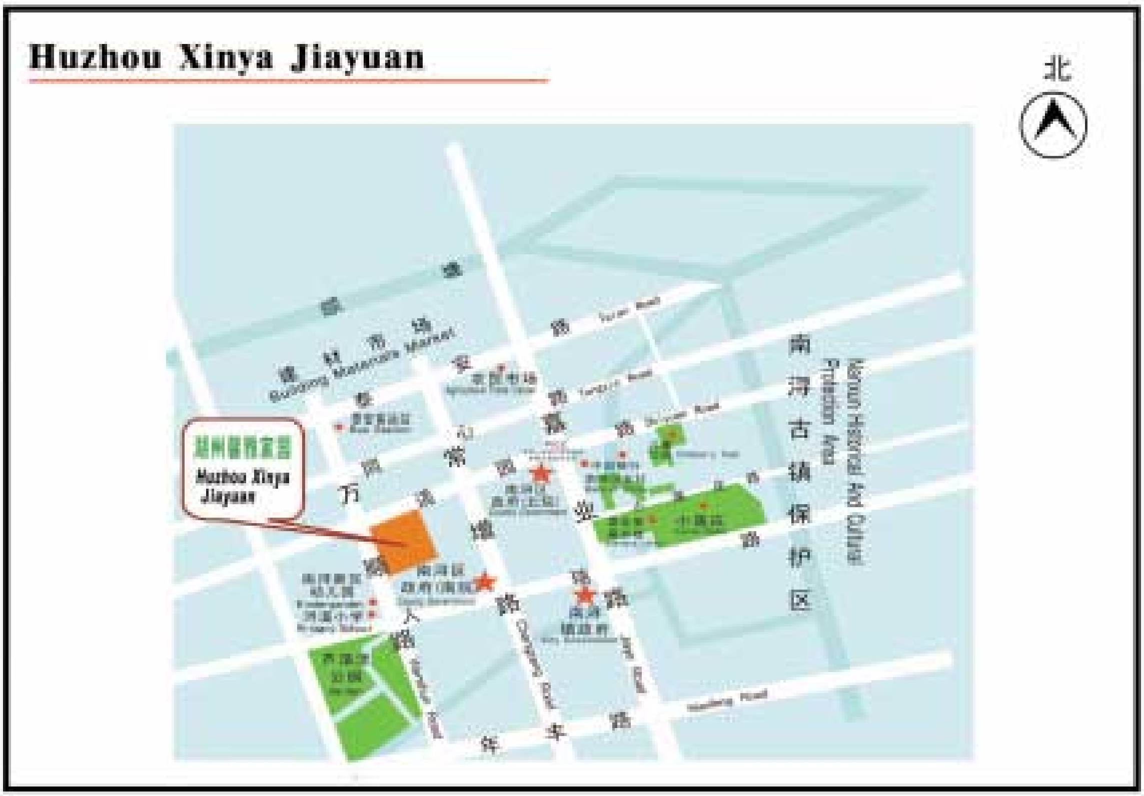
Locality map of project

Huzhou Xinya Jiayuan *(湖州馨雅家园)*

This property development is located at the intersection of Eastern Wanshun Road and Southern Shiyuan Road, Nanxun Town, Huzhou City, Zhejiang Province and was developed by our wholly-owned subsidiary, Huzhou Asia City Company. Huzhou Xinya Jiayuan is strategically situated at the heart of Nanxun District and is surrounded by hotels, banks, shopping malls, hypermarkets, schools and other amenities. It occupies a site area of 37,804 sq m and has a GFA of 71,208 sq m. It consists of a total of 376 residential units in 34 low-rise blocks and three medium-rise blocks, and 12 villas. It also has 62 commercial units enclosed within two shopping centres, 365 storeroom units and 214 parking lots that can be sold to residents for their own exclusive use. Further, the development is also well landscaped with greenery to create a pleasant living environment for the residents and has sports and recreational facilities.

We commenced the development of this project in July 2003 and it was completed in December 2005. We commenced the pre-sales of the property units of this project in December 2003 after we obtained the relevant governmental approval. As at 31 December 2005, we have sold a total of 366 residential units, 57 commercial units, 320 storeroom units and 81 parking lots. The appraised value of our interest in the remaining 22 residential units, 5 commercial units, 45 storeroom units and 133 parking lots (or an equivalent GFA of 15,242 sq m) was approximately RMB72.4 million. Please also refer to the Valuer's Report in Appendix D in page D-15 and D-16 of this Prospectus. The net book value was approximately RMB36.4 million as at 31 December 2005. As at 30 June 2006, we have sold 8 residential units, 4 commercial units, 3 storeroom units and 23 parking lots at an aggregate price of RMB25.2 million.

The tenure of the land use right for the commercial units is 40 years and expires on 24 April 2040 and 70 years for the residential units and expires on 24 April 2070.



Locality map of project

Wuxing Balidian Market *(吴兴区八里店社区综合市场)*

This property development is located at Land No. BLD47 of Balidian, Wuxing District, Huzhou City, Zhejiang Province and is developed by our subsidiary Huzhou Hongjin Market Company. Balidian is the largest town in Huzhou City, occupying a total area of 635,000 sq m. The Wuxing Balidian Market is an integrated commercial development comprising agricultural free market, supermarkets, retail shops and dining and leisure/entertainment area. It is designed with the capacity to serve the daily needs of the future 60,000 residents of Balidian as it is going to be the only commercial development in the area.

The three-storey development occupies a site area of approximately 14,247 sq m and has a GFA of approximately 23,824 sq m. The first storey will have a large wet market with a GFA of 4,400 sq m, together with retail shops having a GFA of 3,730 sq m. The second storey will house a large supermarket and specialty shops while the third storey is designed for dining, entertainment and leisure area.

We commenced the development of this project in July 2005 and it was fully completed in August 2006. We have commenced the pre-sales of this project in 2 phases, with phase 1 pre-sales commencing in end April 2006 and phase 2 pre-sales commencing in June 2006. As at 30 June 2006, we have sold an aggregate of 58 commercial units out of a total of 95 commercial units launched under the phases 1 and 2 pre-sales at an aggregate price of RMB17.5 million. The appraised value of our interest in the land use right for this property was approximately RMB51.2 million as at 31 December 2005 (as adjusted for our acquisition of the remaining interest in Huzhou Hongjin Market Company which we do not own as described under "Restructuring Exercise" of this Prospectus). Please also refer to the Valuer's Report in Appendix D on page D-13 of this Prospectus.The net book value was approximately RMB18.8 million as at 31 December 2005.

The tenure of the land use right is for 40 years and expires on 3 January 2046. The land use right for this project was mortgaged to the Huzhou Commercial Bank to secure a loan of RMB20.0 million made to Jiangnan Gongmao Group (a minority shareholder of our subsidiary, Huzhou Jiangnan Hailian Company) which was taken out on our behalf. We have procured the release of the aforementioned mortgage in August 2006.

Locality map of project

(C) Commenced and uncompleted property projects

We currently have one property development the construction of which is in progress.

Huzhou Zhili Phase 2 *(湖州织里亚洲城第二期)*

This property development is located at Northern Wuxing Road and Eastern Kaixuan Road, Zhili Town, Huzhou City, Zhejiang Province, the PRC (浙江省湖州市织里镇吴兴大道北侧、凯旋路东侧) and is developed by our subsidiary Huzhou Xiandai Company. The site area is approximately 2,469 sq m and has a planned GFA of approximately 5,250 sq m which will consist of residential and commercial units, with the ground floor for commercial use and the second and third floors for residential use. The total cost of developing this project (including cost of land) is expected to be RMB7,700,000 or RMB1,467 per sq m. We commenced construction in May 2006 and target to complete in December 2006. We have obtained the Certificate for Building Construction (建筑工程施工许可证) for both Huzhou Zhili Phase 1 and this phase in 2001. We commenced pre-sales of this project in August 2006. The tenure of the land use right is for 40 years and expires on 28 March 2041.

The appraised value of the land use right for this project as at 31 December 2005 (attributable to our proportion of equity interest) is approximately RMB2.1 million. Please also refer to the Valuer's Report in Appendix D on page D-9 of this Prospectus. The net book value as at 31 December 2005 was RMB921,000.

Leasing Income from Properties

In addition to property development of residential and commercial properties, our Group also owns the following units which are currently leased out to third parties for rental income.

Project/Location	Approximate GFA leased (sq m)	Annual Rental Income (RMB)	Lease Period	Name of Lessee	Use
Huzhou Xinya Jiayuan/2nd Floor, East of Main Gate Corner, Huzhou Xinya Jiayuan, Shiyuan Road, Nanxun Town, Huzhou City, Zhejiang Province, the PRC (浙江省湖州市南浔镇适园路馨雅家园大门东侧转角二层)	4,053	600,000 for the first year with a 10% increment per annum thereafter	6 years expiring on 30 November 2010	Dong Zhongjie (董中结)	Supermarket
Nanxun Yazhoucheng Garden/ 2nd Floor, Nanxun Commercial Complex, Tai'an Road, Nanxun Town, Huzhou City, Zhejiang Province, the PRC (浙江省湖州南浔市南浔泰安路商城二楼)(1)	1,365	60,000	2 years expiring 31 December 2007	Huzhou City Nanxun Yazhoucheng Hotel (湖州市南浔亚洲城旅馆)	Hotel

Please also refer to "Properties and Fixed Assets — Properties Owned by Our Group". We intend to sell the above units (with the existing leases) if suitable opportunities arise. Under relevant PRC laws, we have to give the existing lessee a first right of refusal to purchase the property at the same terms if we intend to sell the property.

OUR BUSINESS OPERATIONS MODEL

The diagrammatic flow of our business operations model is depicted below:

(1) Site Selection and Market Research

The process of site selection is undertaken by our Investment Committee, which is headed by our Executive Chairman, Mr Wong Lam Ping, and comprises our Executive Directors, the general managers of our respective subsidiaries, and the relevant sales executives in charge of the projects. Our Investment Committee will identify potential cities and viable sites for our development projects.

We typically acquire sites for our developments in high-growth developing cities in the PRC and in or around the city centre. For our site selection, the criteria applied by our Investment Committee include the following:

- zoning plans or city planning restrictions imposed by the government for the relevant site;
- accessibility of the area, convenience to city centre and the available infrastructural support;
- marketability of the development and estimated demand for properties in that area;
- analysis of the target customers within the area;
- proximity to lush natural surroundings with water features such as lakes or rivers; and
- time taken to complete the development project, cost of development, return on investment and availability of financing.

After our Investment Committee has identified a suitable site for property development, a project committee comprising members selected by the Board including the project leader, the engineering manager and the budgeting manager, is formed to carry out a feasibility study taking into consideration factors such as the demand and supply for residential and commercial properties in the vicinity where our identified sites are located. Once the feasibility study is completed, the project committee and our Investment Committee will analyse the findings provided by our market research to understand the trends of the local property market and market prices pertaining to our identified sites. The project committee will also prepare a proposal. The proposal wil include information on the type of property development suitable for the chosen market and site, specific considerations that our Group should consider in light of the market and site conditions and detailed budgets. Once the Investment Committee is satisfied with the results of our market analysis and the chosen site, we will commence our land acquisition process.

(2) Land Acquisition

Our Group has acquired and will continue to acquire all our land use rights in respect of our development projects through the following methods:

- acquiring directly from the government land bureau through public tender or auction;
- purchasing from other companies; and
- acquiring companies that hold suitable land reserve.

According to current PRC regulations, which had become effective on 1 July 2002, state-owned land use rights for the purposes of developing commercial and residential properties can only be granted by the government by way of a public tender or auction or public trading through the local land exchange. Under this process, the local government land bureau will place newspaper announcements to advertise for interested parties to submit their bids for designated parcels of land. According to the PRC statutory requirements, the local government land bureau will award the land use right to the party that either can comply, to the maximum extent, with the terms of the tender or auction, or tendered the maximum price among those parties who can comply fully with the terms of the tender or auction.

(3) Project Conceptualisation, Planning and Design

Under the applicable PRC laws, real estate development projects shall be established in accordance with the city planning, the annual construction land plan as well as market demands, and the city-planning department must approve the planning and design of our projects. For most of our projects, after acquiring the land use rights certificate, our project-planning department will begin to conceptualise the plans for the project. In conceptualising the plans, we will take into account the plot ratio and other building requirements stipulated in the conditions attached to the grant of land use rights.

We commission the building design, landscape design and exterior and interior fittings of the development in accordance with the city planning requirements. In general, we will consider (a) the surrounding environment or neighbourhood of the site where the respective development is to be undertaken; (b) the respective site area; (c) advice provided by professional parties including architects and planning experts; and (d) the proposed type of development (i.e. residential or commercial) in determining the design and the number of buildings of a particular development project. Following the project design, we will begin the layout and interior design of each individual unit development. While we carry out some of our design planning work internally, we also enter into design planning contracts and construction design contracts with independent professionals to give us an edge in our designs.

We prepare a concept plan to be submitted firstly to the city-planning department for the application of the Construction Land Planning Certificate Approval for Construction Site. After we have obtained the Construction Land Planning Certificate Approval for Construction Site, we will prepare the reconnaissance, planning and design plans for the project in accordance to the planning requirements to be submitted to the city-planning department for the application of the Permit for Construction Site Planning Construction Project Planning Certificate. Upon the procurement of the Permit for Construction Site Planning Construction Project Planning Certificate, we will then apply for the requisite permit to commence work for the project.

(4) Construction Work

We engage contractors to carry out construction works. The contractors that we engage are selected by way of an open tender. These contractors carry out various services, including site clearance, piling and foundations works, construction works, electrical and mechanical engineering works, installation of air-conditioning units, elevators and security systems and unit fitting-out work. We select reputable and financially stable contractors who are leading companies within their areas of expertise with proven track records, through an open tender process. Under the relevant PRC laws, the open tender process is regulated by the Property Development Construction Tender Management Regulations (the “Tender Regulations”), which states that a Tender Appraisal Committee should be set up for the appraisal of the tender. According to the Tender Regulations, the Tender Appraisal Committee to be organised by our Group shall include our Group’s representatives and relevant specialists selected by our Group from a list certified by the construction administration authorities. The number of members of the Tender Appraisal Committee shall be an odd number and shall consist of at least five members. The relevant specialists shall make up no less than two-thirds of the membership. Our Group will set the tender conditions according to the written tender report provided by the Tender Appraisal Committee, and after the tender, our Group and the successful tenderer shall sign a written contract according to the terms of the tender. The quality and timeliness of the construction are usually warranted in the contracts entered into between our Group and the contractors. Typically, these contractors provide for progress payments to be made by our Group to the contractors at agreed stages of completion of the constructions works. In the event of delay or poor quality of work, our Group may retain the security deposits paid by the contractors. We have not had any major disputes with any of our contractors to-date.

We also enter into construction supervisory services contracts with various independent third party construction supervisory companies for the supervision and management of the construction costs, construction progress and quality of the construction works for our property developments.

(5) Pre-Sales and Sales of Properties

Our policy is to conduct pre-sales of the property units of our projects (i.e. selling property in advance of the completion of construction) as soon as the development has reached a stage at which pre-sales are permitted under the PRC Administrative Measures on the Pre-sale of Commercial Housing in Cities (城市商品房预售管理办法) (the “Measures on Pre-sale”) promulgated by the Ministry of Construction in July 2004. In accordance with the Measures on Pre-sales, our Group must apply to the relevant government authorities for the “Permit for Pre-completion Sale of Commodity Buildings” (商品房预售许可证) (“pre-sale permits”) before commencing the pre-sales of our properties. Our Group can only carry out pre-selling after the pre-sale permit has been obtained.

Under the Measures on Pre-sale, the pre-sale permits will only be granted after the following conditions have been satisfied:

- the assignment price has been fully paid for the assignment of the land use rights involved and the relevant land use rights certificates have been obtained;
- the permit for construction works planning and the permit for commencement of construction works have been obtained; and
- at least 25% of the total amount to be invested in the development has been incurred and the progress of works and the completion and delivery dates have been ascertained.

Under the PRC Administrative Measures on the Sale of Commercial Housing (商品房销售管理办法) promulgated by the Ministry of Construction in April 2001, sales are generally carried out subject to the following conditions being met:

(a) the selling developer holds a valid legal person certificate and a qualification certificate for real estate development enterprises;

(b) the relevant land use rights certificates have been obtained;

(c) the construction project planning certificate and construction certificate have been obtained;

(d) the development units shall have passed completion inspection and acceptance;

(e) removal settlement, if any, has been carried out;

(f) related basic facilities, including water, electricity, heat, gas and communication, shall be qualified for delivery and use. Other basic facilities and public facilities shall be qualified for use or the completion schedule and delivery date of each has been set; and

(g) a property management plan has been implemented.

We set the selling prices for our properties after taking into account general prevailing market conditions and demand and supply, costs of development, expected investment returns, location, standard of living of the local population and the prices of similar developments in the vicinity. Subject to the prevailing market conditions, our Group's policy is to make progressive upward sale price adjustments during the pre-sale and sale period.

We adopt a standard contract to be entered into between the purchaser and us. Our standard contract typically provides for the GFA of the property sold, purchase price per sq m, method and manner of payment and date and manner of delivery of the completed property. There are also provisions for examination, acceptance and certification to be carried out by relevant government authorities before delivery of the completed property. We normally require from each purchaser a deposit of at least 30% of the sale price at the time when the purchaser and we execute a sale and purchase of property contract. Except for the non-refundable deposit which we receive from our customers upon signing the sale and purchase property contract, our customers generally may choose from any of the three methods below for making payment when they enter into contracts of sale and purchase of our property units. They may choose to make payment either (1) by a single lump sum payment of the full purchase price upfront, (2) in instalment payments or (3) with partial payment through mortgage facilities. Regardless of the mode of payment by the purchaser, the purchase price is to be paid in full before completion of the development. Please also refer to the sub-section "Terms of Payment by Our Customers" under "History and Business — Major Customers" of this Prospectus.

For purchases made under mortgage facilities, we enter into arrangements with certain domestic banks or financial institutions such as the China Construction Bank, Bank of Communications, Industrial and Commercial Bank of China, and the housing provident fund administrative centres to provide mortgage financing schemes for the purchasers of our properties in order that the purchasers may obtain a mortgage to finance the partial payment of the purchase price. In line with the prevailing consumer banking practices in the PRC, banks will generally extend mortgage financing to our purchasers on the condition that we guarantee the mortgage loans from the date of drawdown of the mortgage loans by the purchasers to the date when the building ownership certificate has been issued and the mortgage is registered. To-date, we have not experienced any default payment by our purchasers nor have we suffered any significant loss arising from our guarantee of such mortgage loans.

For further details on our sales and marketing activities, please refer to the section entitled “History and Business — Sales and Marketing” of this Prospectus.

(6) Delivery and After-Sales Services

We strive to deliver quality developed properties in a timely manner and endeavour to keep delivery of our developed properties within the time frame specified in the pre-sales or sales contracts. Upon passing the inspections by various PRC government departments including planning, fire safety and environmental protection, certifying the completion of construction and receiving full payments from our customers, we will hand over the keys in respect of each property to our customers in accordance with the terms of the relevant sales and purchase contract. We assist our customers in arranging for financing, including information on financing packages from lending banks and the mortgage terms they offer. We also assist our customers in various title registration procedures relating to their purchased properties. In case the customers are not granted with the relevant ownership certificates by the relevant PRC government authorities, we may have to bear the relevant loss suffered by the property buyers. Our Group also has a sub-division devoted to handling customer complaints and feedback. Our Directors believe that such after-sales services are effective in enhancing our brand name and goodwill of our Group and in encouraging potential customers to purchase or recommend others to purchase properties developed by us.

FINANCING OF OUR DEVELOPMENT PROJECTS

Our Group relies on three main sources for the funding for our property developments, namely, internal resources, borrowings and proceeds received from pre-sales of our development properties.

Typically, our internal resources and borrowings are used for the payment of land premiums in connection with the acquisition of land use rights.

We typically rely on borrowings and internal resources to finance the construction costs of our projects. Where bank loans are obtained by our Group to finance our development costs, the relevant banks will usually require either guarantees or mortgages over our Group’s assets. As at 30 June 2006, our Group’s outstanding borrowings amounted to RMB31.0 million, RMB33.4 million and RMB13.6 million from banks, related parties (including a minority shareholder of a subsidiary) and third parties, and our controlling shareholder. Please refer to the section “Capitalisation and Indebtedness” of this Prospectus for more information on our Group’s borrowings. Proceeds received from pre-sales of our development properties are generally used to fund our development costs and partially repay our borrowings.

The following sets out our Group's plan for financing the development of each of our future projects as at the Latest Practicable Date:

(a) For the first phase of our Nanchang Honggu Kaixuan project, we estimate the development costs (excluding cost of land) to be approximately RMB280 million, which we intend to finance primarily via bank borrowings of up to RMB120 million, with the balance to be funded from the pre-sale proceeds of units for this project. The second and third phases of this project are currently intended to be funded from the sales proceeds of units for this project. To our Directors' best belief and knowledge, this is consistent with industry practice.

(b) For our Huacui Tingyuan project, we estimate the development costs (excluding cost of land) for the first phase to be approximately RMB65 million, which we intend to finance via bank borrowings of up to RMB30 million, with the balance to be funded from the pre-sale proceeds of units for this project. The second and third phases of this project are currently intended to be funded from the sales proceeds of units for this project. To our Directors' best belief and knowledge, this is consistent with industry practice.

(c) For our Hangzhou Liyang Yuan project, we estimate the developments costs (excluding cost of land and any additional land premium that may be payable) to be approximately RMB80 million. We may finance these development costs via a combination of debt financing, internal resources and the pre-sale proceeds of units for this project.

(d) For our Huzhou Liyang Phase 2 project, we estimate the development costs (excluding cost of land) to be approximately RMB35.8 million, which we intend to finance via our internal resources and the pre-sale proceeds of units for this project.

(e) For our Huzhou Zhili Phase 2 project, we estimate the development costs (excluding cost of land) to be RMB7.7 million, which we intend to finance via our internal resources and the pre-sale proceeds of units for this project.

For more information of our Group's future projects, please refer to the section "History and Business — Future Plans-Future Projects" of this Prospectus.

PROPERTIES AND FIXED ASSETS

Land Owned by Our Group for Future Development Purposes

Name of Proposed Property Development/Location	Type of Planned Development	Approximate Site area (sq m)	Approximate Planned GFA (sq m)	Tenure	Effective Equity Interest	Net Book Value as at 31 December 2005 (RMB'000)	Appraised Value Attributable to our Group as at 31 December 2005 (RMB'000)[1]
Nanchang Honggu Kaixuan (南昌红谷凯旋)/Partial Land of C-1, C-2, C-3, C-4 and C-5 Honggu Tan Central District, Nanchang City, Jiangxi Province, the PRC (江西省南昌市红谷滩中心区部分地块)	Residential and Commercial	78,361	390,000	40 years expiring on 17 September 2043 for commercial units and 70 years expiring on 17 September 2073 for residential units	100%	50,445	348,473
Huacui Tingyuan (华萃庭院)/Taihu Meidong, Huzhou Development Zone, Zhejiang Province, the PRC (浙江省湖州市开发区太湖梅东)	Residential and Commercial	133,423	140,000	40 years expiring on 5 May 2043 for commercial units and 70 years expiring on 5 May 2073 for residential units	95%	34,900	204,578

Name of Proposed Property Development/Location	Type of Planned Development	Approximate Site area (sq m)	Approximate Planned GFA (sq m)	Tenure	Effective Equity Interest	Net Book Value as at 31 December 2005 (RMB'000)	Appraised Value Attributable to our Group as at 31 December 2005 (RMB'000)[1]
Hangzhou Liyang Yuan (杭州丽阳苑)/Shenhua Road, Xihu District, Hangzhou City, Zhejiang Province, the PRC (浙江省杭州市西湖区申花路)[2]	Residential and Commercial	7,833	36,751	70 years (commencing from the date of obtaining the certificate of state-owned land use right)	100%	9,463	80,993[2]
Huzhou Hailian Construction (湖州海联建设)/Fishing Field of Jiashanyang, Zhonggeng Village, Daochang Town, Huzhou City, Zhejiang Province, the PRC (浙江省湖州市道场乡中庚村夹山漾鱼场) and Southwestern Industrial Zone of Huzhou City, Zhejiang Province, the PRC (浙江省湖州市西南工业园区)[3],[4]	Industrial/ Culture, sports and leisure[3]	220,767	221,000	27 years expiring on 9 November 2027 for industrial use and 40 years expiring on 30 November 2040 for culture, sports and leisure[3]	65%	121,589	135,680

Name of Proposed Property Development/Location	Type of Planned Development	Approximate Site area (sq m)	Approximate Planned GFA (sq m)	Tenure	Effective Equity Interest	Net Book Value as at date of purchase[5] (RMB'000)	Appraised Value Attributable to our Group as at 31 December 2005 (RMB'000)[1]
Huzhou Liyang Phase 2 (湖州丽阳景苑第二期))/Land No.5 of Huzhou Economic and Technological Development Zone, Huzhou City, Zhejiang Province, the PRC (浙江省湖州市湖州经济技术开发区5号地块)[5]	Residential and Commercial	17,251	31,023	70 years expiring on 19 February 2076 for residential units and 40 years expiring on 19 February 2046 for commercial units	100%	41,200	—[5]

Notes:

(1) The appraised values as set out above are the appraised values attributable to our effective interest in the subsidiaries holding the relevant land use rights. Please also refer to the Valuer's Report in Appendix D of this Prospectus.

(2) We have not obtained the relevant certificate of land use right for the land. However, we have already paid a consideration of approximately RMB9.5 million for this land and have accordingly accounted for this purchase as land use right held by us. Notwithstanding this, as we intend to increase the approved plot ratio of this land in accordance with the city construction plans in the vicinity, we are required to obtain the approval of the Administration for Construction Planning and pay an additional land premium to be determined by the Land Administration Bureau (based on the prevailing market price) for the increase in plot ratio, before the land use right will be issued to us. We have obtained the in-principle approval for the increase in the plot ratio for this land from Hangzhou Construction Committee and Hangzhou Planning Bureau, subject to, *inter alia*, the approval of the construction design. However, there is no legal impediment for us to apply for the relevant certificate upon the full payment of the requisite price for the assignment of the land use right pursuant to the land use right grant contract. The appraised value of the land use right had been attributed by the Independent Valuer assuming all relevant title ownership certificates have been obtained. We expect to make payment of the requisite price by September 2006. Our Group has submitted the construction design for Hangzhou Liyang Yuan to the Administration for Construction Planning and is presently awaiting approval of the construction design. Upon approval of the construction design, the additional land premium will be determined by the relevant authority and such amount shall be payable by our Group. Once the additional land premium is paid, our Group will obtain the requisite land use right for Hangzhou Liyang Yuan. We believe that this process should be completed by September 2006 and thereafter we intend to commence construction for Hangzhou Liyang Yuan sometime in the fourth quarter of 2006. Please also refer to the Valuer's Report in Appendix D on page D-11 of this Prospectus.

(3) The land is currently zoned for use as industrial/culture, sports and leisure with the shorter land tenures as disclosed. However, we understand that the local government is rezoning the land as residential. We will make the requisite application to change the land use right and tenure upon the completion of such rezoning. Accordingly, we may be required to make payment for such change. The appraised value of the property had been attributed by the Independent Valuer based on the present category of land use right granted. Please also refer to the Valuer's Report in Appendix D on page D-10 of this Prospectus.

(4) Part of the land use right has been mortgaged to Bank of China to secure loans made to Jiangnan Gongmao Group (and its subsidiary), a minority shareholder of Huzhou Jiangnan Hailian Company. Jiangnan Gongmao Group has agreed with our Group that in consideration of Huzhou Jiangnan Hailian Company providing part of its land as security for bank loans to Jiangnan Gongmao Group and its subsidiary, in the event that Jiangnan Gongmao Group and/or its subsidiary default in repaying the loans, our Group will take over the loans and Jiangnan Gongmao Group will transfer part or all of its 35% shareholding interest (with the shareholding interest to be transferred being the amount of loan taken over by our Group over the registered capital of Huzhou Jiangnan Hailian Company) in Huzhou Jiangnan Hailian Company to our Group. Our Group has procured the discharge of the aforementioned mortgage in September 2006.

(5) This refers to the cost of acquisition of the land use right for Huzhou Liyang Phase 2 purchased in February 2006.

Properties Owned by Our Group

The following properties are currently owned and occupied by our Group.

Project Name/Address	Approximate GFA (sq m)	Purpose/Use	Tenure of land use rights	Net Book Value as at 31 December 2005 (RMB'000)	Appraised Value as at 31 December 2005 (RMB'000)
Huzhou Liyang Jingyuan/ No.25 Building, Liyang Jingyuan, Huzhou City, Zhejiang Province, the PRC (浙江省湖州市丽阳景苑25幢)(1)	1,408	Office	40 years expiring on 1 October 2042	2,754	4,928
Room 1502, Unit B South Building, Mingshi Garden, No. 28, Zhongshanxi Road, Xihu District, Nanchang City, Jiangxi Province, the PRC (江西省南昌市西湖区中山西路号名实花园南楼B单元1502室)(2)	166	Office cum living quarters	70 years expiring on June 2069	560	671

Notes:

(1) This property is classified under our Group's properties held for sale. Please also refer to the Valuer's Report in Appendix D on page D-6 of this Prospectus.

(2) This property was purchased from third parties and not part of our projects. This property is classified under our Group's property, plant and equipment. Please also refer to the Valuer's Report in Appendix D on page D-7 of this Prospectus.

The following properties are currently owned by our Group but leased out.

Project Name/Address	Approximate GFA (sq m)	Purpose/Use	Tenure of land use rights	Net Book Value as at 31 December 2005 (RMB'000)	Appraised Value as at 31 December 2005 (RMB'000)
Huzhou Xinya Jiayuan/ 2nd Floor, East of Main Gate Corner, Huzhou Xinya Jiayuan, Shiyuan Road, Nanxun Town, Huzhou City, Zhejiang Province, the PRC (浙江省湖州市南浔镇适园路馨雅家园大门东侧转角二层)(1)	4,053	Leased to a third party for rental income	70 years expiring on 24 April 2070	3,940	—(1)

Project Name/Address	Approximate GFA (sq m)	Purpose/Use	Tenure of land use rights	Net Book Value as at 31 December 2005 (RMB'000)	Appraised Value as at 31 December 2005 (RMB'000)
Nanxun Yazhoucheng Garden/2nd Floor, Nanxun Commercial Complex, Tai'an Road, Nanxun Town, Huzhou City, Zhejiang Province, the PRC (浙江省湖州南浔市南浔泰安路商城二楼)[(2)]	2,530	Partially leased to a third party for rental income and partially self-occupied	40 years expiring on 30 December 2032	1,721	7,588

Notes:

(1) This property has not been separately appraised. Please also refer to page 114 of this Prospectus and the Valuer's Report in Appendix D on page D-15 and D-16 of this Prospectus for the valuation of our entire interest in the unsold units in Huzhou Xinya Jiayuan. This property is held for sale and is not classified as part of our investment properties.

(2) This property is held for investment and classified under our investment properties. Approximately 1,365 sq m of the property has been leased to Huzhou City Nanxun Yazhoucheng Hotel — see "History and Business — Business and Principal Activities — Leasing Income from Properties". As at 31 December 2005, the account was classified as "deposits" as the certificate of land use right was not available. Please also refer to the Valuer's Report in Appendix D on page D-20 of this Prospectus.

Where the properties are held for sale, they are carried at the lower of cost or net realisable value.

Where the above properties are held as fixed assets, their appraised value are determined by Sallmans (Far East) Limited, a firm of independently qualified professional valuers. Such valuations are based on certain assumptions as set out in the Valuer's Report in Appendix D of this Prospectus.

Properties Leased by Our Group

The following properties are currently leased by our Group.

Location	Approximate GFA (sq m)	Purpose/ Use	Tenure of land use rights	Annual Rental Payable	Lessor
4th Floor, Western No. 460 Wenhua Road, Xihu District, Hangzhou City, Zhejiang Province, the PRC (浙江省杭州市西湖区文华路460号西面四楼)	328	Commerce	Lease for 6 years from 1 November 2004 to 31 October 2010	RMB47,200	Wenxin Subdistrict Office, Xihu District, Hangzhou City (杭州市西湖区文新街道办事处)
No.2 Building, Binjiang Haoyuan, Honggu Tan New District, Nanchang City, Jiangxi Province, the PRC (江西省南昌市红谷滩新区滨江豪园2#楼)[(1)]	410	Commerce	Lease for 3 years from 1 April 2005 until 31 March 2008	RMB12,814 per month from 1 April 2005 to 31 March 2007 (free of ground rent from 1 April 2005 to 30 September 2005) and RMB13,583 per month from 1 April 2007 to 31 March 2008	Jiangxi Shenchang Estate Co., Ltd (江西申昌置业有限公司)

Location	Approximate GFA (sq m)	Purpose/ Use	Tenure of land use rights	Annual Rental Payable	Lessor
Fishing Field of Jiashanyang Daochang Town, Huzhou City, Zhejiang Province, the PRC (浙江省湖州市道场乡夹山漾渔场)(1)	720	Office	Lease for 5 years until 12 April 2010	Nil(2)	Jiangnan Gongmao Group
Room 708, Tower B, Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Hunghom, Hong Kong(3)	120	Office	Lease for 4 years until 31 December 2009	HK$129,600	Pan Hong Company Limited

Notes:

(1) The validity of the leases is dependent on the relevant lessors possessing the requisite right to enter into such leases, which are subject to the lessors having obtained the building ownership and/or land use right certificates. In addition, the leases have also not been registered with the relevant authorities. The premises are used for our offices. In the event such leases are invalid and have to be terminated, our Group may have to obtain new leases to replace those terminated, thereby incurring costs and expenses for relocation. Our Directors believe that such costs and expenses will not be significant.

(2) Under the terms of the lease agreement, we are responsible for the costs of the provision of utilities, including water and electricity but are otherwise not required to pay rental to the landlord.

(3) Please refer to the section "Interested Person Transactions and Conflict of Interests" of this Prospectus for further details on the lease.

MAJOR CUSTOMERS

Our customers are purchasers of our residential and/or commercial units in our development properties. None of our customers accounted for 5% or more of our total revenue in the last three financial years ended 31 December 2005.

Terms of Payment by Our Customers

Typically, a purchaser pays a deposit of at least 30.0% of the aggregate purchase price at the time of executing the sale and purchase property contract and the purchase price is to be paid in full upon the handover of the property. Our customers may choose from any one of the three methods of making payment when they enter into the sale and purchase property contract. They may choose to make full payment upfront in which they may be entitled to a 1% to 3% discount of the purchase price or pay in instalments or with partial payment through mortgage facilities from a bank or financial institution.

Generally, the payment schedule for purchasers choosing to pay in instalments is as follows:

Order of payment	Milestone	% of Purchase Price
First	Upon signing or executing the sale and purchase property contract	30%
Second	Upon completion of construction	40%
Third	Upon handover of the property to the purchaser	30%

The payment schedule for purchasers choosing to make payments under mortgage facilities is as follows:

Order of payment	Milestone	For Residential Properties (% of Purchase Price)	For Commercial Properties (% of Purchase Price)
First	Upon signing or executing the sale and purchase property contract	30%	50%
Second	Upon completion of construction	70%	—
Third	Upon handover of the property to purchaser and completion of mortgage documentation	—	50%

For purchases made under mortgage facilities, we enter into arrangements with certain domestic banks or financial institutions such as the China Construction Bank, Bank of Communications, Industrial and Commercial Bank of China, and the housing provident fund administrative centres to provide mortgage financing schemes for the purchasers of our properties in order that they may take out a mortgage to finance the partial payment of the purchase price. In line with the prevailing consumer banking practices in the PRC, banks will generally extend mortgage financing to our purchasers on the condition that we guarantee the mortgage loans from the date of drawdown of the mortgage loans by the purchasers to the date when the building ownership certificate has been issued and the mortgage is registered. To date, we have not experienced any default payment by our purchasers nor have we suffered any significant loss arising from our guarantee of such mortgage loans.

CREDIT MANAGEMENT

Our accounts department closely monitors the collection of outstanding accounts receivable or debts. Our accounts receivable at 31 December 2004 and 2005 were RMB3.3 million and RMB18.1 million respectively. Our accounts receivable comprise mainly amounts due from:

(a) purchasers relating to the third and final instalment payments for the property units which are payable upon the handover of the property to the purchaser. Typically, we will contact our purchasers via mail and telephone when the receivables are due for more than 2 weeks from the date of notification to the purchaser concerned. Based on our experiences to-date, we typically receive the remaining balance within 6 weeks of the notification period; and

(b) banks relating to the mortgage loans taken up by purchasers to finance their purchase of our property units which are disbursed to us either upon the signing of the sale and purchase property contract or handover of the property to the purchaser. As these lending institutions require time for processing of mortgage loan applications, we typically receive these outstanding amounts within 1 to 6 months.

As at 30 April 2006, our Group has received all the receivables of RMB18.1 million outstanding as at 31 December 2005. If the payments become overdue by more than 15 days from the date in which such amounts are payable, our Group has the option of imposing a termination fee of approximately 3% of the outstanding payments from the buyers and refunding the buyer the amounts already paid by the buyer and we can thereafter re-sell the unit to another buyer.

Our debtors' turnover for FY2004 and FY2005 were 18 days and 23 days. We do not make general provisions for our outstanding receivables.

As our management monitors closely material outstanding debts on an ongoing basis, specific provisions are made only after collectibility assessments have been made.

MAJOR SUPPLIERS

The following table sets forth the contractors which we have engaged for the construction of our projects, accounting for 5% or more of our total cost of sales in each of the last three financial years ended 31 December 2005:

Major Contractors	As a percentage of our total cost of sales		
	FY2003	FY2004	FY2005
Zhejiang Zhongkui Construction Works Co., Ltd. (浙江中屹建筑工程有限公司)	—	38.6%	13.2%
Zhejiang Shengzhe Construction Works Co., Ltd. (浙江升浙建筑工程有限公司)	32.2%	18.3%	13.9%
Dongfang Construction Group Co., Ltd. (东方建设集团有限公司)	—	9.1%	14.1%

We typically engage at least two different contractors for each project. Accordingly, any fluctuations in the above table are in accordance with the progress of the individual projects for which they have been engaged.

Generally, our contracts with our contractors will stipulate a schedule of progress payments. Typically, we will make payment within a week upon the receipt of invoice, subject to the satisfactory inspection of the completed works by our engineers.

None of our Directors, Executive Officers, substantial shareholders or any of their associates is related to or has any interest, direct or indirect in our contractors listed above. We have no arrangements or understandings with any of our contractors pursuant to which any of our Directors or Executive Officers was selected as a Director or Executive Officer.

SALES AND MARKETING

As we adopt a market-oriented strategy, the positioning of our Group's properties are determined in the early stage of our development project where in-depth analysis are conducted to identify the types of properties matched with the projected market demand. Our developments are primarily targeted at middle to upper-middle income level residents. Our Deputy Chairman, Ms Chan Heung Ling, is overall in charge of the sales of our Group. She is assisted by one of our executives, Mr Wu Hang. Mr Wu is responsible for strategising and overseeing our sales and marketing activities, among other things. He is assisted by a sales and marketing team of 15 staff who are based in the respective cities in which our development properties are located.

Our Directors believe that we have established a strong brand name among our target customers in the cities where our property developments are located. We believe that this has helped us in our sales and marketing efforts as it encourages potential customers to purchase or recommend others to purchase properties developed by us. In addition, we advertise our development projects in local newspapers and carry out direct marketing such as mailing flyers to target customers. We also put up promotional banners around our property development and site areas which can be easily seen by the public. In addition, we set up on-site sales and reception centres with showflats, where possible, for display for potential purchasers' visit and evaluation and sample units at off-site promotional centres.

SEASONALITY

For the financial periods under review, we have not observed any significant seasonal trends. Our Directors believe that there are no apparent seasonality factors affecting the property development industry in the PRC and accordingly, our business.

INSURANCE COVERAGE

Our Group, as a property developer, does not maintain insurance coverage over any of our properties for losses we may suffer arising from damage to our properties between the periods from construction completion to delivery of vacant possession to our purchasers. We have not taken up any insurance coverage on any of our properties under construction, third party liabilities, employer's liability and decoration work as these risks are borne by the contractors.

Currently, our Group does not have any insurance cover for properties owned by us, including properties that have been leased out. Our Directors are of the view that this is currently not necessary given that the total value of our investment properties portfolio as a proportion of our Group's net book value is not significant.

There are currently no mandatory requirements in the PRC laws, regulations and government rules which require a property developer to procure insurance policies for its real estate developments or which are applicable to our Group apart from motor vehicle insurance and relevant employee-related insurance, such as industrial injury and medical insurance, which we have purchased accordingly. We believe that we have procured adequate insurance cover in line with industry practice in the PRC, and will review our insurance cover annually. To date, there were no material claims under any of the insurance policies maintained by our Group.

INTELLECTUAL PROPERTY

Currently, our business is not materially dependent on any intellectual property such as patent, patent rights, licences and processes or other intangible assets. We have not paid or received royalties for any licence or use of any intellectual property. We have not registered or applied for registration of any trademarks or other intellectual property rights.

RESEARCH AND DEVELOPMENT

The nature of our Group's business does not require us to carry out extensive research and development activities. Notwithstanding this, in order to ensure that we remain competitive, our management team is tasked with researching into ways in which we can further improve our property development processes. Our sales and marketing team also routinely carries out market intelligence research to understand the industry trends and influences in the markets in which our customers are located as well as emerging aspects of property developments and competitive features in the property industry in the PRC.

QUALITY CONTROL

Our Group places strong emphasis on quality control to ensure that the quality of our developments comply with relevant regulations and meet market standards. Further, property developers in the PRC have to obtain the relevant planning and construction permits before carrying out any construction works in accordance with current statutory requirements. Each stage of the construction process will be closely monitored to ensure compliance with the relevant laws and regulations.

In order to ensure the quality of contracted work, our Group evaluates and contracts with design and construction companies and suppliers with proven track records. We also employ professional quality surveyors to oversee our quality management and control. Internal guidelines have been established and are strictly enforced to ensure control over documentation, record-keeping, internal audit, service standards and remedial actions. The Company also provides warranty to customers for the structure and certain fittings and facilities of its property developments in accordance with the relevant PRC law and regulations. To-date, we have not experienced any such significant warranty claims.

The relevant government authorities also conduct regular inspections during different phases of construction at our property development projects in order to ensure that quality standards are maintained.

STAFF TRAINING AND DEVELOPMENT

Our employees are the key contributors to the growth of our Group. We recognise that our success and ability to maintain our competitiveness are dependent on the quality and skillset of our staff. As such, we believe that our staff should constantly upgrade their skills in order to increase their competency and to stay relevant in their respective areas of work.

We provide subsidies for course and examination fees for our employees who wish to take up construction and property-related courses, such as civil engineering. In addition, we have in place programmes to allow them to take no-pay leave or work part-time if they decide to further their education. We also organise external training courses for our management and employees by sending them to vocational courses in areas such as construction and finance conducted by the relevant government agencies to help raise their levels of technical expertise.

We also organise expedition trips for our management team on a regular basis to various Chinese cities, such as Guangzhou, Shenzhen, Shanghai and Hong Kong, to enable them to inspect and survey quality developments in these cities and enhance our design and planning capabilities for our future developments.

GOVERNMENT REGULATIONS

As at the Latest Practicable Date, we have all the necessary business licenses and permits for our business operations in the PRC and we are in compliance with all applicable PRC laws and regulations which are material to our business operations. In particular, we have to apply for the following certificates in the course of our operations: (1) the Provisional Qualification Certificate for Real Estate Development Enterprise (房地产开发企业暂定资质证书) or Qualification Certificate for Real Estate Development Enterprise (房地产开发企业资质证书), (2) the Certificate for Construction Land Planning (建设用地规划许可证), (3) the Certificate for Construction Engineering Planning (建设工程规划许可证), and (4) the Certificate for Building Construction (建筑工程施工许可证). A summary of the relevant PRC laws and regulations relevant to our Group is set out in Appendix G of this Prospectus entitled "Summary of Relevant PRC Laws and Regulations".

We have implemented the following steps as part of our internal procedures to ensure compliance with the relevent governmental regulations for our operations. Our project supervisors will obtain the relevant certificates for each procedure or milestone (where applicable) to ensure the relevant regulations are complied with. This will include the certificates of: (i) Qualification for Real Estate Development, (2) Construction Land Planning, (3) State-owned Land Use Right, (4) Construction Engineering Planning, and (5) Building Construction. We shall execute the relevant tasks only after the approval of at least one of our Executive Directors. In the event the relevant certificates have yet to be obtained, we will seek the requisite legal advice prior to the commencement of each procedure or milestone. Our financial controller will maintain records for such approvals and the procedures shall be reviewed periodically by our Audit Committee. In addition, our Audit Committee will from time to time review the procedures to ensure they are adequate.

On 8 August 2006, the PRC government promulgated the "Provisions on Acquisition of Domestic Enterprises by Foreign Investors" (关于外国投资者并购境内企业的规定) which will come into force on 8 September 2006 ("Provision 10"). Provision 10 regulates the acquisition of PRC non-foreign-invested enterprises (the "NFIEs") by foreign investors. As our PRC subsidiaries are established through foreign direct investment rather than through acquisitions of NFIEs by foreign investors, the Legal Advisors to the Company on PRC law, GFE Law Office, is of the opinion that Provision 10 is not and will not be applicable to our Group.

COMPETITION

We face competition mainly from domestic private property developers. To the best of our knowledge, we consider the following to be our main competitors in the cities in which our Group operates:

- Dalian Wanda Group Co., Ltd. (大连万达) —Nanchang
- Shanghai Greenland Group (上海绿地集团) — Nanchang and Hangzhou
- Greentown Group (绿城集团) — Nanchang, Hangzhou and Huzhou; and
- China Vanke Co., Ltd. (深圳万科集团) — Nanchang.

We believe that the principal competitive factors include the experience and capabilities of the management team, the pricing of the development properties, the quality, workmanship and variety of designs of the project, the location of the property and the marketing strategy adopted by the developer.

Given our track record as a developer of quality residential and commercial properties in the selected developing cities in the PRC, we compete by focusing on the select cities in the PRC where our property developments are based and constantly striving to enhance our brand name and boost our market presence in these selected PRC cities. We also compete by ensuring the acquisition of suitable land reserve, the maintenance of a short development cycle to achieve capital efficiency, and the identification of market trends in choosing the right locations which meet the demands of our customers.

To the best of our Directors' knowledge, there are no published statistics that can be used to accurately measure our market share of our property development business in the PRC.

COMPETITIVE STRENGTHS

We believe that our competitive strengths are as follow:

(1) *Our quality residential and commercial property developments*

We believe that we are recognised as a developer of quality residential and commercial properties in Huzhou, Hangzhou and Nanchang cities. We believe that developing quality properties with a variety of designs and a pleasant living environment will attract our target customers. Our targeted customers include the middle to upper-middle income consumers in the cities in which we operate. As such, we place strong emphasis on the quality of workmanship, aesthetics in interior design and exterior landscaping and prime location of our property developments. Our property developments typically include facilities such as kindergartens, playgrounds, gymnasiums, swimming pools and sports rooms to offer our customers a complete lifestyle experience. We believe that our positioning as a property developer with a focus on quality enables us to command a premium on the selling prices of our property units.

We believe our extensive experience has helped us to anticipate the demand and preferences of our target customers in each of the PRC cities where we undertake our property development projects. This ability to anticipate and to cater to customers' demands and preferences has been critical to our growth and success to date.

We have also received awards and certificates which we believe bear testimony to the quality of our operations and the properties developed by us. In particular, we received the "Huzhou City Outstanding Property Development" award in June 2003 for our property development project, Huzhou Xinya Jiayuan and received the China IACE International Habitat Award in November 2005 for our Nanchang Honggu Kaixuan project. These distinctions enable us to command a market presence in the cities where our properties are located as we have established a brand name which is associated with quality property developments.

(2) ***Our experienced and dedicated management team has extensive experience in the property sector in the PRC***

Our management team, led by our Executive Directors, has extensive experience in the property sector in the PRC, in particular, Hangzhou, Huzhou and Nanchang cities. We have built up good working relationships with our contractors as well as the local governments and participants in the property sector of these cities. We believe that we are able to leverage on our management team's knowledge and experience to continue to develop quality new projects, strengthen our relationships with our business partners, as well as to expand our Group's geographical coverage in the PRC, to spearhead further growth. Our Executive Chairman, Mr Wong Lam Ping, and our Deputy Chairman, Ms Chan Heung Ling, have been engaged in property development and property investments in the PRC since 1983, and our Executive Directors, Mr Shi Feng and Ms Wang Cuiping, have more than 20 years of experience in their respective fields of expertise. Please refer to the section "Directors, Executive Officers and Employees" of this Prospectus for more information.

In addition, we also encourage continuous professional development of our staff. We are highly selective in our hiring process with a focus on recruiting and training employees who have the potential to become effective long-term members of our team. We regularly train our staff on technical skills and product knowledge, management techniques and instil in them the importance of corporate culture. We also emphasise on training programmes, which ensure that our employees are updated on the latest safety regulations and technological developments related to property development.

(3) Our land reserves and properties under development are located at prime locations

At present, we have land reserves of approximately 457,635 sq m in the PRC, of which approximately 371,441 sq m is in Huzhou City, Zhejiang Province, approximately 7,833 sq m is in Hangzhou City, Zhejiang Province and the balance of approximately 78,361 sq m in Nanchang City, Jiangxi Province. Our land reserve in Huzhou City is centrally located within the city, near the Huzhou Taihu holiday area and the newly-built Xinan city centre. We estimate our land reserve in Huzhou City to be able to yield a built-up area of approximately 400,000 sq m. Our land reserve in Hangzhou City is estimated to be able to yield a built-up area of approximately 36,751 sq m. This piece of land is located in a prime location, near a popular vacation area and opposite the newly-built Zhejiang University, which is generally acknowledged to be one of the top universities in the PRC. In addition, our land reserve in Nanchang City is estimated to be able to yield a built-up area of approximately 390,000 sq m. It is situated in the new region of Nanchang Honggu and within the city's central business district.

PROSPECTS

The PRC is currently one of the fastest growing economies in the world. In 2005, the GDP of the PRC economy grew at approximately 9.9% to reach more than RMB18 trillion to become the world's sixth largest economy. Our Directors believe that with the expected continuous growth of the PRC economy in the coming years leading to an increase in disposal income, this will lead to rising consumer affluence and sophistication which will drive the demand for better quality housing. The expected increase in urbanisation in the PRC, coupled with government policies encouraging private property ownership in the recent years, should also contribute to this rise in demand.

As at the Latest Practicable Date, we have accumulated a significant land reserve consisting of 371,441 sq m in Huzhou City and 7,833 sq m in Hangzhou City, Zhejiang Province and 78,361 in Nanchang City, Jiangxi Province. We expect to develop projects utilising this land reserve over the next three to five years. Given our standing relationships we have established in the industry, we believe that we will be able to continue to successfully acquire suitable land sites in the future, particularly in the developing cities in the PRC.

Based on the foregoing, our track record and competitive strengths, our Directors are optimistic with the longer term prospects of our Group.

Trend Information

Commencing 1 January 2006 and up till 30 June 2006, we have sold or pre-sold the following:

- Huzhou Zhili Phase 1 — we have sold 10 residential units for an aggregate purchase price of RMB2.5 million. The average selling price of the units sold was approximately RMB1,414 per sq m. As at 30 June 2006, there were 3 remaining residential units unsold.
- Huzhou Liyang Phase 1 — we have sold 54 residential units, 29 commercial units, 40 storeroom units and 31 parking lots for an aggregate purchase price of RMB43.8 million. The average selling prices of the residential and commercial units sold were approximately RMB4,041 sq m and RMB5,538 per sq m, respectively. As at 30 June 2006, we have 28 residential units, 9 commercial units, 75 storeroom units, the office block and 41 parking lots remaining unsold;
- Huzhou Xinya Jiayuan — we have sold 8 residential units, 4 commercial units, 3 storeroom units and 23 parking lots for an aggregate purchase price of RMB25.2 million. The average selling prices of the residential and commercial units sold were approximately RMB3,801 sq m and RMB5,457 per sq m, respectively. As at 30 June 2006, we have 14 residential units, 1 commercial units, 42 storeroom units and 110 parking lots remaining unsold; and
- Wuxing Balidian Market — we pre-sold 58 commercial units for an aggregate purchase price of approximately RMB17.5 million. The average selling price of the units sold was approximately RMB8,349 per sq m. This project was completed in August 2006.

Our management observed that the average selling prices of residential and commercial projects in Huzhou. Hangzhou and Nanchang cities have been generally increasing in the recent months and believe that such prices should at least maintain for the rest of the current financial year. They do not expect the development costs of the Group's property projects to vary significantly from current levels.

On 24 May 2006, China's State Council instituted certain reforms in its "Opinion on Adjustment of Housing Structure and Stabilization of Housing Price" (关于调整住房供应结构稳定住房价格的意见) (the ''Measures''). Please refer to "Industry Overview — The Real Estate Market in the PRC-Real Estate Reform" and Appendix G of this Prospectus for more details of the Measures.

The Measures provide, *inter alia*, that in certain cities, namely municipalities directly under the Central Government, provincial capital cities and cities directly under State planning, there may be different implementation rules for the provision requiring units smaller than 90 sq m to account for at least 70% of any new residential development. The Ministry of Construction subsequently clarified in its "Some Opinions on Meeting the Ratio Requirements on Newly-constructed Housing Structure" (关于落实新建住房结构比例要求的若干意见) issued on 6 July 2006, that (i) in relation to the provision requiring units smaller than 90 sq m to account for at least 70% of any new residential development, that such provision referred to the percentage for the entire city on an annual basis, as opposed to a particular project, and (ii) in relation to the stipulation pertaining to units smaller than 90 sq m, that such area referred to the construction area of a single unit as listed on its housing ownership certificate. Details of the implementation rules have yet to be released as at the Latest Practicable Date. The Measures requiring units smaller than 90 sq m to account for at least 70% of any new residential development apply to projects which have not obtained the Certificates for Building Construction (建筑工程施工许可证) as at the date of 1 June 2006. Until the details of the implementation rules are released, we are currently unable to assess if there will be any significant adverse impact on our future development projects (save for our Nanchang Honggu Kaixuan project as we have obtained the Certificate for Construction Engineering Planning (建设工程规划许可证) and the Certificate for Building Construction (建筑工程施工许可证) for part of the project). Please refer to "History and Business — Future Plans — Future Projects" of this Prospectus for more information on our property projects.

The Measures also provide, *inter alia*, that transferors shall pay business tax at the rate of 5% for resale of residential houses within 5 years of purchase. There will be some impact relating to such extension of time period (from 2 years previously to 5 years) for the levying of the 5% business tax on resale of residential houses, but we are not able to foresee or quantify its impact as yet because these measures have just been announced.

The Ministry of Commerce, together with 5 other ministries and commissions, promulgated the "Opinions on Regulating Entry and Administration of Foreign Investment in Real Estate Market" (关于规范房地产市场外资准入和管理的意见) on 11 July 2006 which set out new requirements and restrictions on foreign investment in the real estate market and the purchase of real estate properties in China by foreign institutions or individuals. Our Directors believe that the aforementioned opinion will not have any significant adverse impact on our Group as our targeted customers are mainly middle to upper-middle income domestic consumers in the PRC.

Due to the nature of our business, we do not have an order book.

Save as disclosed above and under the section "Risk Factors" of this Prospectus, and barring any unforeseen circumstances, our Directors are not aware of any other known recent trends in construction, sales and inventory, contract values or other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material and adverse effect on our revenue, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Prospectus to be not necessarily indicative of our future operating results or financial condition.

FUTURE PLANS

We intend to strengthen our position as one of the leading property developers in the PRC generally and specifically in the cities where our property developments are based. We also plan to increase our market share by leveraging on our competitive strengths. To achieve our business objective, we plan to adopt the following strategies:

(1) To continue to focus on middle to upper-middle level residential property developments in Huzhou, Hangzhou and Nanchang cities

In view of various housing reform measures implemented by the PRC government such as the abolishment of the policy of welfare housing allocation, the growing economies in Huzhou, Hangzhou and Nanchang and our experience and local knowledge, we intend to continue to focus our property development business in these developing cities with continued emphasis on quality, variety in design and pleasant and scenic living environment to cater to the middle to upper-middle income consumers in these cities. Please also refer to the section "Future Projects" below.

(2) To expand our property development business into other developing cities in the PRC

Whilst we intend to increase our market share in Nanchang, Huzhou and Hangzhou cities and expand into other cities in the PRC such as Nanning City, Guangxi Province, Changsha City, Hunan Province and Yichun City, Jiangxi Province. We believe that there is a good potential for property development in these cities arising from their expected economic growth which is expected to result in increasing consumer affluence. This will drive an increase in demand for affordable and quality housing. Our target market will continue to be consumers with middle to upper-middle income level in these cities.

(3) To expand further into the commercial property market

We intend to expand further into the commercial property development business in the cities in which we are currently operating such as Huzhou, Hangzhou, Nanchang and also in other developing cities in the PRC that we have plans to penetrate into such as Nanning, Changsha and Yichun cities.

(4) To continue to seek new and suitable land reserves through direct acquisition, joint ventures or business alliances

We intend to continue to acquire new and suitable land reserves in our targeted markets to support our Group's continuous growth. We will actively seek such opportunities through the direct acquisition of land or companies which own the land or through joint ventures or business alliances with other partners which own the land, for joint development. We believe that our strategy will provide an efficient and effective means for us to add to our portfolio of development properties and expand our revenue base.

FUTURE PROJECTS

The following are brief descriptions of properties for which our Group has acquired the land use rights and is planning to develop and sell in the next few years.

Nanchang Honggu Kaixuan *(南昌红谷凯旋)*

Locality map of project

This property development will be located at Partial Land of C-1, C-2, C-3, C-4 and C-5 Honggu Tan Central District, Nanchang City, Jiangxi Province, the PRC (江西省南昌市红谷滩中心区C-1、C-2、C-3、C-4、C-5部分地块) and is developed by our subsidiary Jiangxi Asia City Company. The site area is approximately 78,361 sq m and the property project is expected to have a GFA of approximately 390,000 sq m which will consist of 33 high-rise apartment blocks with 2,139 residential units with GFA of approximately 249,073 sq m, commercial units enclosed within a shopping centre with GFA of approximately 33,428 sq m, a clubhouse with GFA of approximately 3,899 sq m, and a double-storeyed underground carpark with a total of 1,741 parking spaces (including car parks aboveground). The total cost of developing this project (including cost of land) is currently estimated to be approximately RMB900 million or RMB2,308 per sq m. We intend to develop this project in three phases and target to complete construction of the three phases in end 2011. As at the Latest Practicable Date, we have obtained the Certificate for Construction Engineering Planning (建设工程规划许可证) and the Certificate for Building Construction (建筑工程施工许可证) for part of the project. We have also commenced piling works in April 2006.

The appraised value of the land use right for this project as at 31 December 2005 is approximately RMB348.5 million. Please also refer to the Valuer's Report in Appendix D on page D-12 of this Prospectus.

***Huacui Tingyuan** (华萃庭院)*

Locality map of project

This property development will be located at the tourist destination of Taihu Meidong, Huzhou Development Zone, Zhejiang Province, the PRC (浙江省湖州市开发区太湖梅东) and will be developed by our subsidiary Huzhou Luzhou Company. The site area is approximately 133,423 sq m. The planned GFA for property project is of approximately 140,000 sq m and will comprise 832 residential units in cluster houses with GFA of 12,794 sq m, low-rise blocks with GFA of 91,017 sq m, medium-rise blocks with GFA of 22,164 sq m, commercial units enclosed within a shopping centre with GFA of 9,296 sq m, a clubhouse with GFA of 1,998 sq m, a kindergarten with GFA of 1,800 sq m and 360 parking spaces. The total cost of developing this project (including cost of land) is expected to be RMB270 million or RMB1,929 per sq m. We expect to embark on this project in the fourth quarter of 2006 in three phases and target to finish construction of the three phases by December 2010. As at the Latest Practicable Date, we have not received the relevant planning permits from the relevant government authorities.

The appraised value of the land use right for this project as at 31 December 2005 (attributable to our proportion of equity interest) is approximately RMB204.6 million. Please also refer to the Valuer's Report in Appendix D on page D-8 of this Prospectus.

***Hangzhou Liyang Yuan** (杭州丽阳苑)*

Locality map of project

This property development will be located at Shenhua Road, Xihu District, Hangzhou City, Zhejiang Province, the PRC (浙江省杭州市西湖区申花路) and is developed by our subsidiary, Hangzhou Liyang Company. The site area is 7,833 sq m and has a planned GFA of approximately 36,751 sq m, which will consist of 335 residential units in two mid-rise apartment blocks with GFA of approximately 6,380 sq m, two high-rise apartment blocks with GFA of approximately 18,900 sq m, commercial units with GFA of approximately 1,780 sq m and 155 parking spaces. The total cost of developing this project (including cost of land) is currently estimated to be approximately RMB120 million or RMB3,265 per sq m. We target to commence the development of this project in the fourth quarter of 2006 and target for completion by end 2007.

The appraised value of the land use right for this project as at 31 December 2005 (attributable to our proportion of equity interest) is approximately RMB81.0 million. Please also refer to the Valuer's Report in Appendix D on page D-11 of this Prospectus.

***Huzhou Liyang Phase 2** (湖州丽阳景苑第二期)*

This property development will be located at Land No.5 of Huzhou Economic and Technological Development Zone, Huzhou City, Zhejiang Province, the PRC (浙江省湖州市湖州经济技术开发区5号地块) and borders Huzhou Liyang Phase 1. The site area is 17,251 sq m with a planned GFA of approximately 31,023 sq m, which will consist of 182 residential units with GFA of approximately 19,810 sq m, offices with GFA of approximately 6,384 sq m, commercial units with GFA of approximately 1,352 sq m and a carpark with 141 parking spaces. We estimate the total development costs (including cost of land) to be approximately RMB77.0 million or RMB2,482 per sq m. We intend to begin construction in March 2007 and target to complete construction by September 2008.

We acquired the land use right for this project in February 2006 for approximately RMB41.2 million, funded from borrowings and internal resources.

Huzhou Hailian Construction *(湖州海联建设)*

Locality map of project

This property development will be located at Fishing Field of Jiashanyang, Zhonggeng Village, Daochang Town, Huzhou City, Zhejiang Province, the PRC (浙江省湖州市道场乡中庚村夹山漾鱼场) and Southwestern Industrial Zone of Huzhou City, Zhejiang Province, the PRC (浙江省湖州市西南工业园区) and is developed by our subsidiary Huzhou Jiangnan Hailian Company. The site area is approximately 220,767 sq m. Our Directors understand that the relevant PRC authorities are in the process of re-zoning the area as a residential area from that for industry/entertainment use currently. We intend to begin the process of applying for changing the land purpose of this area from the current use to residence cum commerce in the next two to three years (after the relevant governmental re-zoning).

The appraised value of the land use right for this project as at 31 December 2005 (attributable to our proportion of equity interest) is approximately RMB135.7 million. Please refer to the Valuer's Report in Appendix D on page D-10 of this Prospectus.

DIRECTORS

Our Directors are entrusted with the responsibility for the overall management of our Group. The particulars of our Directors as at the date of this Prospectus are set out below:

Name	Age	Address	Designation
Wong Lam Ping (汪林冰)	51	Flat C-D, 33/F, Laguna Grande-Tower 18, Laguna Verde, Phase 4,8 Laguna Verde Ave., Hunghom, Kowloon, Hong Kong	Executive Chairman
Chan Heung Ling (陈响玲)	47	Flat C-D, 33/F, Laguna Grande-Tower 18, Laguna Verde, Phase 4,8 Laguna Verde Ave., Hunghom, Kowloon, Hong Kong	Deputy Chairman
Shi Feng (石峰)	48	HC Xin Cheng, Chang Sha, Hu Nan, PRC	Executive Director
Wang Cuiping (王翠平)	42	No. 2, Block 23, 2 Wo Ye Southern Road, Hai Bo Wan Zone, Wu Hai City, Inner Mongolia, PRC	Executive Director
Chan Kin Sang (陈健生)	54	Flat A, 23rd Floor, Block 8, Cavendish Heights, 33 Perkins Road, Hong Kong	Non-Executive Director
Sim Wee Leong	42	18A Charlton Road, Singapore 539586	Lead Independent Director
Dr Choo Kian Koon	54	96 Sunset Way, Singapore 597123	Independent Director
Dr Zheng Haibin (郑海滨)	49	Flat/Room 2004, Block A, 20/F, New Trade Plaza, 6 On Ping Street, Shatin, New Territories, Hong Kong	Independent Director

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of our Directors are set out below:

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 and 2005, he was appointed a director of Chaozhou Jinaote Sanitary Ware Ltd. and Huzhou Wei Yuan Tang Bio-Pharmaceutical Ltd. respectively. 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, sales and marketing, as well as finance and business 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. She holds directorships in several companies outside our Group, namely Hong Kong Kam Fai Trading Development Ltd., China Hong Jun Limited, Kaiserin International (Hong Kong) Ltd. and Lee Tat Trading Company. She graduated from Jieyong No 1. Seconday 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. (广东惠州隆集团有限公司) until 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 when he became General Manager of Huzhou Liyang Company, a position he still holds. 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 (湖南大学土木系) in 1982. He was certified as an engineer and senior engineer by the Changsha Design Institute of Light Industry 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 (内蒙古乌海市国税局). 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 senior partner 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, Deloitte & Touche, prior to 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 and 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. He is currently a member of the Singapore Land Authority and the Valuation Review Board. Dr Choo obtained a Doctorate in Urban Planning from the University of Washington with a Certificate of Achievement in Urban Design in 1988, 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.

EXECUTIVE OFFICERS

Our Directors are assisted by a team of experienced and qualified team of Executive Officers, each responsible for different functions. The particulars of our Executive Officers as at the date of this Prospectus are set out below:

Name	Age	Address	Principal Occupation
Wang Yinjian (王银剑)	42	C-16 Villa, Yazhoucheng Garden, Hangzhou City, Zhejiang Province, PRC	Human Resources Manager
Wong Chi Man (王志文)	38	Room 1206, Cheung Yam House, On Yam Estate, Kwai Chung, New Territories, Hong Kong	Financial Controller

Name	Age	Address	Principal Occupation
Xu Guangquan (许光铨)	59	Flat 501 Unit 4 Block 5, Cui Liu Estate, Jiang Gan Zone, Hangzhou City, Zhejiang Province, PRC	Property Management Manager
Zhang Ning (张宁)	49	Flat 301, 2nd Unit, Wen Yuan Apartment, 669 Jia Ye South Road, Nan Xun Town, Huzhou City, Zhejiang Province, PRC	Construction Quality Control Manager
Wu Jie (吴杰)	42	Flat 101, 10th Building, He Pan Ju, Mi Xing Street, Huzhou City, Zhejiang Province, PRC	Public Relations Manager

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of our Executive Officers are set out below:

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. (湖州金泉贸易有限公司) as well as Huzhou Yiyuan Trading Co., Ltd. (湖州怡源有限公司), from 1998 to 2002. He subsequently joined Huzhou Longhai Biological Pharmaceutical Co. Ltd. (湖州龙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 Wong Chi Man is our Group's Financial Controller and was appointed in December 2005. He is responsible for our Group's finance and accounting functions. His responsibilities include the preparation of monthly financial statements, cash flow projections, budgets, forecasts and financial analysis for investment projects, as well as the development and review of effective policies and internal control procedures. He is also responsible for statutory compliance and corporate governance of our Group, as well as coordination with our Group's stakeholders such as investors, and external advisers. Mr Wong has had over 14 years of professional working experience which include work with various accounting firms like Deloitte Touche Tohmatsu from 1994 to 1998 and RSM Nelson Wheeler in 2001, as well as commercial working experience as an accounting supervisor in Tai Kong Industrial (Holdings) Co., Ltd. from 2002 to 2004. He was an Audit Supervisor in K.W. Poon & Co. before he joined our Group in 2005. Mr Wong obtained a diploma in Accounting from Hong Kong Shue Yan College in 1991. He subsequently graduated from the Open University of Hong Kong in 1996 with a Bachelor degree in Business Administration. In 2002, he was conferred a Master degree in Professional Accounting from the Hong Kong Polytechnic University. He has been an associate member of the Hong Kong Institute of Certified Public Accountants since 1998, and became a fellow member of the Association of Chartered Certified Accountants in 2003. Mr Wong was recently appointed as a Director of the PolyU-HKCyberU Alumni Association Limited in 2005.

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 (南浔经济开发区建设办公室) 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 an Assistant Engineer in 1998 by the Huzhou Municipal Bureau of Urban Construction (湖州市城建局). Aside from these positions, Mr Zhang is also a member of the Fifth Huzhou Municipal Political Committee (湖州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 (南浔区工商联常务委员).

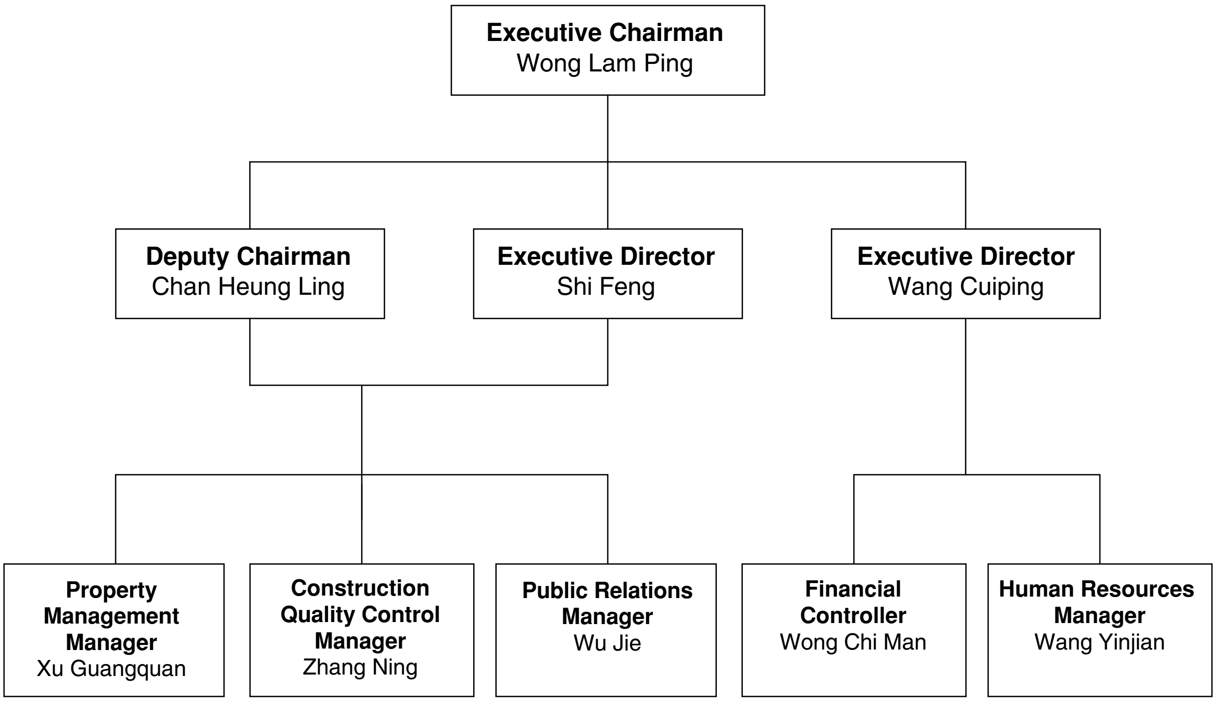
Mr Wu Jie is the Public Relations Manager of our Group, and is responsible for the coordination of public relations as well as the management of certain of our Group's subsidiaries and the research and development of new projects. He started his career in 1988 with the Huzhou branch of the Agricultural Bank of China in Zhejiang Province (浙江省农业银行湖州市分行), working in the Capital Organization Department. In 1994, he joined the Bank of Communications (交通银行湖州分行) 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.

MANAGEMENT REPORTING STRUCTURE

Our management reporting structure is set out below:



EMPLOYEES

As at 31 December 2005, we had 104 full-time employees. Most of our employees are based in the PRC. We do not experience any significant seasonal fluctuations in our number of employees. We do not employ a significant number of temporary staff.

We have established a labour union for certain of our employees in accordance with relevant PRC laws. We believe that our management enjoys a cordial and harmonious working relationship with our employees and this is expected to continue. There has not been any incidence of work stoppages or labour disputes which affected our operations.

We maintain employee benefit plans such as contributions to pension, unemployment insurance, medical insurance, industrial injury insurance, birth insurance and housing pension for our employees as required under relevant PRC laws.

The breakdown of our full-time employees by function as at 31 December 2003, 31 December 2004 and 31 December 2005 is shown as follows:

	As at 31 December		
Function	**2003**	**2004**	**2005**
Management[(1)]	7	9	17
Engineering	30	30	31
Finance	6	6	14
Sales	6	6	17
Administration	36	24	25
Total	85	75	104

Note:

(1) Our Executive Directors and Executive Officers are included under management.

Preferential Purchase Policy for Properties

We have instituted a policy for all our employees (including Executive Directors) pursuant to which each employee can purchase one property unit from our Group at a preferential price for every five years of service rendered. Currently, the preferential rate translates to a 6% discount of the unit's initial list price. None of our Executive Directors and Executive Officers has purchased any property units from us for the past three financial years ended 31 December 2005. Upon our listing on the SGX-ST, we will comply with all relevant requirements of the SGX-ST (including Part IV of Chapter 9 of the Listing Manual) in relation to such purchases.

REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS

Directors and Executive Officers

The remuneration paid or payable to each of our Directors and Executive Officers for services rendered to us in all capacities in FY2004, FY2005 and FY2006 (estimated), in bands of S$250,000, were or are as follows:

	FY2004	FY2005	FY2006(2)
Directors			
Wong Lam Ping	Band I	Band I	Band I
Chan Heung Ling	Band I	Band I	Band I
Shi Feng	Band I	Band I	Band I
Wang Cuiping	Band I	Band I	Band I
Chan Kin Sang	—	—	Band I
Sim Wee Leong	—	—	Band I
Dr Choo Kian Koon	—	—	Band I
Dr Zheng Haibin	—	—	Band I
Executive Officers			
Wang Yinjian	Band I	Band I	Band I
Wong Chi Man	—	Band I	Band I
Xu Guangquan	Band I	Band I	Band I
Zhang Ning	Band I	Band I	Band I
Wu Jie	—	Band I	Band I

Notes:

(1) Band I : remuneration of up to S$250,000 per annum
Band II : remuneration from S$250,001 to $500,000 per annum

(2) The estimated amount of remuneration payable in FY2006 excludes any bonuses payable.

Pension or retirement benefits

We do not set aside or accrue any pension or retirement benefits for any of our employees.

SERVICE AGREEMENTS

On 14 August 2006, our Company entered into separate service agreements (the "Service Agreements") with our Executive Directors, namely, Mr Wong Lam Ping, Ms Chan Heung Ling, Mr Shi Feng and Ms Wang Cuiping, for an initial term of three years commencing from the Listing Date, which will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. Pursuant to the terms of their respective Service Agreements, Mr Wong Lam Ping, Ms Chan Heung Ling, Mr Shi Feng and Ms Wang Cuiping are entitled to an annual basic salary of HK$1,000,000, HK$350,000, RMB350,000 and RMB350,000 respectively. The annual basic salaries of the Executive Directors may be subject to such increase as the Remuneration Committee of the Company may determine at its absolute discretion. Directors' fees do not form part of the terms of the Service Agreements as these require the approval of shareholders in our Company's annual general meeting. We may terminate their respective Service Agreements prior to the expiry of the term by service of notice in writing if any of these Executive Directors is disqualified to act as an Executive Director under any applicable law or rules prescribed by the SGX-ST, found guilty of dishonesty, gross misconduct or wilful neglect of duty or any continued material breach of the terms of the Service Agreement, becomes bankrupt or otherwise acts to the prejudice of our Company. None of these Executive Directors will be entitled to any benefits upon termination of their respective Service Agreements.

All travelling expenses, entertainment expenses and other out-of-pocket expenses reasonably incurred by the Executive Directors in the process of discharging their duties on behalf of our Group will be borne by our Company.

We have not entered into any service agreements with our Executive Officers but have entered into standard labour contracts or letters of employment with them, specifying the usual terms of employment, including remuneration.

Had the Service Agreements been in place since 1 January 2005, the aggregate remuneration paid to the Executive Directors for FY2005 would have been approximately RMB2.1 million (equivalent to approximately S$0.4 million) (based on the average exchange rate of RMB4.915:S$1 in FY2005) instead of RMB0.4 million (equivalent to approximately S$0.1 million) (based on the average exchange rate of RMB4.915:S$1 in FY2005) and our profit attributable to shareholders would have been RMB57.6 million (equivalent to approximately S$11.7 million) (based on the average exchange rate of RMB4.915:S$1 in FY2005) instead of RMB59.3 million (equivalent to approximately S$ 12.1 million) (based on the average exchange rate of RMB4.915:S$1 in FY2005).

Pursuant to their respective Service Agreements, each Executive Director shall not, at any time during the period of his employment with our Company (the "Employment") and for a period of one year after the expiry or termination of his Employment engage or be interested directly or indirectly in any business or occupation in any company which is in competition, directly or indirectly, with the business carried on by the Company or any Group company, provided that nothing therein contained shall prevent such Executive Director from holding equity interest in any company the share capital of which is quoted and dealt in upon any recognised stock exchange to the extent of the aggregate of his such holding and the holding of such shares by his associates does not exceed 5% of the total issued share capital, nor does he or any of his associates participate nor be involved in the management of such company.

Save as disclosed above, there are no existing or proposed service contracts entered or to be entered into by our Directors with our Company or any of our subsidiaries which provide for benefits upon termination of employment.

Save as disclosed above, there are no other existing or proposed service agreements between our Company or our subsidiaries and any of our Directors.

There is no existing or proposed service contract entered or to be entered into by our Directors with our Company or any of our subsidiaries which provide for benefits upon termination of employment.

BOARD PRACTICES

Term of office

Each of our Directors has served in office in our Company since the following dates:

Name	Date
Wong Lam Ping	3 January 2006
Chan Heung Ling	3 January 2006
Shi Feng	14 August 2006
Wang Cuiping	14 August 2006
Chan Kin Sang	14 August 2006
Sim Wee Leong	14 August 2006
Dr Choo Kian Koon	14 August 2006
Dr Zheng Haibin	14 August 2006

Our Bye-laws provide that our board of Directors shall consist of not less than two Directors. Each Director shall retire from office at least once every three years. A retiring Director shall be eligible for re-election.

CORPORATE GOVERNANCE

Our Directors recognise the importance of corporate governance and in the offering of high standards of accountability to our shareholders. Our Executive Chairman is Mr Wong Lam Ping. Where the chairman and chief executive officer is the same person, the Code of Corporate Governance 2005 recommends that companies appoint an independent non-executive director to be the lead independent director. The lead independent director would be available to shareholders where they have concerns which contact through the normal channels of the chairman, chief executive officer or finance director has failed to resolve or for which such contact is inappropriate. Accordingly, we have appointed Mr Sim Wee Leong as our lead Independent Director. We have also established an Audit Committee, a Remuneration Committee and a Nominating Committee.

Audit Committee

Our Audit Committee comprises Mr Sim Wee Leong, Dr Choo Kian Koon and Dr Zheng Haibin. The Chairman of the Audit Committee is Mr Sim Wee Leong.

Our Audit Committee will assist our Board in discharging its responsibility to safeguard our assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in our Group. Our Audit Committee will provide a channel of communication between our Board, our management and our external auditors on matters relating to audit.

Our Audit Committee will meet periodically to perform the following functions:

(a) review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to management and the management's response;

(b) review the half yearly and annual, and quarterly if applicable, financial statements and results announcements before submission to our 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 SGX-ST Listing Manual and any other relevant statutory or regulatory requirements;

(c) review the internal control procedures (including reviewing the procedures implemented by our Group to ensure that all requisite licences and approvals are obtained prior to commencement of the appropriate phases of each property project, as well as ensuring that such procedures are adequate) and ensure co-ordination between the external auditors and our management, and review the assistance given by our management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of our management, where necessary);

(d) review and discuss 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 our Group's operating results or financial position, and our management's response;

(e) consider and recommend the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;

(f) review interested person transactions (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual;

(g) review potential conflicts of interest, if any;

(h) undertake such other reviews and projects as may be requested by our Board, and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee; and

(i) generally undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, or by such amendments as may be made thereto from time to time.

Our Audit Committee will meet, at a minimum, on a quarterly basis every year. In the event that a member of our Audit Committee is interested in any matter being considered by our Audit Committee, he will abstain from reviewing that particular transaction or voting on that particular resolution.

Remuneration Committee

Our Remuneration Committee comprises Dr Zheng Haibin, Dr Choo Kian Koon and Chan Kin Sang. The Chairman of the Remuneration Committee is Dr Zheng Haibin.

Our Remuneration Committee will recommend to our Board a framework of remuneration for the Directors and Executive Officers, and determine specific remuneration packages for each Executive Director. The recommendations of our Remuneration Committee shall be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind shall be covered by our Remuneration Committee. In addition, our Remuneration Committee will perform an annual review of the remuneration of employees related to our Directors and Substantial Shareholders to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. They will also review and approve any bonuses, pay increases and/or promotions for these employees. Each member of the Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package or that of employees related to him.

Nominating Committee

Our Nominating Committee comprises Mr Wong Lam Ping, Dr Choo Kian Koon and Mr Sim Wee Leong. The Chairman of the Nominating Committee is Dr Choo Kian Koon.

Our Nominating Committee will be responsible for:

(a) reviewing and recommending the nomination or re-nomination of our Directors having regard to the Director's contribution and performance;

(b) determining on an annual basis whether or not a Director is independent;

(c) assessing the performance of the Board and contribution of each Director to the effectiveness of the Board; and

(d) review and approve any new employment of related persons and the proposed terms of their employment.

Our Nominating Committee will recommend a framework for the evaluation of the Board's and individual Director's performance for the approval of the Board. Each member of our Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as director.

Compliance Advisor

It is a condition to the grant of our eligibility to list for the SGX-ST that we appoint a compliance advisor prior to our listing to advise our Board on the applicable rules and regulations of the SGX-ST. Such appointment will continue for a period of at least 24 months after the Listing Date. We have made such an appointment in compliance with this requirement.

Save as disclosed below and under the section "Restructuring Exercise", none of our Directors, controlling shareholders or their respective associates (collectively, referred to as "Interested Persons") has any interest in any material transactions undertaken by our Group within the past three financial years ended 31 December 2005 and up to the Latest Practicable Date.

PRESENT AND ON-GOING TRANSACTIONS

(i) Advances from Pan Hong Company Limited.

In FY2005 and FP2006, Pan Hong Company Limited., a company jointly owned by our Executive Chairman and Deputy Chairman, Mr Wong Lam Ping and Ms Chan Heung Ling, made advances to our Group mainly for working capital purposes. These advances were interest-free, unsecured and had no fixed term of repayment. The amount due to Pan Hong Company Limited. as at 31 March 2006 (which was also the highest amount due) was approximately RMB2.9 million. This amount has not been repaid as at the Latest Practicable Date but is expected to be repaid by September 2006. Subsequent to the Invitation, we do not intend to seek advances from Pan Hong Company Limited.

(ii) Advances from our Executive Chairman and controlling shareholder, Mr Wong Lam Ping

From time to time, we obtained advances from Mr Wong Lam Ping mainly for purchases of land and for working capital purposes. These advances were interest-free, unsecured and had no fixed terms of repayment. The amounts due to Mr Wong were RMB43.0 million, RMB66.6 million and RMB194.3 million as at 31 December 2003, 2004 and 2005 respectively. During this period, the highest amount due to Mr Wong was approximately RMB194.3 million (equivalent to approximately HK$186.8 million). An amount of HK$186,782,480 was capitalised by Mr Wong in March 2006 by Pan Hong Investment allotting and issuing 186,782,480 ordinary shares of HK$1.00 in its share capital to him and Ms Chan Heung Ling (at his direction) in equal proportions. Subsequently, as at the Latest Practicable Date, an amount of approximately RMB13.6 million was outstanding to Mr Wong. Mr Wong has undertaken that he will not demand the repayment of this loan prior to 1 January 2008, and further subject to the approval of the Audit Committee, taking into consideration the cash flow requirements of our Group at the time of the proposed repayment. Subsequent to the Invitation, our Group does not intend to seek advances from Mr Wong.

(iii) Rental of office space from Pan Hong Company Limited.

Our subsidiary, Pan Hong Investment, rents office space from Pan Hong Company Limited., located at Room 708, Tower B Hunghom Commercial Centre, 37–39 Ma Tau Wai Road, Hunghom, Hong Kong. Our Executive Chairman, Mr Wong Lam Ping and our Deputy Chairman, Chan Heung Ling collectively own the entire issued share capital of Pan Hong Company Limited. We did not pay any rental prior to 1 January 2006. Beginning 1 January 2006, we have been paying rent of HK$10,800 per month. The amount of rental paid was approximately HK$75,600 for the period commencing 1 January 2006 to the Latest Practicable Date. This rental was determined after taking into consideration market rates for comparable properties in the vicinity. The continued rental of these premises will be subject to our usual review procedures for interested person transactions set out in the section immediately below.

(iv) Provision of legal services by Messrs Peter K.S. Chan & Co.

Our Non-Executive Director, Mr Chan Kin Sang is currently a senior partner of Messrs Peter K.S. Chan & Co., which has provided legal services to members of our Group. The amounts paid to Messrs Peter K.S. Chan & Co. for the period beginning 1 January 2003 and up to the Latest Practicable Date were approximately HK$50,000. These fees were charged on an arm's length basis. After the listing of our Company on the SGX-ST, we may continue to engage services of Mr Chan's firm. We will obtain fee quotes in respect of the same matter from two other third party law firms but our Directors will have the discretion to appoint the law firm which is able to fulfil our requirements. Mr Chan Kin Sang will abstain from voting in respect of any decisions relating to the engagement of Messrs Peter K.S. Chan & Co., in accordance with our Bye-laws. All future transactions with Messrs Peter K.S. Chan & Co. will be conducted in accordance with the guidelines described in "Review Procedures for Future Interested Person Transactions" set out below and in Chapter 9 of the Listing Manual.

(v) Payment of consultancy fees to Joinn Strategic Holdings Limited ("Joinn")

We have agreed to pay a fee of HK$3.0 million to Joinn for the provision of consultancy and related services in relation to our proposed listing on the SGX-ST. These fees were charged on an arm's length basis. These services include corporate advisory, corporate restructuring and introduction. As at the Latest Practicable Date, we have paid half of the HK$3.0 million, with the remainder to be paid upon our successful listing. This engagement will end upon the successful listing of our Company on the SGX-ST. Mr Wang Linjia, who is the brother of Mr Wong Lam Ping, our Executive Chairman, is the managing director of Joinn. Mr Wong and his associates (including Mr Wang) do not have any equity interest in Joinn. As such, Joinn is not an associate of Mr Wong.

REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

Our Audit Committee will review all future interested person transactions to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of our Company and its minority shareholders. They will adopt the following procedures when reviewing such interested person transactions:

(i) When purchasing items from or engaging the services of an interested person, two other quotations from non-interested persons will be obtained (where available) for comparison to ensure that the interest of minority shareholders are not disadvantaged. The purchase price or fee for services shall not be higher than the most competitive price or fee of the two other quotations from non-interested persons. In determining the most competitive price or fee, all pertinent factors, including but not limited to quality, delivery time and track record will be taken into consideration;

(ii) When selling items or supplying services to an interested person, the price and terms of other successful sales of a similar nature to non-interested persons will be used in comparison to ensure that the interests of our minority shareholders are not disadvantaged. The sale price or fee for the supply of services shall not be lower than the lowest sale or fee of two other successful transactions with non-interested persons; and

(iii) When renting properties from or to an interested person, our Directors shall take appropriate steps to ensure that such rent is commensurate with the prevailing market rates, including adopting measures such as making relevant inquiries with landlords of similar property and/or obtaining necessary report or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). The amount payable shall be based on the most competitive market rental rate of similar property in terms of size and location, based on the results of the relevant inquiries.

Transactions falling within the above categories, if any, will be reviewed at least quarterly by our Audit Committee to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by our Audit Committee. Our Audit Committee may request for any additional information pertaining to the transaction under review from independent sources, advisers or valuers as they deem fit. In the event that a member of the Audit Committee is interested in any interested person transaction, he will abstain from reviewing that particular transaction.

In addition, our Board of Directors will also ensure that all disclosure, approval and other requirements on interested person transactions (including our preferential purchase policy for employees purchasing property units from us), including those required by prevailing legislation, the SGX-ST Listing Manual and relevant accounting standards, are complied with. The annual internal audit plan shall incorporate a review of all interested person transactions entered into.

Our Audit Committee and our Board shall review internal audit reports to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with. In addition, our Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between us and our interested persons are conducted on normal commercial terms.

Our Audit Committee is of the view that the methods and procedures for determining transaction prices, as set out above, are sufficient to ensure that our Group's transactions with interested persons are on normal commercial terms which will not be prejudicial to the interests of our Company and our minority shareholders.

POTENTIAL CONFLICT OF INTERESTS

Save as disclosed under "Restructuring Exercise", "Interested Person Transactions" and "Directors, Executive Officers and Employees — Employees" of the Prospectus:

(a) none of our Directors, controlling shareholders or their respective associates has any interest, direct or indirect, in any material transactions to which our Company or any of our subsidiaries was or is a party;

(b) none of our Directors, controlling shareholders or their respective associates has any interest, direct or indirect, in any entity carrying on the same business or dealing in similar products as our Group; and

(c) none of our Directors, controlling shareholders or their respective associates has any interest, direct or indirect, in any enterprise or company that is our Group's customer or supplier of goods or services.

The following is a description of the exchange controls existing in the jurisdictions in which our Group operates which may affect the repatriation of capital and the remittance of profits by or to our Company.

PRC

Major reforms have been introduced in the foreign exchange control system of the PRC since 1993. The People's Bank of China ("PBOC"), with the authorisation of the State Council, issued on 28 December 1993 the Notice on the Further Reform of the Foreign Exchange Control System and on 26 March 1994, the Provisional Regulations on the Settlement, Sale and Payment of Foreign Exchange which came into effect on 1 January 1994 and 1 April 1994 respectively. On 29 January 1996, the State Council promulgated the PRC Foreign Exchange Administration Regulations which took effect on 1 April 1996 and were revised on 14 January 1997. On 20 June 1996, the PBOC issued the Administration Regulations on the Settlement Sale and Payment of Foreign Exchange, which took effect on 1 July 1996. On 25 October 1998, the PBOC and the State Administration of Foreign Exchange ("SAFE") issued a Joint Announcement on Abolishment of Foreign Exchange Swap Business which stated that from 1 December 1998, all foreign exchange transactions for foreign-invested enterprises may only be conducted through designated foreign exchange banks.

These regulations contain detailed provisions regulating the holding, sale and purchase of foreign exchange by individuals, enterprises, economic bodies and social organisations in the PRC. Under the new regulations, the previous dual exchange rate system for Renminbi was abolished and a unified floating exchange rate system based largely on supply and demand was introduced. The People's Bank of China, having regard to the trading prices between Renminbi and major foreign currencies on the inter-bank foreign exchange market, publishes on each bank business day the Renminbi exchange rates against major foreign currencies.

In general, all organisations within the PRC, including foreign investment enterprises, are required to remit their foreign exchange earnings to the PRC. In relation to the PRC enterprises, their recurrent foreign exchange earnings are generally required to be sold to designated foreign exchange banks unless specifically approved otherwise. Foreign investment enterprises (including sino-foreign equity joint ventures and sino-foreign co-operative enterprises as well as wholly foreign owned enterprises or WFOE), on the other hand, are permitted to retain a certain percentage of their recurrent foreign exchange earnings (which is determined by SAFE or its local branch on a case-to-case basis) and the sums retained may be deposited into foreign exchange bank accounts maintained with designated foreign exchange banks. Under the Circular of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and in Return Investment via Overseas Special Purpose Vehicles (国家外汇管理局关于境内居民通过境外特殊目的公司融资及返程投资外汇管理有关问题的通知), PRC residents are required to remit their foreign exchange earnings derived from overseas special purpose vehicles (i.e. the overseas enterprises which directly established or indirectly controlled by PRC residents for foreign equity capital financing with their domestic enterprises assets and intersts) to the PRC.

Capital foreign exchange earnings must be deposited into foreign exchange bank accounts maintained with designated foreign exchange banks and can generally be retained in such accounts. At present, control on the purchase of foreign exchange for trade-related payments is being relaxed. Enterprises which require foreign exchange for their current activities such as trading activities and payment of staff remuneration may purchase foreign exchange from designated foreign exchange banks, subject to the production of relevant supporting documents without the need for any prior approvals of the SAFE, although large foreign transactions may be subject to the SAFE verifications.

In addition, where an enterprise requires any foreign exchange for the payment of dividends that are payable in foreign currencies under applicable regulations, such as the distribution of profits by a foreign investment enterprise to its foreign investment party, then, subject to the due payment of tax on such dividends, the amount required may be withdrawn from funds in foreign exchange accounts maintained with designated foreign exchange banks, and where the amount of the funds in foreign exchange is insufficient, the enterprise may purchase additional foreign exchange from designated foreign exchange banks upon the presentation of the resolutions of our Directors on the profit distribution plan of that enterprise.

Despite the relaxation of foreign exchange control over current account transactions, the approval of the SAFE is still required before a PRC enterprise may take up a foreign loan or provide any foreign exchange guarantee or make any investment outside of the PRC or enter into any other capital account transaction involving the purchase of foreign exchange, except as otherwise provided by the PRC regulations. In addition, under certain notices promulgated by the PBOC in 1998, all the PRC borrowers of foreign exchange loans are not permitted to purchase foreign currencies with RMB to prepay such borrowings. However, according to a notice published by PBOC and the SAFE on 19 September 2001, a PRC borrower is allowed to purchase foreign currencies with RMB to prepay onshore foreign exchange loans subject to the approval of SAFE.

When conducting actual foreign exchange transactions, the designated foreign exchange banks may, based on the exchange rate published by the People's Bank of China and subject to certain limits, determine the applicable exchange rate.

The China Foreign Exchange Trading Centre ("CFETC") formally came into operation on 14 April 1994. CFETC has set up a computerised network with sub-centres in several major cities, thereby forming an interbank market in which designated PRC banks can trade in foreign exchange and settle their foreign currency obligations. Prior to 1 December 1998, enterprises with foreign investment may at their own choice enter into exchange transactions through the Swap Centre (a statutory foreign exchange transaction institution engaging in foreign exchange business under the direction and administration of the State Administration of Foreign Exchange) or through designated PRC banks. From 1 December 1998 onwards, exchange transactions will have to be conducted through designated foreign exchange banks. CFETC is restricted to conducting foreign exchange transactions between banks and RMB inter-bank lending between financial institutions.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on the SGX-ST, our Shares will be traded under the book-entry settlement system of CDP, and all dealings in and transactions of our Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, as amended from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Depositors and Depository Agents will not be treated, under our Bye-laws and the Bermuda Companies Act, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts, and may not be accorded the full rights of membership, such as voting rights, the rights to appoint proxies, or the right to receive shareholders' circulars, proxy forms, annual reports and prospectuses. In such an event, Depositors and Depository Agents will be accorded only such rights as CDP may make available to them pursuant to CDP's Terms and Conditions to act as Depository for foreign securities.

Persons holding our Shares in Securities Account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be *prima facie* evidence of title and may be transferred in accordance with our Bye-laws. A fee of $10 for each withdrawal of 1,000 Shares or less and a fee of $25 for each withdrawal of more than 1,000 Shares is payable upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of $2 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of $10 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or $0.20 per $100 or part thereof of the last-transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of $20 is payable upon the deposit of each instrument of transfer with CDP.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for the Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on the SGX-ST is payable at the rate of 0.05% of the transaction value subject to a maximum of $200 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to Singapore goods and services tax at the prevailing rate of 5%.

Dealings of our Shares will be carried out in Singapore Dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a CDP Depository Agent. The CDP Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. The present and past directorships (held in the five years preceding the date of this Prospectus) of each of our Directors, other than those held in our Company, in other companies are set out below:

Name	Present Directorships	Past Directorships
Wong Lam Ping	Group Companies	Group Companies
	Hangzhou Liyang Real Estate Development Co., Ltd Huzhou Asia City Real Estate Development Co., Ltd Huzhou Hongjin Market Construction & Development Co., Ltd Huzhou Liyang Housing and Landing Development Co., Ltd Huzhou Luzhou Housing and Landing Development Co., Ltd Huzhou Xiandai Real Estate Development Co., Ltd Jiangxi Asia City Real Estate Development Co., Ltd Modernland Developments Limited Pan Hong Investment Limited	Hangzhou Asia City Real Estate Development Co., Ltd Huzhou Jinquan Real Estate Development Co., Ltd
	Other Companies	Other Companies
	Chaozhou Jinaote Sanitary Ware Ltd. China Hong Jun Ltd. Extra Good Enterprises Ltd Huzhou Wei Yuan Tang Bio-Pharmaceutical Ltd. Jiangxi Ganxun Electronic Technology Ltd. Middlewave Industries Ltd. Modern Star Technology Ltd. Pan Hong Co., Ltd. Tat Ming Technology Ltd. Thornton Advance Ltd.	Full April Ltd.

Name	Present Directorships	Past Directorships
Chan Heung Ling	Group Companies	Group Companies
	Hangzhou Liyang Real Estate Development Co., Ltd Huzhou Jiangnan Hailian Construction Co., Ltd Huzhou Asia City Real Estate Development Co., Ltd Huzhou Liyang Housing and Landing Development Co., Ltd Huzhou Luzhou Housing and Landing Development Co., Ltd Huzhou Xiandai Real Estate Development Co., Ltd Modernland Developments Limited Pan Hong Investment Limited Wiseidea Investments Limited	Nil
	Other Companies	Other Companies
	China Hong Jun Ltd. Extra Good Enterprises Ltd Hong Kong Kam Fai Trading Development Ltd. Lee Tat Trading Company Pan Hong Co., Ltd.	Kaiserin International (Hong Kong) Ltd.
Shi Feng	Group Companies	Group Companies
	Jiangxi Asia City Real Estate Development Co., Ltd Huzhou Jiangnan Hailian Construction Co., Ltd Huzhou Liyang Housing and Landing Development Co., Ltd	Nil
	Other Companies	Other Companies
	Nil	Nil

Name	Present Directorships	Past Directorships
Wang Cuiping	Group Companies	Group Companies
	Huzhou Jiangnan Hailian Construction Co., Ltd	Nil
	Other Companies	Other Companies
	Nil	Huzhou Jinquan Construction Co., Ltd.
Chan Kin Sang	Group Companies	Group Companies
	Nil	Nil
	Other Companies	Other Companies
	CHT (Holdings) Ltd. China Force Oil & Grains Industrial Holdings Co., Ltd. Everbest Century Holdings Limited Leroi Holdings Limited Luxking Group Holdings Limited Golding Soft Limited N&N Enterprises Limited People's Food Holdings Limited Sunray Holdings Limited Wise Star Investment Limited	Earnest Investments Holdings Limited GT Finance Limited Good Chase Industrial Limited Karwo International Limited Massive Resources International Corporation Limited
Sim Wee Leong	Group Companies	Group Companies
	Nil	Nil
	Other Companies	Other Companies
	China Kangda Food Company Limited	Manhatten Resources Limited (formerly known as Links Island Holdings Limited)

Name	Present Directorships	Past Directorships
Dr Choo Kian Koon	Group Companies	Group Companies
	Nil	Nil
	Other Companies	Other Companies
	Nil	Alexandrite Land Pte Ltd Alpine Return Sdn Bhd Bangi Heights Developments Sdn Bhd Beauty World Pte Ltd CapitaLand Asia Pte. Ltd. CapitaLand Corporate Investments Pte Ltd CapitaLand Ilec Pte. Ltd. CapitaLand Realty Pte Ltd CapitaLand Treasury Limited (formerly known as Stamford Holdings Pte Ltd) CapitaMall Trust Management Limited ECORE Research Pte Ltd OneSentral Park Sdn Bhd Opal Holdings Pte Ltd Pidemco Land (Indonesia) Pte Ltd Pidland (Malaysia) Sdn Bhd Plushland Sdn Bhd Pyrite Pte Ltd *(Struck off)* Renown Property Holdings (M) Sdn Bhd Sapphire Investment Pte Ltd Seri Alam Properties Sdn Bhd Somerset Land Pte Ltd Somerset Capital Pte Ltd Suasana Sentral Two Sdn Bhd Tanah Sutera Development Sdn Bhd United Malayan Land Bhd Vanda Holdings Pte Ltd
Dr Zheng Haibin	Group Companies	Group Companies
	Nil	Nil
	Other Companies	Other Companies
	Shenzhen Scinfo Venture Capital Management Co., Ltd. Twinstar Industrial Co., Ltd.	Nil

2. The present and past directorships (held in the five years preceding the date of lodgement of this Prospectus) of each of our Executive Officers in other companies (including companies in the Group) are set out below:

Name	Present Directorships	Past Directorships
Wang Yinjian	Group Companies	Group Companies
	Huzhou Hongjin Market Construction & Development Co., Ltd	Nil
	Other Companies	Other Companies
	Nil	Nil
Wong Chi Man	Group Companies	Group Companies
	Nil	Nil
	Other Companies	Other Companies
	PolyU-HKCyberU Alumni Association Limited	Nil
Xu Guangquan	Group Companies	Group Companies
	Huzhou Asia City Real Estate Development Co., Ltd Jiangxi Asia City Real Estate Development Co., Ltd	Nil
	Other Companies	Other Companies
	Nil	Nil
Zhang Ning	Group Companies	Group Companies
	Huzhou Jiangnan Hailian Construction Co., Ltd Huzhou Asia City Real Estate Development Co., Ltd	Nil
	Other Companies	Other Companies
	Nil	Nil
Wu Jie	Group Companies	Group Companies
	Huzhou Jiangnan Hailian Construction Co., Ltd Huzhou Hongjin Market Construction & Development Co., Ltd	Wiseidea Investments Limited
	Other Companies	Other Companies
	Zhejiang Jiangnan Gongmao Group Co., Ltd	Nil

3. None of our Directors, Executive Officers or controlling shareholders:

(a) had at any time during the last ten years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;

(b) had at any time during the last ten years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

(c) has any unsatisfied judgment against him;

(d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty, which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

(e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;

(f) had at any time during the last ten years, had judgment entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

(g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

(h) has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

(i) has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity;

(j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

   (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

   (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

   (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

(k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

Our subsidiary, Pan Hong Investment, did not comply with certain administrative filing requirements between 1996 and 1998 when it changed its company secretary. Pan Hong Investment was then a private investment holding company owned by Mr Wong Lam Ping and Ms Chan Heung Ling. In addition, Pan Hong Investment did not appoint auditors and its financial statements were not audited since its incorporation until 2006. Under the Companies Ordinance, Chapter 32 of the laws of Hong Kong, Hong Kong private companies are required to appoint auditors to conduct annual audit work although the audited accounts are not required to be filed with the Hong Kong Companies Registry. Our Directors have confirmed that with respect to the aforementioned non-compliances, (1) they were not done wilfully, (2) they were the result of administrative inadvertence, (3) no penalty has so far been imposed by reason of the instances of non-compliance and (4) steps had been taken to rectify the aforementioned non-compliances by filing the outstanding forms and appointing the auditors to conduct all the outstanding audit work and such steps have been completed. Such instances of non-compliance may render Pan Hong Investment liable to a fine, and its directors liable for a custodial sentence if such non-compliance was committed willfully. On the basis of (1) to (4) above, our Directors consider that the implications of such non-compliance are not material in the context of the Invitation.

MATERIAL CONTRACTS

4. The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by our Company and our subsidiaries within the two years preceding the date of lodgement of this Prospectus and are or may be material:

(a) a share transfer agreement dated 18 March 2005 entered into between Shi Senkang (施森康) and Pan Hong Investment, pursuant to which Pan Hong Investment acquired a 10.14% equity interest in Huzhou Jiangnan Hailian Company from Shi Senkang for a consideration of RMB2,840,000;

(b) a share transfer agreement dated 8 November 2005 between Guangzhou Fangxing Real Estate Construction Co., Ltd. (广州方兴房地产建设有限公司) ("GFRE") and Pan Hong Investment, pursuant to which Pan Hong Investment acquired a 5% equity interest in Huzhou Liyang Company from GFRE for a consideration of RMB2,100,000;

(c) a share transfer agreement dated 8 November 2005 between GFRE and Pan Hong Investment, pursuant to which Pan Hong Investment acquired a 10% equity interest in Huzhou Asia City Company from GFRE for a consideration of RMB2,700,000;

(d) a share transfer agreement dated 31 December 2005 between Jiangnan Gongmao Group, Ocean Joint Investments Limited (海联投资有限公司) ("OJIL") and Pan Hong Investment, pursuant to which Pan Hong Investment acquired an 8% equity interest in Huzhou Jiangnan Hailian Company from OJIL for a consideration of HK$4,993,900;

(e) a share transfer agreement dated 15 March 2006 between Huzhou Balidian Cunzhen Construction Co., Ltd. (湖州八里店村镇建设有限公司) ("HBCC") and Pan Hong Investment, pursuant to which Pan Hong Investment acquired a 10% equity interest in Huzhou Hongjin Market Company from HBCC for a consideration of RMB4,876,980;

(f) a share purchase agreement dated 23 March 2006 (including all related documents) between Pan Hong Investment, Glory Group and Shen Zhen Lin, pursuant to which Pan Hong Investment acquired the entire issued share capital of Wiseidea Investments from Glory Group and the entire benefits arising from an existing shareholder's loan of HK$12,010,079 due from Wiseidea Investments to Glory Group (the same of which was assigned to Pan Hong Investments), for an aggregate consideration of HK$30.0 million as part of the Restructuring Exercise;

(g) a share purchase agreement dated 8 September 2006 between Mr Wong Lam Ping, Ms Chan Heung Ling, Glory Group and Modernland Developments, pursuant to which Modernland Developments acquired the entire issued share capital of Pan Hong Investments for an aggregate consideration of RMB278.6 million as part of the Restructuring Exercise; and

(h) a share purchase agreement dated 9 September 2006 between Mr Wong Lam Ping, Ms Chan Heung Ling, Jumbo King, Glory Group and our Company, pursuant to which our Company acquired the entire issued share capital of Modernland Developments for an aggregate consideration of RMB278.6 million as part of the Restructuring Exercise.

LITIGATION

5. Neither our Company nor any of our subsidiaries is engaged in any legal or arbitration proceedings as plaintiff or defendant, including those which are pending or known to be contemplated, which may have or have had in the last 12 months before the date of lodgement of this Prospectus a material effect on the financial position or the profitability of our Company.

MISCELLANEOUS

6. Save as disclosed in this Prospectus, our Directors are not aware of any relevant material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Company and our subsidiaries.

7. Save as disclosed under "Risk Factors", "Capitalisation and Indebtedness", "Management's Discussion and Analysis of Financial Position and Results of Operations", "Business — Prospects" and "Business — Future Plans" of this Prospectus, the financial condition and operations of our Group are not likely to be affected by any of the following:

   (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

   (b) material commitments for capital expenditure;

   (c) unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations; and

   (d) known trends or uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on revenues or operating income.

8. Save as disclosed in the paragraph above, our Directors are not aware of any event which has occurred since 31 March 2006 which may have a material effect on the unaudited combined financial information of our Group set out in Appendix B of this Prospectus.

9. We currently have no intention of changing our auditors after the listing of our Company on the SGX-ST.

   Details of the auditors of our Company are set out below:

Name and address	Partner-in-charge/ Professional qualification	Membership in professional body
Grant Thornton 13th Floor, Gloucester Tower The Landmark 11 Pedder Street Central, Hong Kong	Andrew Lam Certified Public Accountants (Practising)	Fellow member of the Hong Kong Institute of Certified Public Accountants

10. No expert is engaged on a contingent basis by our Company or any of our subsidiaries, or has a material interest, whether direct or indirect, in our Shares, our subsidiaries or has a material economic interest whether direct or indirect, in our Company, including an interest in the success of the Invitation.

CONSENTS

11. The Reporting Accountants have given and have not withdrawn their written consents to the issue of this Prospectus with the inclusion herein of their report on the audited combined financial information of our Group for FY2003, FY2004 and FY2005, their review report on the unaudited combined financial information of our Group for the three months ended 31 March 2006 and their report on the unaudited pro forma financial information and references to their name in the form and context in which they appear in this Prospectus and to act in such capacity in relation to this Prospectus.

12. The Independent Valuer has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its report on the valuation of our properties and land bank and references to its name in the form and context in which they appear in this Prospectus and to act in such capacity in relation to this Prospectus.

13. CIMB-GK has given and has not withdrawn its written consent to being named in this Prospectus as the Manager, Underwriter and Placement Agent.

14. Each of the Manager, the Underwriter, the Placement Agent, the Solicitors to the Invitation, the Legal Advisers to the Company on Bermuda Law, the Legal Advisors to the Company on Hong Kong Law, the Legal Advisers to the Company on PRC Law, the Registrar for the Invitation and Singapore Share Transfer Agent, the Bermuda Share Registrar, the Receiving Bank and the Principal Bankers do not make, or purport to make, any statement in this Prospectus or any statement upon which a statement in this Prospectus is based and, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any person which is based on, or arises out of, the statements, information or opinions in this Prospectus.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS AND THE VENDOR

15. This Prospectus has been seen and approved by our Directors and the Vendor and they individually and collectively accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed herein are fair and accurate in all material respects as of the date hereof and there are no material facts the omission of which would make any statements in this Prospectus misleading and that this Prospectus constitutes full and true disclosure of all material facts about the Invitation and our Group.

DOCUMENTS AVAILABLE FOR INSPECTION

16. The following documents or copies thereof may be inspected at 63 Cantonment Road, Singapore 089758 during normal business hours for a period of six months from the date of registration of this Prospectus:

    (a) the Memorandum of Association and the Bye-laws of our Company;

    (b) the letters of consent referred to in paragraphs 11 to 13 under "General and Statutory Information";

    (c) the material contracts referred to in paragraph 4 under "General and Statutory Information";

    (d) the Service Agreements referred to under "Directors, Executive Officers and Employees";

    (e) the Accountants' Report on the Audited Combined Financial Information of the Group for FY2003, FY2004 and FY2005 referred to in Appendix A;

    (f) the Review Report from the Joint Reporting Accountants on the Unaudited Combined Financial Information of the Group for the Three Months Ended 31 March 2006 referred to in Appendix B;

    (g) the Accountants' Report on the Unaudited Pro Forma Financial Information referred to in Appendix C;

    (h) the audited financial statements for FY2003, FY2004 and FY2005 of each of our subsidiaries, where applicable; and

    (i) the Valuer's Report referred to in Appendix D.

11 September 2006

The Board of Directors
Pan Hong Property Group Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda
Dear Sirs

This report has been prepared for inclusion in the prospectus dated 11 September 2006 ("Prospectus") in connection with the invitation in respect of offer of shares of Pan Hong Property Group Limited (the "Company").

We have audited the combined financial statements of the Company and its subsidiaries (collectively the "Group"), as set out in Appendix A on pages A-2 to A-35, comprising the combined balance sheets as at 31 December 2003, 2004 and 2005, combined income statements, combined cash flow statements and combined statements of changes in equity for the years ended 31 December 2003, 2004 and 2005, and the notes thereto. The combined financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), are the responsibility of the directors of the Company. Our responsibility is to express an opinion on the combined financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the combined financial statements. It also includes an assessment of the significant estimates and judgements made by the Company's directors in the preparation of the combined financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion, we also evaluated the overall adequacy of the presentation in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the abovementioned combined financial statements present fairly, in all material respects, the financial positions of the Group as at 31 December 2003, 2004 and 2005, and of the Group's results and cash flows for the years ended 31 December 2003, 2004 and 2005 and have been properly prepared in accordance with IFRS.

Yours faithfully

Foo Kon Tan Grant Thornton
Certified Public Accountants
Singapore

Wong Kian Kok
Partner

Grant Thornton
Certified Public Accountants
Hong Kong

Andrew Lam
Partner

Combined income statements
For the three years ended 31 December 2003, 2004, 2005

	Notes	Year ended 31 December		
		2003	2004	2005
		RMB'000	RMB'000	RMB'000
Revenue	6	—	66,702	288,012
Cost of sales		—	(57,772)	(194,823)
Gross profit		—	8,930	93,189
Other income	6	568	496	661
Selling expenses		(176)	(600)	(268)
Administrative expenses		(1,069)	(1,834)	(3,797)
Other operating expenses		—	(762)	(955)
Finance costs		—	—	(913)
Share of loss of associates		—	(38)	(210)
(Loss)/profit before taxation	8	(677)	6,192	87,707
Taxation	9	—	(2,370)	(29,194)
(Loss) /profit for the year		(677)	3,822	58,513
Attributable to:				
Equity holders of the Company		(497)	2,077	59,297
Minority interests		(180)	1,745	(784)
		(677)	3,822	58,513
Dividends	10	—	—	—
		RMB cents	RMB cents	RMB cents
(Loss)/earnings per share for profit attributable to the equity holders of the Company during the year	11			
— Basic		(0.14)	0.58	16.47
— Diluted		N/A	N/A	N/A

Combined balance sheets
As at 31 December 2003, 2004, 2005

	Notes	At 31 December		
		2003 RMB'000	2004 RMB'000	2005 RMB'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	12	1,044	1,799	1,794
Interests in associates	13	—	3,832	22,360
		1,044	5,631	24,154
Current assets				
Properties held under development	14	182,743	186,027	216,397
Properties held for sale	15	—	15,815	82,310
Account receivables		—	3,342	18,122
Deposits paid, prepayments and other receivables	16	15,347	41,093	4,127
Prepaid tax		2,139	3,732	—
Amount due from a related party	17	—	—	25,290
Cash and cash equivalents	23	20,113	19,727	15,234
		220,342	269,736	361,480
Current liabilities				
Account payables		105	143	59
Accruals, receipts in advance and other payables	19	112,238	169,844	53,636
Provision for tax		—	—	17,911
Amount due to related parties	17	—	—	1,296
Borrowings	20	55,000	25,000	22,000
		167,343	194,987	94,902
Net current assets		52,999	74,749	266,578
Total assets less current liabilities		54,043	80,380	290,732
Non-current liabilities				
Shareholder's loan	18	43,016	66,569	194,253
Net assets		11,027	13,811	96,479
EQUITY				
Equity attributable to the Company's equity holders				
Share capital	21	11	11	11
Reserves	22	(2,197)	(1,158)	61,455
		(2,186)	(1,147)	61,466
Minority interests		13,213	14,958	35,013
Total equity		11,027	13,811	96,479

Combined cash flow statements
For the three years ended 31 December 2003, 2004, 2005

	Year ended 31 December		
	2003	**2004**	**2005**
	RMB'000	**RMB'000**	**RMB'000**
Cash flows from operating activities			
(Loss)/profit before taxation	(677)	6,192	87,707
Adjustments for:			
Interest income	(79)	(446)	(101)
Interest expense	—	—	913
Depreciation	87	163	250
Loss on disposal of property, plant and equipment	—	164	49
Share of losses in associates	—	38	210
Operating (loss)/profit before working capital changes	(669)	6,111	89,028
Increase in properties held under development	(85,571)	(16,623)	(94,923)
Decrease/(increase) in account and other receivables, prepayments and deposits paid	34,166	(29,088)	22,186
Increase in amount due from a related party	—	—	(25,290)
Increase/(decrease) in account and other payables, accruals and receipts in advance	51,199	57,644	(116,292)
Increase in amount due to related parties	—	—	1,296
Cash (used in)/generated from operations	(875)	18,044	(123,995)
Income taxes paid	(487)	(3,963)	(7,551)
Net cash (used in)/generated from operating activities	(1,362)	14,081	(131,546)

Combined cash flow statements (Continued)
For the three years ended 31 December 2003, 2004, 2005

	Note	Year ended 31 December 2003 RMB'000	2004 RMB'000	2005 RMB'000
Cash flows from investing activities				
Purchases of property, plant and equipment		(702)	(1,221)	(503)
Investment in associates		—	(3,870)	(18,738)
Sales proceeds received from disposal of property, plant and equipment		—	55	150
Interest received		79	446	101
Net cash used in investing activities		(623)	(4,590)	(18,990)
Cash flows from financing activities				
Capital contributions made by minority shareholders		4,290	—	20,839
New bank loans		40,000	—	22,000
Repayment of bank loans		—	(30,000)	(25,000)
(Decrease)/increase in shareholder's loan		(23,420)	23,553	127,684
Interest paid		(3,001)	(2,392)	(2,796)
Net cash generated from/(used in) financing activities		17,869	(8,839)	142,727
Net increase/(decrease) in cash and cash equivalents		15,884	652	(7,809)
Effect of foreign exchange difference		(473)	(1,038)	3,316
Cash and cash equivalents at 1 January		4,702	20,113	19,727
Cash and cash equivalents at 31 December		20,113	19,727	15,234
Analysis of balances of cash and cash equivalents				
Cash at banks and in hand	23	20,113	19,727	15,234

Combined statements of changes in equity
For the three years ended 31 December 2003, 2004, 2005

	Equity attributable to equity holders of the Company			Minority interests	Total equity
	Share capital RMB'000	Exchange reserves RMB'000	(Accumulated losses)/ retained earnings RMB'000	RMB'000	RMB'000
At 1 January 2003	11	(1,367)	141	9,103	7,888
Loss for the year	—	—	(497)	(180)	(677)
Exchange difference	—	(474)	—	—	(474)
Total income and expenses recognised during the year	—	(474)	(497)	(180)	(1,151)
Capital contribution made by minority shareholders	—	—	—	4,290	4,290
At 31 December 2003 and 1 January 2004	11	(1,841)	(356)	13,213	11,027
Profit for the year	—	—	2,077	1,745	3,822
Exchange difference	—	(1,038)	—	—	(1,038)
Total income and expenses recognised during the year	—	(1,038)	2,077	1,745	2,784
At 31 December 2004 and 1 January 2005	11	(2,879)	1,721	14,958	13,811
Profit for the year	—	—	59,297	(784)	58,513
Exchange difference	—	3,316	—	—	3,316
Total income and expenses recognised during the year	—	3,316	59,297	(784)	61,829
Capital contributions made by minority shareholders	—	—	—	20,839	20,839
At 31 December 2005	11	437	61,018	35,013	96,479

Notes to the combined financial statements

1. INTRODUCTION

The combined financial statements of the Group have been prepared for inclusion in the Prospectus of the Company issued for the invitation (the "Invitation") by the Company in respect of the offer of 125,000,000 ordinary shares of HK$0.60 each.

2. THE COMPANY

The Company was incorporated in Bermuda under the laws of Bermuda on 20 December 2005 as an exempted company with limited liability under the name of Pan Hong Property Group Limited.

At the date of incorporation, the authorised share capital of the Company was HK$100,000 divided into 1,000,000 ordinary shares of HK$0.10 each. On 3 January 2006, 1,000,000 ordinary shares of HK$0.10 each were allotted and issued nil paid at par to Mr Wong Lam Ping and Ms Chan Heung Ling.

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 708, 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 Company's subsidiaries are principally engaged in properties development in the People's Republic of China, excluding Hong Kong and Macau (the "PRC").

Pursuant to written resolution dated 14 August 2006, the shareholders of the Company approved, *inter alia*, the following:

(a) an increase in the authorised share capital of the Company from HK$100,000 to HK$510,000,000 by the creation of an additional 5,099,000,000 ordinary shares of par value of HK$0.10 each;

(b) the consolidation of six ordinary shares of par value of HK$0.10 each in the Company into one ordinary share of HK$0.60 each;

(c) the adoption of a new set of bye-laws (the "New Bye-laws");

(d) the service agreements between the Company and each of the executive directors and executive officers;

(e) the allotment and issue of the new shares which, together with the vendor shares, are the subject of the Invitation. The new shares, when allotted, issued and fully paid up, will rank pari passu in all respects with the existing issued and fully paid up shares;

(f) that authority be given to the directors to grant the over-allotment option to the manager and the allotment and issue of the additional shares pursuant to the exercise of the over-allotment option; and

Notes to the combined financial statements (Continued)

2. THE COMPANY (Continued)

(g) that, pursuant to bye-laws 12 and 147 of the New Bye-laws, the directors be authorised to: (i) allot and issue shares in the Company; and (ii) issue convertible securities and any shares in the Company pursuant to the conversion of such convertible securities (whether by way of rights, bonus or otherwise) at any time and from time to time thereafter upon such terms and conditions and for such purposes and to such persons as the directors may think fit for the benefit of the Company, provided that the aggregate number of shares to be issued pursuant to such authority shall not exceed 50 percent of the post-Invitation issued share capital of the Company and that the aggregate number of shares to be issued other than on a pro-rata basis to the then existing shareholders of the Company shall not exceed 20 percent of the post-Invitation issued share capital of the Company, and, unless revoked or varied by the Company in general meeting, such authority shall take effect from the date of listing of the shares of the Company on the Singapore Exchange Securities Trading Limited and shall continue to be in force until the next annual general meeting or the date by which the next annual general meeting is required by law or by the bye-laws to be held, whichever is earlier.

As at the date of this report, the authorised share capital of the Company is HK$510,000,000, divided into 850,000,000 ordinary shares of HK$0.60 each. The issued and paid-up share capital of the Company is HK$216,000,000, divided into 360,000,000 ordinary shares of HK$0.60 each.

3. THE REORGANISATION AND BASIS OF PRESENTATION

A reorganisation exercise was undertaken by the Group to rationalise the corporate structure for the Invitation (the "Reorganisation"). The following steps were carried out in the Reorganisation:

(a) Incorporation of the Company

The Company was incorporated on 20 December 2005 under the laws of Bermuda with the intention of establishing it as the ultimate holding company of the Group. Mr Wong Lam Ping and Ms Chan Heung Ling were the initial shareholders, each holding 50% of the issued share capital of the Company, comprising 1,000,000 ordinary shares of HK$0.10 each issued nil paid.

(b) Incorporation of Modernland Developments Limited ("Modernland Developments")

Modernland Developments was incorporated in the British Virgin Islands ("BVI") on 9 January 2006 with the intention of establishing it as the intermediate holding company of the Group. Mr Wong Lam Ping and Ms Chan Heung Ling were the initial shareholders, each holding 50% of the issued share capital of Modernland Developments of 1,000 ordinary shares of US$1.00 each.

(c) Capitalisation of shareholder's loan

In March 2006, Mr Wong Lam Ping capitalised an outstanding amount owing to him as at 31 December 2005 of approximately RMB194.3 million (or the equivalent of approximately HK$186.8 million) (note 18) by the issuance of 186,782,480 ordinary shares of HK$1.00 in the capital of Pan Hong Investment Limited ("Pan Hong Investment"), at his direction, to him and Ms Chan Heung Ling in equal proportions.

Notes to the combined financial statements (Continued)

3. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

(d) Acquisition of Huzhou Hongjin Market Construction & Development Co., Ltd. ("Huzhou Hongjin Market Company")

(i) On 15 March 2006, Pan Hong Investment entered into a share purchase agreement pursuant to which it acquired a 10% minority interest in Huzhou Hongjin Market Company from Huzhou Balidian Cunzhen Construction Co., Ltd. (湖州八里店村镇建设有限公司), an independent third party, for a consideration of RMB4,876,980 (equivalent to approximately US$600,000);

(ii) On 23 March 2006, Pan Hong Investment entered into a share purchase agreement pursuant to which it acquired the entire issued share capital of Wiseidea Investments Limited ("Wiseidea Investments"), which holds 48% equity interest in Huzhou Hongjin Market Company, from Glory Group Corporation Limited ("Glory Group"), an independent third party, and took over an existing shareholder's loan of HK$12,010,079, at a consideration of HK$30 million. In consideration for the acquisition, Pan Hong Investment issued 5,777,087 ordinary shares of HK$1.00 to Glory Group. In addition, Mr Wong Lam Ping and Mr Shen Zhen Lin, the ultimate shareholder of Glory Group, further agreed that, in the event that the actual issue price is lower than the indicative issue price as agreed, Mr Wong Lam Ping will transfer a certain number of shares to Mr Shen Zhen Lin and vice versa in order to make up the difference and to arrive at the agreed consideration of HK$30 million.

Pursuant to the completion of the above share purchase agreements, the Group holds the entire registered capital of Huzhou Hongjin Market Company.

(e) On 8 September 2006, Modernland Developments acquired the entire issued and paid-up capital of Pan Hong Investment at a consideration of approximately RMB278.6 million based on the unaudited pro forma equity attributable to the equity holders of Pan Hong Investment and its subsidiaries as at 31 December 2005 which has adjusted for the steps (a) to (d) above. The consideration was satisfied by the allotment and issue of an aggregate of 999,000 shares of US$1.00 each in Modernland Developments, credited as fully paid, as to 484,500 shares to Mr Wong Lam Ping, 484,500 shares to Ms Chan Heung Ling and 30,000 shares to Glory Group.

(f) Pursuant to a share purchase agreement entered into between the relevant parties dated 9 September 2006, the Company acquired the entire issued and paid-up capital of Modernland Developments at a consideration of approximately RMB278.6 million based on the unaudited pro forma equity attributable to the equity holders of Modernland Developments and its subsidiaries as at 31 December 2005 which has adjusted for steps (a) to (e) above. The consideration was satisfied by:

(i) the allotment and issue of an aggregate of 2,159,000,000 shares of HK$0.10 each in the Company, credited as fully paid, as to 148,540,000 shares to Mr Wong Lam Ping, 109,660,000 shares to Ms Chan Heung Ling, and upon the direction of Mr Wong Lam Ping and Ms Chan Heung Ling (pursuant to the relevant share purchase agreement), 1,728,000,000 shares to Extra Good Enterprises Ltd., a company incorporated in the BVI and which is held as to 52% and 48% by Mr Wong Lam Ping and Ms Chan Heung Ling respectively, and, upon the direction of Ms Chan Heung Ling (pursuant to the relevant share purchase agreement), 108,000,000 shares to Jumbo King Holdings Ltd., a company incorporated in the BVI and which is held by Mr Wang Linjia, the brother of Mr Wong Lam Ping, 64,800,000 shares to Glory Group;

Notes to the combined financial statements (Continued)

3. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

(ii) the crediting as fully paid the 1,000,000 nil paid shares of HK$0.10 each in the share capital of the Company held by Mr Wong Lam Ping and Ms Chan Heung Ling in equal proportions.

The Group is regarded as a continuing entity resulting from the Reorganisation since all of the entities which took part in the Reorganisation were controlled by the same ultimate shareholders before and immediately after the Reorganisation with the exception of (i) the 5% and 10% minority interests in Huzhou Liyang Housing and Landing Development Co., Ltd. ("Huzhou Liyang Company") and Huzhou Asia City Real Estate Development Co., Ltd. ("Huzhou Asia City Company") respectively which were acquired by the Group during the year ended 31 December 2005 and (ii) the 58% equity interests of Huzhou Hongjin Market Company and 8% equity interest of Huzhou Jiangnan Hailian Construction Co., Ltd. ("Huzhou Jiangnan Hailian Company") which were acquired subsequent to 31 December 2005 (collectively known as the "Acquired Interests"). Consequently, immediately after the Reorganisation, there was a continuation of the risks and benefits to the ultimate shareholders that existed prior to the Reorganisation. The Reorganisation has been accounted for as a reorganisation under common control in a manner similar to pooling of interests except for the Acquired Interests which have been accounted for using the purchase method from the respective dates of acquisition. Accordingly, the combined financial statements have been prepared on the basis of merger accounting, under which the Company was the holding company of the Group, with the exception of the Acquired Interests, during the years ended 31 December 2003, 2004 and 2005 or since their respective dates of incorporation whichever is shorter. Furthermore, with the exception of the Acquired Interests, the results of the Group for the years ended 31 December 2003, 2004 and 2005 include the results of the Company and its subsidiaries with effect from 1 January 2003 as if the current group structure had been in existence throughout the years ended 31 December 2003, 2004 and 2005. The combined balance sheet as at 31 December 2003, 2004 and 2005 is a combination of the balance sheets of the Company and its subsidiaries at each balance sheet date.

As at the date of this report, the Company has direct and indirect interests in the following subsidiaries, each of which is a limited liability company:

Name	Date and place of incorporation/ establishment	Principal activities and place of operation	Issued and paid-up share/ registered capital	Equity interest held	Notes
Directly held:					
Modernland Developments	9 January 2006 BVI	Investment holdings, Hong Kong	US$1,000,000	100%	(h)
Indirectly held:					
Huzhou Real Estate Development Co., Ltd. ("Huzhou Xiandai Company")	11 December 2000 PRC	Property development, PRC	RMB22,500,000	70%	(b),(c)

Notes to the combined financial statements (Continued)

3. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

Name	Date and place of incorporation/ establishment	Principal activities and place of operation	Issued and paid-up share/ registered capital	Equity interest held	Notes
Huzhou Liyang Company	29 August 2002 PRC	Property development, PRC	RMB42,000,000	100%	(b),(c), (j)
Huzhou Asia City Company	7 April 2000 PRC	Property development, PRC	RMB27,000,000	100%	(b),(c), (k)
Huzhou Hongjin Market Company	30 November 2004 PRC	Property development, PRC	US$6,000,000	100%	(b),(d)
Huzhou Luzhou Housing and Landing Development Co., Ltd. ("Huzhou Luzhou Company")	11 March 2002 PRC	Property development, PRC	RMB43,790,000	95%	(b),(c)
Huzhou Jiangnan Hailian Company	6 December 2004 PRC	Property development, PRC	US$8,000,000	65%	(b),(e)
Hangzhou Liyang Housing and Landing Development Co., Ltd. ("Hangzhou Liyang Company")	28 October 2004 PRC	Property development, PRC	US$3,000,000	100%	(b),(f)
Jiangxi Asia City Real Estate Development Co., Ltd. ("Jiangxi Asia City Company")	4 July 2003 PRC	Property development, PRC	US$5,000,000	100%	(b),(g)
Pan Hong Investment	23 August 1994 Hong Kong	Investment holdings, Hong Kong	HK$192,569,567	100%	(a)
Wiseidea Investments	8 January 2004, BVI	Investment holdings, Hong Kong	US$1	100%	(i)

Notes to the combined financial statements (Continued)

3. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

As at 31 December 2005, the Company has indirect interest in the following associate which was liquidated in June 2006:

Name	Date and place of incorporation/ establishment	Principal activities and place of operation	Issued and paid-up share/ registered capital	Equity interest held	Notes
Indirectly held:					
Huzhou Jinquan Construction Co., Ltd. ("Huzhou Jinquan Company")	16 June 2005 PRC	Rental of factory premises, PRC	US$6,000,000	37.65%	(b),(l)

Notes:

(a) The consolidated statutory financial statements of Pan Hong Investment for the years ended 31 December 2003, 2004 and 2005 were prepared in accordance with accounting principles generally accepted in Hong Kong and comply with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants which were audited by Grant Thornton, Certified Public Accountants, Hong Kong. Pan Hong investment has early adopted all new/revised HKFRS in its consolidated financial statements for each of the three years ended 31 December 2003, 2004 and 2005. No material adjustments are necessary to restate these financial statements for them to conform with IFRS as there are no significant differences between IFRS and HKFRS applicable to Pan Hong Investment for the years ended 31 December 2003, 2004 and 2005. The audited consolidated financial statements of Pan Hong Investment were unqualified.

(b) The statutory financial statements of these companies were prepared in accordance with accounting principles and relevant accounting rules and regulations applicable to companies established in the PRC.

(c) Other than Huzhou Xiandai Company, the statutory financial statements of these companies for the years ended 31 December 2003, 2004 and 2005 were audited by Huifeng United CPA Firms of Huzhou, Certified Public Accountants, PRC, and were unqualified.

The statutory financial statements of Huzhou Xiandai Company for the year ended 31 December 2003 and years ended 31 December 2004 and 2005 were audited by 湖州冠民联合会计事物所 and Huifeng United CPA Firms of Huzhou, Certified Public Accountants, PRC, respectively and were unqualified.

(d) The statutory financial statements of Huzhou Hongjin Market Company for the period from 30 November 2004 (date of establishment) to 31 December 2004 and year ended 31 December 2005 were audited by Huifeng United CPA Firms of Huzhou, Certified Public Accountants, PRC, and were unqualified.

Huzhou Hongjin Market Company was established on 30 November 2004 and Pan Hong Investment owned as to 42% equity interest in Huzhou Hongjin Market Company. Huzhou Hongjin Market Company was regarded as an associate during the years ended 31 December 2004 and 2005. Pursuant to sales and purchase agreements dated 23 March 2006 and 15 March 2006, the Group acquired the remaining 48% and 10% equity interests of Huzhou Hongjin Market Company respectively. Huzhou Hongjin Market Company became a subsidiary of the Group since 16 March 2006.

(e) The statutory financial statements of Huzhou Jiangnan Hailian Company for the year ended 31 December 2005 were audited by Huifeng United CPA Firms of Huzhou, Certified Public Accountants, PRC, and were unqualified.

Huzhou Jiangnan Hailian Company was established on 6 December 2004 and Pan Hong Investment owned as to 57% equity interest in Huzhou Jiangnan Hailian Company since 2005. In January 2006, the Group acquired further 8% equity interest of Huzhou Jiangnan Hailian Company.

Notes to the combined financial statements (Continued)

3. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

(f) The statutory financial statements of Hangzhou Liyang Company for the period from 28 October 2004 (date of establishment) to 31 December 2004 and year ended 31 December 2005 were audited by Huifeng United CPA Firms of Huzhou, Certified Public Accountants, PRC, and were unqualified.

(g) The statutory financial statements of Jiangxi Asia City Company for the period from 4 July 2003 (date of establishment) to 31 December 2003 and year ended 31 December 2004 were audited by 江西中经会计师事物所, Certified Public Accountants, PRC, while the financial statements for the year ended 31 December 2005 were audited by Jiangxi Huipu Unite Certified Public Accountants , Certified Public Accountants, PRC, and were unqualified.

(h) There is no audit requirement in the BVI.

(i) Wiseidea Investments was acquired by the Group subsequent to 31 December 2005. There is no audit requirement in the BVI.

(j) Huzhou Liyang Company was established on 29 August 2002 and Pan Hong Investment owned as to 95% equity interest in Huzhou Liyang Company. Pursuant to a sales and purchase agreement dated 8 November 2005, the Group acquired the remaining 5% equity interest of Huzhou Liyang Company at a consideration of HK$2,100,000.

(k) Huzhou Asia City Company was established on 7 April 2000 and Pan Hong Investment owned as to 90% equity interest in Huzhou Asia City Company. Pursuant to a sales and purchase agreement dated 8 November 2005, the Group acquired the remaining 10% equity interest of Huzhou Asia City Company at a consideration of HK$2,700,000.

(l) Huzhou Jinquan Company is a limited liability company. The statutory financial statements of Huzhou Jingquan Company for the period from 16 June 2005 (date of establishment) to 31 December 2005 were audited by Huifeng United CPA Firms of Huzhou, Certified Public Accountants, PRC, and were unqualified.

The combined financial statements have been prepared based on the audited consolidated financial statements of Pan Hong Investment for the years ended 31 December 2003, 2004 and 2005 as set out in note (a) above, or where appropriate, unaudited management accounts of all companies now comprising the Group. In preparing these consolidated financial statements and management accounts, it is fundamental that appropriate accounting policies are selected and applied consistently. The directors of the Company are responsible for the preparation of the combined financial statements.

For the purpose of this report, the reporting accountants have examined the aforementioned audited consolidated financial statements of Pan Hong Investment or unaudited management accounts, where applicable, of all companies comprising the Group for the years ended 31 December 2003, 2004 and 2005 or since their respective dates of incorporation/establishment or acquisition where this is a shorter period and have carried out independent audit procedures as are necessary for the reporting accountants to give an opinion on the combined financial statements of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The combined financial statements have been prepared in accordance with the Standards and Interpretations of the International Financial Reporting Standards (herein collectively referred to as "IFRS") issued by the International Accounting Standards Board ("IASB"), and have been consistently applied throughout the years ended 31 December 2003, 2004 and 2005.

Notes to the combined financial statements (Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation of combined financial statements

The Group has early adopted IFRS which are effective for accounting periods beginning on or after 1 January 2005, issued by the IASB for the preparation of these combined financial statements of the Group since 1 January 2003. IFRS 1, First-time Adoption of International Financial Reporting Standards, has been applied in preparing these combined financial information. These combined financial statements are the first set of financial statements prepared in accordance with IFRS by the Group.

The accounting policies set out below have been applied consistently to all periods presented in these combined financial statements and in preparing an opening IFRS balance sheet at 1 January 2003 for the purpose of the first set of IFRS financial statements. The accounting policies have been applied consistently by the Group.

The Group has not early adopted the following standards or interpretations that have been issued but are not yet effective. The adoption of such standards and interpretations will not result in substantial changes to the Group's accounting policies.

IAS 1 (Amendment)	Capital Disclosures[5]
IAS 19 (Amendment)	Employee Benefits — Actuarial Gains and Losses, Group Plans and Disclosures[2]
IAS 21(Amendment)	The Effects of Changes in Foreign Exchange Rates — Net Investment in a Foreign Operation[2]
IAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions[2]
IAS 39 (Amendment)	The Fair Value Option[2]
IAS 39 & IFRS 4 (Amendment)	Financial Instruments: Recognition and Measurement and Insurance Contracts — Financial Guarantee Contracts[2]
IFRS 1 & IFRS 6 (Amendments)	First-time Adoption of International Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources[2]
IFRS 6	Exploration for and Evaluation of Mineral Resources[2]
IFRS 7	Financial Instruments — Disclosures[5]
IFRIC 4	Determining Whether an Arrangement Contains a Lease[2]
IFRC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds[2]
IFRIC 6	Liabilities Arising from Participating in a Specific Market — Waste Electrical and Electronic Equipment[1]
IFRIC 7	Applying the Restatement Approach under IAS29 Financial Reporting Hyperinflationary Econmomies[3]
IFRIC 8	Scope of IFRS 2[4]
IFRIC 9	Reassessment of Embedded Derivatives[6]

Notes to the combined financial statements (Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Notes:

1 Effective for annual periods beginning on or after 1 December 2005

2 Effective for annual periods beginning on or after 1 January 2006

3 Effective for annual periods beginning on or after 1 March 2006

4 Effective for annual periods beginning on or after 1 May 2006

5. Effective for annual periods beginning on or after 1 January 2007

6. Effective for annual periods beginning on or after 1 June 2006

The combined financial statements have been prepared in accordance with the significant accounting policies set out below. The combined financial statements have been prepared under the historical cost convention. The preparation of combined financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the combined financial statements are disclosed in note 5. The principal accounting policies adopted are as follows:

(a) Subsidiaries

Subsidiaries are all enterprises over which the Company has power to control the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully combined from the date on which control is transferred to the Company. They are excluded from combination from the date that control ceases.

In addition, acquired subsidiaries are subject to application of the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the combination date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to combination. On initial recognition, the assets and liabilities of the subsidiary are included in the combined balance sheet at their revalued amounts, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the combined income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the combined financial statements (Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Associates

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor investments in a joint venture. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method.

Acquired investments in associates are also subject to purchase accounting. Any goodwill or fair value adjustment attributable to the share in the associate is included in the amount recognised as investment in associates.

All subsequent changes to the share of interest in the equity of the associate are recognised in the Group's carrying amount of the investment. Changes resulting from net results generated by the associate are charged against "share of results from associates" in the combined income statement and therefore affect net results of the Group. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of assets and liabilities. Items that have been directly recognised in the associate's equity are recognised in the combined equity of the Group. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Property, plant and equipment

(i) Depreciation

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:

Computers and other equipment	20%
Motor vehicles	20%
Buildings	2.5%

The assets' useful lives are reviewed, and adjusted, if appropriate, at each balance sheet date.

Notes to the combined financial statements (Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment (Continued)

(ii) Measurement bases

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 repairs and maintenance are expensed in the combined income statement during the period in which they are incurred.

When assets are sold or retired, any gain or loss resulting from their disposal, being the difference between the net disposal proceeds and the carrying amount of the assets, is included in the combined income statement.

(d) Properties held under development

Properties held under development are included in current assets and comprise land held under operating lease (note (4)(f)(ii)) 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 those costs that are incurred in bringing the properties held under development to their present location and condition.

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

No depreciation is provided on properties held under development.

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

(e) Properties held for sale

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.

(f) Leases

Operating leases

(i) 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 combined income statement on a straight line basis over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the combined income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the combined income statement in the accounting period in which they are incurred.

Notes to the combined financial statements (Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

(ii) Leasehold interest 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 to write off the up-front payments over the lease terms.

Leasehold interest in land is included in properties held under development and properties held for sale, of which the amortisation of prepaid land lease is capitalised as part of the building costs during the development period but charged to the combined income statement for completed properties.

(g) Account receivables, other receivables and amount due from a related party

Account receivables, other receivables and amount due from a related company are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of receivables is established when there is an objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the write down is the difference between the carrying amount and the present value of expected cash flows, discounted at the effective interest rate.

(h) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The combined financial statements are presented in Renminbi, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the combined income statement.

(iii) Group companies

The results and financial positions of all the group entities (none of which has the currency of a hyperinflationary economy) that have functional currencies different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

Notes to the combined financial statements (Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Foreign currencies (Continued)

(iii) Group companies (Continued)

(2) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(3) goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets or liabilities of the foreign entity as translated into Renminbi, at the closing date, all resulting exchange differences are recognised as a separate component of equity.

(i) Income tax

Income tax for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are not discounted. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Most changes in deferred tax is charged or credited to the combined income statement. Only changes in deferred tax assets and liabilities that relate to a change in value of assets and liabilities that is charged directly to equity are charged or credited directly to equity.

(j) Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand and bank overdrafts.

Notes to the combined financial statements (Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment testing of assets

The Group's property, plant and equipment are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). 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 management controls the related cash flows.

Individual assets or cash generating units that include goodwill are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generation 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. 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 change in the estimates used to determine the asset's recoverable amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Provisions

A provision is recognised in the combined balance sheet when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefit will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(m) Account and other payables, accruals and amount due to related parties

Liabilities for account and other payables, accruals and amount due to related parties are initially carried at fair value, whether or not billed to the Group, and subsequently measured at amortised cost using the effective interest method less settlement payments.

Notes to the combined financial statements (Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Borrowings

Borrowings and shareholder's loan are recognised initially at fair value, net of transaction costs 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 income statement 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 balance sheet date.

(o) Retirement benefits

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 Scheme are held separately from those of the Group in independently administered funds.

(p) Equity

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 proceeds (net of any related income tax benefits) to the extent that they are incidental cost directly attributable to the equity transaction.

(Accumulated losses)/retained earnings include all current and prior period results as determined in the combined income statement.

(q) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

(r) Revenue recognition

Revenue arising from sale of properties held for sale are recognised when the significant risks and rewards of ownership of these properties held for sale have been transferred to the purchasers and the Group retains neither continuing involvement to the degree usually associated with ownership nor effective control over properties held for sale. Deposits and instalments received from purchasers prior to this stage and pre-sale are included in current liabilities and are not recognised as revenue.

Notes to the combined financial statements (Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Revenue recognition (Continued)

Rental income receivable under operating leases is recognised in the combined income statement in equal instalments over the accounting periods covered by the lease terms, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the combined income statement as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

Interest income from bank deposits is recognised on a time proportion basis by reference to the principal outstanding and the rate applicable.

(s) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

(a) 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) Income taxes

The Group is subject to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

Notes to the combined financial statements (Continued)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(a) Critical accounting estimates and assumptions (Continued)

(ii) Properties held for sale

Properties held for sale is valued using the cost method, which value properties held for sale at the lower of cost or net realisable value. Cost is determined using the weighted average method. The estimated net realisable value is generally market price less selling expenses. Value of properties held for sale is reduced when the net realisable value is below cost.

(b) 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 years ended 31 December 2003, 2004 and 2005 as disclosed in note 6. 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(r) is appropriate and is the current practice in the PRC.

6. REVENUE AND OTHER INCOME

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 3. Analysis of revenue and other income is as follows:

	Year ended 31 December		
	2003 **RMB'000**	**2004** **RMB'000**	**2005** **RMB'000**
Revenue			
Sale of completed properties	—	66,702	288,012
Other income			
Interest income	79	446	101
Rental income	—	43	535
Exchange gain	445	—	—
Others	44	7	25
	568	496	661

Notes to the combined financial statements (Continued)

7. SEGMENT INFORMATION

Properties development is the only business segment of the Group. No geographical segment analysis is presented as less than 10% of the Group's revenue and contribution to operating profit is attributable to markets located outside the PRC. Accordingly, no separate business and geographical segment information is prepared.

8. (LOSS)/PROFIT BEFORE TAXATION

	Year ended 31 December		
	2003 RMB'000	2004 RMB'000	2005 RMB'000
(Loss)/profit before taxation is arrived at after charging:			
Operating lease charges in respect of land and buildings	—	—	65
Less: amount capitalised in properties held under development	—	—	(36)
	—	—	29
Cost of properties held for sale recognised as expense	—	54,404	177,133
Borrowing cost wholly repayable within one year	3,001	2,392	2,796
Less: amount capitalised in properties held under development	(3,001)	(2,392)	(1,883)
	—	—	913
Exchange loss	—	37	70
Depreciation of property , plant and equipment	132	247	309
Less: amount capitalised in properties held under development	(45)	(84)	(59)
	87	163	250
Loss on disposal of property, plant and equipment	—	164	49
Staff costs, including directors' emoluments	532	814	1,779
Contribution to retirement benefits plans	43	66	125

Notes to the combined financial statements (Continued)

9. TAXATION

	Year ended 31 December		
	2003 RMB'000	2004 RMB'000	2005 RMB'000
Current income tax — PRC	—	2,370	29,194

The PRC income tax is computed according to the relevant laws and regulations in the PRC. The applicable income tax rate was 33% throughout the entire period presented. Reconciliation between tax expense and accounting profit at the applicable tax rate of 33% is as follows:

	Year ended 31 December		
	2003 RMB'000	2004 RMB'000	2005 RMB'000
(Loss)/profit before taxation	(677)	6,192	87,707
Tax on (loss)/profit before taxation, calculated at the rate applicable to profits in the PRC	(223)	2,043	28,943
Tax effect of unrecognised deferred tax assets	376	765	933
Tax effect of prior tax losses utilised this year	—	(519)	(760)
Tax effect of non-taxable revenue	(161)	—	—
Others	8	81	78
Total taxation	—	2,370	29,194

Deferred tax assets are recognised to the extent that realisation for related tax benefit through the future taxable profits is probable. During the years ended 31 December 2003, 2004 and 2005, no deferred tax has been provided as there was no material temporary difference. The amounts of deferred tax credit/(charge) not recognised are as follows:

	Year ended 31 December		
	2003 RMB'000	2004 RMB'000	2005 RMB'000
Tax effect of unrecognised deferred tax assets arising from tax losses	376	765	933
Tax effect of prior tax losses utilised this year	—	(519)	(760)
Deferred tax credit not recognised	376	246	173

Notes to the combined financial statements (Continued)

9. TAXATION (Continued)

Major deferred tax assets arising from tax losses not recognised in the combined balance sheets and the movements during the years ended 31 December 2003, 2004 and 2005 are as follows:

	At 31 December		
	2003 RMB'000	2004 RMB'000	2005 RMB'000
At 1 January	191	567	813
Deferred tax credit not recognised	376	246	173
At 31 December	567	813	986

10. DIVIDENDS

No dividend has been paid or declared by the Company since the date of its incorporation.

11. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated based on (loss)/profit attributable to the equity holders of the Company for the respective years and the pre-invitation share capital of the Company. The Company's pre-invitation share capital of 360,000,000 shares were assumed to be in issue throughout the entire period presented.

As there were no dilutive potential ordinary shares during each of the years covered in this report, no diluted (loss)/earnings per share is presented.

12. PROPERTY, PLANT AND EQUIPMENT

	Computers and other equipment RMB'000	Motor vehicles RMB'000	Buildings RMB'000	Total RMB'000
At 1 January 2003				
Cost	55	664	20	739
Accumulated depreciation	(17)	(238)	(10)	(265)
Net book amount	38	426	10	474
Year ended 31 December 2003				
Opening net book amount	38	426	10	474
Additions	73	629	—	702
Depreciation	(11)	(120)	(1)	(132)
Closing net book amount	100	935	9	1,044

Notes to the combined financial statements (Continued)

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Computers and other equipment RMB'000	Motor vehicles RMB'000	Buildings RMB'000	Total RMB'000
At 31 December 2003 and 1 January 2004				
Cost	128	1,293	20	1,441
Accumulated depreciation	(28)	(358)	(11)	(397)
Net book amount	100	935	9	1,044
Year ended 31 December 2004				
Opening net book amount	100	935	9	1,044
Additions	151	471	599	1,221
Disposals	—	(219)	—	(219)
Depreciation	(34)	(210)	(3)	(247)
Closing net book amount	217	977	605	1,799
At 31 December 2004 and 1 January 2005				
Cost	279	1,514	619	2,412
Accumulated depreciation	(62)	(537)	(14)	(613)
Net book amount	217	977	605	1,799
Year ended 31 December 2005				
Opening net book amount	217	977	605	1,799
Additions	325	178	—	503
Disposals	—	(199)	—	(199)
Depreciation	(75)	(206)	(28)	(309)
Closing net book amount	467	750	577	1,794
At 31 December 2005				
Cost	604	1,493	619	2,716
Accumulated depreciation	(137)	(743)	(42)	(922)
Net book amount	467	750	577	1,794

Buildings held by the Group are located in the PRC.

Notes to the combined financial statements (Continued)

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expenses have been included in:

	Year ended 31 December		
	2003	**2004**	**2005**
	RMB'000	**RMB'000**	**RMB'000**
Combined balance sheet			
— capitalised in properties held under development	45	84	59
Combined income statement			
— cost of sales	—	18	68
— administrative expense	87	144	180
— selling expense	—	1	2
	87	163	250
	132	247	309

13. INTERESTS IN ASSOCIATES

	At 31 December		
	2003	**2004**	**2005**
	RMB'000	**RMB'000**	**RMB'000**
Share of net assets	—	3,832	22,360

Details of the Group's associated company are set out in note 3.

(a) Summary of financial information of Huzhou Hongjin Market Company are as follows:

	Year ended 31 December		
	2003	**2004**	**2005**
	RMB'000	**RMB'000**	**RMB'000**
Operating results:			
— Revenue	—	—	—
— Loss before tax	—	(90)	(501)
— Loss after tax	—	(90)	(501)

	At 31 December		
	2003	**2004**	**2005**
	RMB'000	**RMB'000**	**RMB'000**
Financial position:			
— Non-current assets	—	175	160
— Current assets	—	18,216	73,829
— Non-current liabilities	—	(26)	(41,264)

Notes to the combined financial statements (Continued)

13. INTERESTS IN ASSOCIATES (Continued)

(b) Summary of financial information of Huzhou Jinquan Company are as follows:

	Year ended 31 December		
	2003 RMB'000	**2004 RMB'000**	**2005 RMB'000**
Operating results:			
— Revenue	—	—	—
— Loss before tax	—	—	—
— Loss after tax	—	—	—

	At 31 December		
	2003 RMB'000	**2004 RMB'000**	**2005 RMB'000**
Financial position:			
— Non-current assets	—	—	—
— Current assets	—	—	2,472
— Non-current liabilities	—	—	—

14. PROPERTIES HELD UNDER DEVELOPMENT

	At 31 December		
	2003 RMB'000	**2004 RMB'000**	**2005 RMB'000**
Leasehold interests in land located in the PRC at cost	132,107	122,591	209,604
Development costs	47,635	58,043	4,975
Borrowing costs capitalised, net	3,001	5,393	1,818
	182,743	186,027	216,397

Leasehold interests in land are located in the PRC and have lease terms expiring from 2027 to 2073. The Group's leasehold interests in land are analysed as follows:

	At 31 December		
	2003 RMB'000	**2004 RMB'000**	**2005 RMB'000**
Leasehold interests in land located in the PRC held on:			
Leases of over 30 years	132,107	122,591	88,015
Leases of 30 years or less	—	—	121,589
	132,107	122,591	209,604

Notes to the combined financial statements (Continued)

14. PROPERTIES HELD UNDER DEVELOPMENT (Continued)

Leasehold interests in land located in the PRC of approximately RMB63,321,000, RMB31,300,000 and RMB32,982,000, were pledged against certain bank borrowings of the Group at 31 December 2003, 2004 and 2005 respectively (note 20). At 31 December 2005, certain of the Group's leasehold interests in land were pledged for credit facilities of approximately RMB31,400,000 granted to a minority shareholder of a subsidiary.

15. PROPERTIES HELD FOR SALE

Properties held for sale include leasehold interests in land located in the PRC with lease terms expiring from 2041 to 2072.

As at 31 December 2004 and 2005, the carrying values of the operating lease up-front payments for the land amounted to approximately RMB3,016,000 and RMB12,798,000 respectively.

16. DEPOSITS PAID, PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December		
	2003	**2004**	**2005**
	RMB'000	**RMB'000**	**RMB'000**
Deposits and prepayments	12,126	35,615	2,696
Other receivables	3,221	5,478	1,431
	15,347	41,093	4,127

17. AMOUNTS DUE FROM/TO RELATED PARTIES

		At 31 December		
	Note	**2003**	**2004**	**2005**
		RMB'000	**RMB'000**	**RMB'000**
Amount due from a related party	(a)	—	—	25,290
Amount due to related parties	(b)	—	—	(1,296)

(a) Balance represents amount due from Huzhou Hongjin Market Company, an associate, at 31 December 2005.

(b) Balance represents the total of the amounts due to the following related parties:

		At 31 December		
		2003	**2004**	**2005**
	Note	**RMB'000**	**RMB'000**	**RMB'000**
Amount due to an associate		—	—	1,144
Amount due to a related company	(i)	—	—	152
		—	—	1,296

Notes to the combined financial statements (Continued)

17. AMOUNTS DUE FROM/TO RELATED PARTIES (Continued)

(i) Amount represents amount due to Pan Hong Company Limited, in which Mr Wong Lam Ping, a director of the Company, has beneficial interest in this company.

The amounts due were unsecured, interest free and had no fixed terms of repayment.

18. SHAREHOLDER'S LOAN

The amount due was unsecured, interest free and had no fixed terms of repayment.

19. ACCRUALS, RECEIPTS IN ADVANCE AND OTHER PAYABLES

	At 31 December		
	2003	**2004**	**2005**
	RMB'000	**RMB'000**	**RMB'000**
Receipts in advance	83,662	160,395	15,553
Accruals and other payables	28,576	9,449	38,083
	112,238	169,844	53,636

20. BORROWINGS

	At 31 December		
	2003	**2004**	**2005**
	RMB'000	**RMB'000**	**RMB'000**
Bank loans wholly repayable within one year	55,000	25,000	22,000

Bank loans were denominated in Renminbi, secured by the Group's leasehold interests in land (note 14) and bore interests at the fixed rate of 5.31%, 5.58% and 5.58% as at 31 December 2003, 2004 and 2005 respectively.

21. SHARE CAPITAL

The Company was incorporated in Bermuda on 20 December 2005. At the date of incorporation, the authorised share capital of the Company was HK$100,000 divided into 1,000,000 ordinary shares of HK$0.1 each. On 3 January 2006, 1,000,000 ordinary shares of HK$0.1 each were allotted and issued nil paid at par to Mr. Wong Lam Ping and Ms. Chan Heung Ling.

As at 31 December 2003, 2004 and 2005, the Company had no issued share capital. The share capital balances as at 31 December 2003, 2004 and 2005 represent the share capital of a subsidiary, Pan Hong Investment which was the then holding company of other members of the Group at the respective balance sheet dates.

Notes to the combined financial statements (Continued)

22. RESERVES

	At 31 December		
	2003	**2004**	**2005**
	RMB'000	**RMB'000**	**RMB'000**
(Accumulated losses)/retained earnings	(356)	1,721	61,018
Exchange reserves	(1,841)	(2,879)	437
	(2,197)	(1,158)	61,455

23. CASH AND CASH EQUIVALENTS

All cash and cash equivalents of the Group were originally denominated in Renminbi and deposited with banks in the PRC, the conversion of these Renminbi denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

24. EMPLOYEE BENEFIT EXPENSES

Included in employee benefit expenses are directors' emoluments as follows:

	Year ended 31 December		
	2003	**2004**	**2005**
	RMB'000	**RMB'000**	**RMB'000**
Salaries and wages	146	200	374

25. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS

(a) Capital commitments

(i) Capital commitments of the Group

	At 31 December		
	2003	**2004**	**2005**
	RMB'000	**RMB'000**	**RMB'000**
Contracted but not provided for in respect of			
— properties held under development	112,530	92,237	3,278
— capital injection to an associate	—	14,006	—

Notes to the combined financial statements (Continued)

25. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS (Continued)

(a) Capital commitments (Continued)

(ii) Attributable share of associate capital commitments in respect of properties held under development

	At 31 December		
	2003	**2004**	**2005**
	RMB'000	**RMB'000**	**RMB'000**
Contracted but not provided for	—	—	5,132

(b) Future operating lease arrangements

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

	At 31 December		
	2003	**2004**	**2005**
	RMB'000	**RMB'000**	**RMB'000**
Not later than one year	—	605	665
Later than one year and not later than five years	—	3,089	3,397
Later than five years	—	974	—
	—	4,668	4,062

The Group leases out its properties held for sale under operating lease arrangements which run for initial periods of six years, without an option to renew the lease terms at the expiry date.

(ii) The Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	At 31 December		
	2003	**2004**	**2005**
	RMB'000	**RMB'000**	**RMB'000**
Not later than one year	—	47	282
Later than one year and not later than five years	—	228	584
	—	275	866

The Group leases a number of properties under operating lease arrangements which run for initial periods of one to six years, without an option to renew the lease terms at the expiry date. The Group has occupied an office beneficially owned by Mr Wong Lam Ping and Ms Chan Heung Ling without incurring any rental expenses.

During the years ended 31 December 2003, 2004 and 2005, the Group had not recognised any contingent rentals receivable and payable.

Notes to the combined financial statements (Continued)

26. CONTINGENT LIABILITIES

The Group has arranged mortgage loan facility for certain purchasers of property units and provided guarantees to secure obligations of repayments. The outstanding guarantees amounted to RMB nil, RMB35,940,000 and RMB87,150,000 as at 31 December 2003, 2004 and 2005, respectively. 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.

27. 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.

The financial assets of the Group comprise primarily account and other receivables, amount due from a related party and cash and cash equivalents. The financial liabilities of the Group comprise account and other payables, accruals, receipts in advance, amount due to related parties and borrowings.

(a) Interest rate risk

The Group has no significant interest-bearing assets. The Group's interest rate risk arises from borrowings. The interest rates and terms of repayment of the borrowings are disclosed in note 20.

(b) Foreign currency risk

The Group's exposure to risk resulting from changes in foreign currency exchange rates is minimal.

(c) Credit risk

The carrying amounts of account and other receivables and amount due from a related party represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group has no other significant concentration of credit risk. No other financial assets carry a significant exposure to credit risk.

(d) Fair value

The fair value 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 values of borrowings and shareholder's loan are not disclosed because the carrying value is not materially different from the fair value.

Notes to the combined financial statements (Continued)

28. ULTIMATE SHAREHOLDERS

As at 31 December 2005, Mr Wong Lam Ping and Ms Chan Heung Ling are the ultimate shareholders of the Company.

29. SUBSEQUENT EVENTS

The following significant subsequent events took place subsequent to 31 December 2005 and up to date of this report:

On 16 January 2006, the Group signed a confirmation of acceptance of public trading price bidding for land use right with Huzhou Land Resources Bureau (湖州市国土资源局) with regard to the acquisition of a piece of land in the Economic and Technical Development District (湖州市经济技术开发区) of Huzhou, the PRC, for an aggregate consideration of approximately RMB41,200,000. The consideration was fully settled at the date of this report.

As set out in note 3, Huzhou Jinquan Company, an associate of the Group at 31 December 2005, was liquidated in June 2006.

The Group had undertaken the Reorganisation as set out in note 3 above.

Save as aforesaid, no other significant event took place subsequent to 31 December 2005.

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APPENDIX B
REVIEW REPORT FROM THE JOINT REPORTING ACCOUNTANTS ON THE UNAUDITED COMBINED FINANCIAL INFORMATION OF THE GROUP FOR THE THREE MONTHS ENDED 31 MARCH 2006

11 September 2006

The Board of Directors
Pan Hong Property Group Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda
Dear Sirs

This report has been prepared for inclusion in the prospectus dated 11 September 2006 ("Prospectus") in connection with the invitation in respect of offer of shares of Pan Hong Property Group Limited (the "Company").

We have reviewed the unaudited combined financial statements of the Company and its subsidiaries (collectively the "Group"), as set out in Appendix B on pages B-2 to B-28. The unaudited combined financial statements include the unaudited combined income statement, unaudited combined statement of changes in equity and unaudited combined cash flow statement of the Group for the three months ended 31 March 2006 and the unaudited combined balance sheet of the Group as at 31 March 2006, together with the notes thereto (the "Unaudited Combined Financial Information"). The Unaudited Combined Financial Information, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), are the responsibility of the directors of the Company. Our responsibility is to express an opinion on the Unaudited Combined Financial Information based on our review.

We conducted our review in accordance with International Standards on Auditing applicable to review engagements. This Standard required that we plan and perform the review to obtain moderate assurance as to whether the Unaudited Combined Financial Information are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Combined Financial Information are not presented fairly, in all material respects, in accordance with IFRS.

The comparative figures for the corresponding three months ended 31 March 2005 were extracted from the unaudited combined income statement, unaudited combined cash flow statement, unaudited combined statement of changes in equity and the corresponding notes thereon and we have not carried out a review of those financial information. The unaudited combined management financial information is the responsibility of the directors of the Company.

Yours faithfully

Foo Kon Tan Grant Thornton
Certified Public Accountants
Singapore

Wong Kian Kok
Partner

Grant Thornton
Certified Public Accountants
Hong Kong

Andrew Lam
Partner

Unaudited combined income statement
For the three months ended 31 March 2006

	Notes	Three months ended 31 March	
		2006	2005
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	6	**33,332**	—
Cost of sales		**(19,782)**	—
Gross profit		**13,550**	—
Other income and gains	6	**6,058**	191
Selling expenses		**(21)**	(53)
Administrative expenses		**(2,479)**	(880)
Other operating expenses		**(263)**	(450)
Finance costs		**(326)**	—
Share of loss of associates		**(75)**	(66)
Profit/(loss) before taxation	8	**16,444**	(1,258)
Taxation	9	**(6,162)**	—
Profit/(loss) for the period		**10,282**	(1,258)
Attributable to:			
Equity holders of the Company		**10,174**	(1,341)
Minority interests		**108**	83
		10,282	(1,258)
Dividends	10	**—**	—
		RMB cents	**RMB cents**
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company during the period	11		
— Basic		**2.83**	(0.37)
— Diluted		**N/A**	N/A

Unaudited combined balance sheet
As at 31 March 2006

	Notes	At 31 March 2006 RMB'000 (Unaudited)	At 31 December 2005 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	**1,888**	1,794
Investment property	13	**7,588**	—
Goodwill	14	**6,030**	—
Interests in associates	15	**2,475**	22,360
		17,981	24,154
Current assets			
Properties held under development	16	**298,122**	216,397
Properties held for sale	17	**63,960**	82,310
Account receivables		**12,542**	18,122
Deposits paid, prepayments and other receivables	18	**35,393**	4,127
Amount due from a related party	19	**—**	25,290
Cash and cash equivalents	25	**6,158**	15,234
		416,175	361,480
Current liabilities			
Account payables		**1,423**	59
Accruals, receipts in advance and other payables	20	**28,650**	53,636
Provision for tax		**20,291**	17,911
Amount due to related parties	19	**3,998**	1,296
Borrowings	21	**51,000**	22,000
		105,362	94,902
Net current assets		**310,813**	266,578
Total assets less current liabilities		**328,794**	290,732
Non-current liabilities			
Shareholder's loan	22	**9,042**	194,253
Deferred taxation	9	**1,940**	—
Net assets		**317,812**	96,479
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	23	**200,232**	11
Reserves	24	**87,652**	61,455
		287,884	61,466
Minority interests		**29,928**	35,013
Total equity		**317,812**	96,479

Unaudited combined cash flow statement
For the three months ended 31 March 2006

	Notes	Three months ended 31 March 2006 RMB'000 (Unaudited)	2005 RMB'000 (Unaudited)
Cash flows from operating activities			
Profit/(loss) before taxation		**16,444**	(1,258)
Adjustments for:			
Interest income		**(19)**	(41)
Interest expense		**326**	—
Depreciation		**69**	41
Fair value change of investment property		**(5,880)**	—
Share of losses in associates		**75**	66
Operating profit/(loss) before working capital changes		**11,015**	(1,192)
Increase in properties held under development and properties held for sale		**(27,393)**	(25,720)
Decrease/(increase) in account and other receivables, prepayments and deposits paid		**3,521**	(20,389)
Decrease/(increase) in amount due from a related party		**26,020**	(1,140)
(Decrease)/increase in account and other payables, accruals and receipts in advance		**(23,848)**	45,823
(Decrease)/increase in amount due to related parties		**(19,889)**	2,743
Cash (used in)/generated from operations		**(30,574)**	125
Income taxes paid		**(1,843)**	(1,974)
Net cash used in operating activities		**(32,417)**	(1,849)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(31)**	(48)
Investment in associates		**(2,060)**	(14,864)
Acquisition of subsidiaries, net	27	**763**	—
Interest received		**19**	41
Net cash used in investing activities		**(1,309)**	(14,871)
Cash flows from financing activities			
New bank and other loans		**20,000**	22,000
Repayment of bank loans		**(7,000)**	(25,000)
Increase in shareholder's loan		**11,972**	11,689
Interest paid		**(950)**	(439)
Net cash generated from financing activities		**24,022**	8,250
Net decrease in cash and cash equivalents		**(9,704)**	(8,470)
Effect of foreign exchange difference		**628**	571
Cash and cash equivalents at 1 January		**15,234**	19,727
Cash and cash equivalents at 31 March		**6,158**	11,828
Analysis of balances of cash and cash equivalents			
Cash at banks and in hand	25	**6,158**	11,828

Unaudited combined statement of changes in equity
For the three months ended 31 March 2006

	Notes	Equity attributable to equity holders of the Company				Minority interests	Total equity
		Share capital RMB'000	Share premium RMB'000	Exchange reserves RMB'000	Retained earnings RMB'000	RMB'000	RMB'000
At 1 January 2005		11	—	(2,879)	1,721	14,958	13,811
Loss for the period		—	—	—	(1,341)	83	(1,258)
Exchange difference		—	—	571	—	—	571
Total income and expenses recognised during the period		—	—	571	(1,341)	83	(687)
At 31 March 2005		11	—	(2,308)	380	15,041	13,124
At 1 January 2006		11	—	437	61,018	35,013	96,479
Profit for the period		—	—	—	10,174	108	10,282
Exchange difference		—	—	(523)	—	—	(523)
Total income and expenses recognised during the period		—	—	(523)	10,174	108	9,759
Further acquisition of a subsidiary		—	—	—	—	(5,193)	(5,193)
Issue of shares	23(a)	—	—	—	—	—	—
Issue of shares	23(c)	5,968	16,546	—	—	—	22,514
Loan capitalisation	23(b)	194,253	—	—	—	—	194,253
At 31 March 2006		**200,232**	**16,546**	**(86)**	**71,192**	**29,928**	**317,812**

Notes to the unaudited combined financial statements

1. INTRODUCTION

The Unaudited Combined Financial Information of the Group have been prepared for inclusion in the Prospectus of the Company issued for the invitation (the "Invitation") by the Company in respect of the offer of 125,000,000 ordinary shares of HK$0.60 each.

2. THE COMPANY

The Company was incorporated in Bermuda under the laws of Bermuda on 20 December 2005 as an exempted company with limited liability under the name of Pan Hong Property Group Limited.

At the date of incorporation, the authorised share capital of the Company was HK$100,000 divided into 1,000,000 ordinary shares of HK$0.10 each. On 3 January 2006, 1,000,000 ordinary shares of HK$0.10 each were allotted and issued nil paid at par to Mr Wong Lam Ping and Ms Chan Heung Ling.

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 708, 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 Company's subsidiaries are principally engaged in properties development in the People's Republic of China, excluding Hong Kong and Macau (the "PRC").

Pursuant to written resolution dated 14 August 2006, the shareholders of the Company approved, *inter alia*, the following:

(a) an increase in the authorised share capital of the Company from HK$100,000 to HK$510,000,000 by the creation of an additional 5,099,000,000 ordinary shares of par value of HK$0.10 each;

(b) the consolidation of six ordinary shares of par value of HK$0.10 each in the Company into one ordinary share of HK$0.60 each;

(c) the adoption of a new set of bye-laws (the "New Bye-laws");

(d) the service agreements between the Company and each of the executive directors and executive officers;

(e) the allotment and issue of the new shares which, together with the vendor shares, are the subject of the Invitation. The new shares, when allotted, issued and fully paid up, will rank pari passu in all respects with the existing issued and fully paid up shares;

(f) that authority be given to the directors to grant the over-allotment option to the manager and the allotment and issue of the additional shares pursuant to the exercise of the over-allotment option; and

Notes to the unaudited combined financial statements (Continued)

2. THE COMPANY (Continued)

(g) that, pursuant to bye-laws 12 and 147 of the New Bye-laws, the directors be authorised to: (i) allot and issue shares in the Company; and (ii) issue convertible securities and any shares in the Company pursuant to the conversion of such convertible securities (whether by way of rights, bonus or otherwise) at any time and from time to time thereafter upon such terms and conditions and for such purposes and to such persons as the directors may think fit for the benefit of the Company, provided that the aggregate number of shares to be issued pursuant to such authority shall not exceed 50 percent of the post-Invitation issued share capital of the Company and that the aggregate number of shares to be issued other than on a pro-rata basis to the then existing shareholders of the Company shall not exceed 20 percent of the post-Invitation issued share capital of the Company, and, unless revoked or varied by the Company in general meeting, such authority shall take effect from the date of listing of the shares of the Company on the Singapore Exchange Securities Trading Limited and shall continue to be in force until the next annual general meeting or the date by which the next annual general meeting is required by law or by the bye-laws to be held, whichever is earlier.

As at the date of this report, the authorised share capital of the Company is HK$510,000,000, divided into 850,000,000 ordinary shares of HK$0.60 each. The issued and paid-up share capital of the Company is HK$216,000,000, divided into 360,000,000 ordinary shares of HK$0.60 each.

3. THE REORGANISATION AND BASIS OF PRESENTATION

A reorganisation exercise was undertaken by the Group to rationalise the corporate structure for the Invitation (the "Reorganisation"). Details of the Reorganisation were set out in Appendix A note 3 to this Prospectus. Upon the completion of the Reorganisation and at the date of this report, the Company has direct and indirect interests in the following subsidiaries, each of which is a limited liability company:

Name	Date and place of incorporation/ establishment	Principal activities and place of operation	Issued and paid-up share/registered capital	Equity interest held	Notes
Directly held:					
Modernland Developments Limited ("Modernland Developments")	9 January 2006 BVI	Investment holdings, Hong Kong	US$1,000,000	100%	
Indirectly held:					
Huzhou Real Estate Development Co., Ltd. ("Huzhou Xiandai Company")	11 December 2000 PRC	Property development, PRC	RMB22,500,000	70%	
Huzhou Liyang Housing and Landing Development Co., Ltd. ("Huzhou Liyang Company")	29 August 2002 PRC	Property development, PRC	RMB42,000,000	100%	(a)

Notes to the unaudited combined financial statements (Continued)

3. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

Name	Date and place of incorporation/ establishment	Principal activities and place of operation	Issued and paid-up share/registered capital	Equity interest held	Notes
Huzhou Asia City Real Estate Development Co., Ltd. ("Huzhou Asia City Company")	7 April 2000 PRC	Property development, PRC	RMB27,000,000	100%	(b)
Huzhou Hongjin Market Construction & Development Co., Ltd. ("Huzhou Hongjin Market Company")	30 November 2004 PRC	Property development, PRC	US$6,000,000	100%	(c)
Huzhou Luzhou Housing and Landing Development Co., Ltd. ("Huzhou Luzhou Company")	11 March 2002 PRC	Property development, PRC	RMB43,790,000	95%	
Huzhou Jiangnan Hailian Construction Co., Ltd. ("Huzhou Jiangnan Hailian Company")	6 December 2004 PRC	Property development, PRC	US$8,000,000	65%	(d)
Hangzhou Liyang Housing and Landing Development Co., Ltd. ("Hangzhou Liyang Company")	28 October 2004 PRC	Property development,PRC	US$3,500,000	100%	
Jiangxi Asia City Real Estate Development Co., Ltd. ("Jiangxi Asia City Company")	4 July 2003 PRC	Property development, PRC	US$5,000,000	100%	
Pan Hong Investment Limited ("Pan Hong Investment")	23 August 1994 Hong Kong	Investment holdings, Hong Kong	HK$192,569,567	100%	
Wiseidea Investments Limited ("Wiseidea Investments")	8 January 2004, BVI	Investment holdings, Hong Kong	US$1	100%	

Notes to the unaudited combined financial statements (Continued)

3. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

As at 31 March 2006, the Company has indirect interest in the following associate which was liquidated in June 2006:

Name	Date and place of incorporation/ establishment	Principal activities and place of operation	Issued and paid-up share/registered capital	Equity interest held
Indirectly held:				
Huzhou Jingquan Construction Co., Ltd. ("Huzhou Jinquan Company")	16 June 2005 PRC	Rental of factory premises, PRC	US$6,000,000	37.65%

Notes:

(a) Huzhou Liyang Company was established on 29 August 2002 and Pan Hong Investment owned as to 95% equity interest in Huzhou Liyang Company. Pursuant to a sales and purchase agreement dated 8 November 2005, the Group acquired the remaining 5% equity interest of Huzhou Liyang Company at a consideration of HK$2,100,000.

(b) Huzhou Asia City Company was established on 7 April 2000 and Pan Hong Investment owned as to 90% equity interest in Huzhou Asia City Company. Pursuant to a sales and purchase agreement dated 8 November 2005, the Group acquired the remaining 10% equity interest of Huzhou Asia City Company at a consideration of HK$2,700,000.

(c) Huzhou Hongjin Market Company was established on 30 November 2004 and Pan Hong Investment owned as to 42% equity interest in Huzhou Hongjin Market Company. Huzhou Hongjin Market Company was regarded as an associate during the year ended 31 December 2005. Pursuant to sales and purchase agreements dated 23 March 2006 and 15 March 2006, the Group acquired the remaining 48% and 10% equity interests of Huzhou Hongjin Market Company respectively. Huzhou Hongjin Market Company became a subsidiary of the Group since 16 March 2006.

(d) Huzhou Jiangnan Hailian Company was established on 6 December 2004 and Pan Hong Investment owned as to 57% equity interest in Huzhou Jiangnan Hailian Company. In January 2006, the Group acquired the remaining 8% equity interest of Huzhou Jiangnan Hailian Company.

The Unaudited Combined Financial Information have been prepared based on the unaudited consolidated management accounts of Pan Hong Investment for the three months ended 31 March 2006, or where appropriate, unaudited management accounts of all companies now comprising the Group. In preparing these consolidated management accounts of Pan Hong Investment and management accounts, it is fundamental that appropriate accounting policies are selected and applied consistently. The directors of the Company are responsible for the preparation of the Unaudited Combined Financial Information.

Notes to the unaudited combined financial statements (Continued)

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Unaudited Combined Financial Information have been prepared in accordance with International Accounting Standard (''IAS'') 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB"). The Unaudited Combined Financial Information should be read in conjunction with the Audited Combined Financial Information of the Group for the year ended 31 December 2005 as set out in Appendix A to this Prospectus.

Basis of preparation of the Unaudited Combined Financial Information

The Group has adopted all of the new and revised International Financial Reporting Standards (herein collectively referred to as "IFRS") and the IFRIC of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2006.

The adoption of these new and revised IFRS did not result in significant alterations to the Group's accounting policies. The specific transitional provisions contained in some of these standards were considered. The adoption of these standards and interpretations will not result in substantial changes to the amounts and disclosures in these Unaudited Combined Financial Information.

The Group has not early adopted the following standards or interpretations that have been issued but are not yet effective. The adoption of such standards and interpretations will not result in substantial changes to the Group's accounting policies.

IAS (Amendment)	Capital Disclosures[3]
IFRS 7	Financial Instruments — Disclosures[3]
IFRIC 7	Applying the Restatement Approach under IAS29 Financial Reporting Hyperinflationary Econmomies[1]
IFRIC 8	Scope of IFRS 2[2]
IFRIC 9	Reassessment of Embedded Derivatives[4]

Notes:

1 Effective for annual periods beginning on or after 1 March 2006

2 Effective for annual periods beginning on or after 1 May 2006

3 Effective for annual periods beginning on or after 1 January 2007

4 Effective for annual periods beginning on or after 1 June 2006

Notes to the unaudited combined financial statements (Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Unaudited Combined Financial Information have been prepared in accordance with the significant accounting policies set out below together with the significant accounting policies of the Group as set out in Appendix A note 4 to this Prospectus. The Unaudited Combined Financial Information have been prepared under the historical cost convention, except for investment properties. The preparation of the Unaudited Combined Financial Information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Unaudited Combined Financial Information are disclosed in note 5. The principal accounting policies adopted in addition to those of the Group as set out in Appendix A note 4 to the Prospectus are as follows:

(a) Goodwill

Goodwill arising on acquisition of a subsidiary represents the excess of the cost of acquisition over the fair value of the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

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.

(b) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both is classified as investment property. Investment properties comprise land held under operating lease and building held under finance lease. Land held under operating lease is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it was a finance lease.

Investment properties are measured initially at its cost, including related transaction cost. After initial recognition, investment properties are carried at fair value. Fair value is determined annually 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 balance sheet reflect the prevailing market conditions at the balance sheet date.

Any gain or loss resulting from either a change in fair value or the sale of investment properties is immediately recognised in the consolidated income statement.

Notes to the unaudited combined financial statements (Continued)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors. The following additional estimates and judgements adopted by the Group concerning goodwill and investment properties were adopted during the three months ended 31 March 2006 in addition to those of the Group are set out in Appendix A note 5 to this Prospectus.

(a) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy. The recoverable amounts of cash-generating unit have been determined based on value-in-use calculations. These calculations require the use of estimates.

(b) Investment property

The investment property of the Group was stated at fair value in accordance with the accounting policy. The fair value of the investment is determined by a firm of independently qualified professional surveyors and the fair value of investment property as at 31 March 2006 is set out in note 13. Such valuation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

6. REVENUE, OTHER INCOME AND GAINS

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 3. Analysis of revenue, other income and gains is as follows:

	Three months ended 31 March	
	2006	**2005**
	RMB'000	**RMB'000**
	(Unaudited)	**(Unaudited)**
Revenue		
Sale of completed properties	**33,332**	—
Other income and gains		
Interest income	**19**	41
Rental income	**159**	150
Fair value change of investment property (note 13)	**5,880**	—
	6,058	191

7. SEGMENT INFORMATION

Properties development is the only business segment of the Group. No geographical segment analysis is presented as less than 10% of the Group's revenue and contribution to operating profit is attributable to markets located outside the PRC. Accordingly, no separate business and geographical segment information is prepared.

Notes to the unaudited combined financial statements (Continued)

8. PROFIT/(LOSS) BEFORE TAXATION

	Three months ended 31 March	
	2006	2005
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit/(loss) before taxation is arrived at after charging:		
Operating lease charges in respect of land and buildings	**20**	47
Less: amount capitalised in properties held under development	**(13)**	—
	7	47
Cost of properties held for sale recognised as expense	**17,895**	—
Borrowing cost wholly repayable within one year	**950**	439
Less: amount capitalised in properties held under development	**(624)**	(439)
	326	—
Depreciation of property , plant and equipment	**87**	57
Less: amount capitalised in properties held under development	**(18)**	(16)
	69	41
Staff costs, including directors' emoluments	**432**	246
Contribution to retirement benefits plans	**24**	21

9. TAXATION

	Three months ended 31 March	
	2006	2005
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax — PRC	**4,222**	—
Deferred tax	**1,940**	—
Total tax expenses	**6,162**	—

The PRC income tax is computed according to the relevant laws and regulations in the PRC. The applicable income tax rate was 33% for the three months ended 31 March 2006 (2005: 33%). Reconciliation between tax expense and accounting profit at the applicable tax rate of 33% is as follows:

Notes to the unaudited combined financial statements (Continued)

9. TAXATION (Continued)

	Three months ended 31 March	
	2006	**2005**
	RMB'000	**RMB'000**
	(Unaudited)	**(Unaudited)**
Profit/(loss) before taxation	**16,444**	(1,258)
Tax on profit/(loss) before taxation, calculated at the rate applicable to profits in the PRC	**5,426**	(415)
Tax effect of different tax rate	**212**	—
Tax effect of unrecognised deferred tax assets	**260**	140
Tax effect of non-taxable revenue	**(6)**	(63)
Tax effect of non-deductible expense	**270**	338
Total taxation	**6,162**	—

Deferred taxation is calculated in full on temporary differences under the balance sheet liability method using principal taxation rate of 33% for the three months ended 31 March 2006. The movement on the deferred tax liabilities is as follows:

	At 31 March 2006	**At 31 December 2005**
	RMB'000	**RMB'000**
	(Unaudited)	**(Audited)**
At 1 January	**—**	—
Deferred tax charged to the income statement		
— attributable to fair value change of investment property	**1,940**	—
Deferred tax credit recognised	**1,940**	—

Deferred tax assets are recognised to the extent that realisation for related tax benefit through the future taxable profits is probable. The amount of deferred tax credit not recognised are as follows:

	Three months ended 31 March	
	2006	**2005**
	RMB'000	**RMB'000**
	(Unaudited)	**(Unaudited)**
Tax effect of unrecognised deferred tax assets arising from tax losses	**260**	140

Notes to the unaudited combined financial statements (Continued)

9. TAXATION (Continued)

Major deferred tax assets arising from tax losses not recognised in the combined balance sheets and the movements during the three months ended 31 March 2006 are as follows:

	At 31 March 2006 RMB'000 (Unaudited)	At 31 December 2005 RMB'000 (Audited)
At 1 January	**986**	813
Deferred tax credit not recognised	**260**	173
At the end of the period/year	**1,246**	986

10. DIVIDENDS

No dividend has been paid or declared by the Company since the date of its incorporation.

11. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated based on profit/(loss) attributable to the equity holders of the Company for the three months ended 31 March 2006 and 31 March 2005 and the pre-invitation share capital of the Company. The Company's pre-invitation share capital of 360,000,000 shares were assumed to be in issue throughout the entire period presented.

As there were no dilutive potential ordinary shares during three months ended 31 March 2006 and 31 March 2005, no diluted earnings/(loss) per share is presented.

12. PROPERTY, PLANT AND EQUIPMENT

	Computers and other equipment RMB'000	Motor vehicles RMB'000	Buildings RMB'000	Total RMB'000
(Audited)				
At 1 January 2005				
Cost	279	1,514	619	2,412
Accumulated depreciation	(62)	(537)	(14)	(613)
Net book amount	217	977	605	1,799
Year ended 31 December 2005				
Opening net book amount	217	977	605	1,799
Additions	325	178	—	503
Disposals	—	(199)	—	(199)
Depreciation	(75)	(206)	(28)	(309)
Closing net book amount	467	750	577	1,794

Notes to the unaudited combined financial statements (Continued)

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Computers and other equipment RMB'000	Motor vehicles RMB'000	Buildings RMB'000	Total RMB'000
(Audited)				
At 31 December 2005 and 1 January 2006				
Cost	604	1,493	619	2,716
Accumulated depreciation	(137)	(743)	(42)	(922)
Net book amount	467	750	577	1,794
(Unaudited)				
Three months ended 31 March 2006				
Opening net book amount	467	750	577	1,794
Additions	31	—	—	31
Acquisition of a subsidiary	24	126	—	150
Depreciation	(28)	(51)	(8)	(87)
Closing net book amount	**494**	**825**	**569**	**1,888**
At 31 March 2006				
Cost	659	1,619	619	2,897
Accumulated depreciation	(165)	(794)	(50)	(1,009)
Net book amount	**494**	**825**	**569**	**1,888**

Buildings held by the Group are located in the PRC.

Depreciation expenses have been included in:

	Three months ended 31 March 2006 RMB'000 (Unaudited)	Year ended 31 December 2005 RMB'000 (Audited)
Combined balance sheet		
— capitalised in properties held under development	**18**	59
Combined income statement		
— cost of sales	**17**	68
— administrative expense	**52**	180
— selling expense	**—**	2
	69	250
	87	309

Notes to the unaudited combined financial statements (Continued)

13. INVESTMENT PROPERTY

	At 31 March 2006 RMB'000 (Unaudited)	At 31 December 2005 RMB'000 (Audited)
Carrying amount at 1 January	**—**	—
Additions	**1,708**	—
Fair value adjustment	**5,880**	—
Carrying amount at the end of the period/year	**7,588**	—

The investment property included leasehold interest in land located in the PRC with lease terms expiring on 30 December 2032.

The investment property was revalued at 31 March 2006 by Sallmanns (Far East) Limited, a firm of independent qualified professional surveyors, and 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 property as at 31 March 2006.

14. GOODWILL

The net carrying amount of goodwill can be analysed as follows:

	At 31 March 2006 RMB'000 (Unaudited)	At 31 December 2005 RMB'000 (Audited)
Net book value:		
Net carrying amount at 1 January	**—**	—
Acquisition of a subsidiary	**6,030**	—
Net carrying amount at the end of the period/year	**6,030**	—
Closing carrying amount:		
Gross carrying amount	**6,030**	—
Accumulated impairment	**—**	—
Net carrying amount	**6,030**	—

Notes to the unaudited combined financial statements (Continued)

14. GOODWILL (Continued)

The goodwill at 31 March 2006 comprises mainly goodwill arising from the acquisition of Huzhou Hongjin Market Company. Based on the directors' assessment of the recoverable amount of the goodwill using the value-in-use calculations, covering cash-flow projections discounted at applicable costs of capital, which assume that there are no material adverse changes in the underlying property development operations of Huzhou Hongjin Market Company, no impairment provision is considered necessary.

15. INTERESTS IN ASSOCIATES

	At 31 March 2006 RMB'000 (Unaudited)	At 31 December 2005 RMB'000 (Audited)
Share of net assets	**2,475**	22,360

Details of the Group's associated company are set out in note 3.

(a) Summary of financial information of Huzhou Hongjin Market Company are as follows:

	Three months ended 31 March 2006 RMB'000 (Unaudited)	2005 RMB'000 (Unaudited)
Operating results:		
— Revenue	**—**	—
— Loss before tax	**(180)**	(157)
— Loss after tax	**(180)**	(157)

	At 31 March 2006 RMB'000 (Unaudited)	At 31 December 2005 RMB'000 (Audited)
Financial position:		
— Non-current assets	**—**	160
— Current assets	**—**	73,829
— Non-current liabilities	**—**	(41,264)

Notes to the unaudited combined financial statements (Continued)

15. INTERESTS IN ASSOCIATES (Continued)

(b) Summary of financial information of Huzhou Jinquan Company are as follows:

	Three months ended 31 March	
	2006	**2005**
	RMB'000	**RMB'000**
	(Unaudited)	**(Unaudited)**
Operating results:		
— Revenue	**—**	—
— Loss before tax	**—**	—
— Loss after tax	**—**	—

	At 31 March 2006	**At 31 December 2005**
	RMB'000	**RMB'000**
	(Unaudited)	**(Audited)**
Financial position:		
— Non-current assets	**—**	—
— Current assets	**2,475**	2,472
— Non-current liabilities	**—**	—

16. PROPERTIES HELD UNDER DEVELOPMENT

	At 31 March 2006	**At 31 December 2005**
	RMB'000	**RMB'000**
	(Unaudited)	**(Audited)**
Leasehold interests in land located in the PRC at cost	**277,104**	209,604
Development costs	**18,207**	4,975
Borrowing costs capitalised, net	**2,811**	1,818
	298,122	216,397

Notes to the unaudited combined financial statements (Continued)

16. PROPERTIES HELD UNDER DEVELOPMENT (Continued)

Leasehold interests in land are located in the PRC and have lease terms expiring from 2027 to 2073. The Group's leasehold interests in land are analysed as follows:

	At 31 March 2006 RMB'000 (Unaudited)	At 31 December 2005 RMB'000 (Audited)
Leasehold interests in land located in the PRC held on:		
Leases of over 30 years	**155,515**	88,015
Leases of 30 years or less	**121,589**	121,589
	277,104	209,604

Leasehold interests in land located in the PRC of approximately RMB32,982,000 (31 December 2005: RMB32,982,000), were pledged against certain bank borrowings of the Group at 31 March 2006 (note 21). At 31 March 2006, certain of the Group's leasehold interests in land were pledged for credit facilities of approximately RMB51,400,000 (31 December 2005: RMB31,400,000) granted to a minority shareholder of a subsidiary.

17. PROPERTIES HELD FOR SALE

Properties held for sale include leasehold interests in land located in the PRC with lease terms expiring from 2041 to 2072.

As at 31 March 2006, the carrying values of the operating lease up-front payments for the land amounted to approximately RMB8,665,000 (31 December 2005: RMB12,798,000).

18. DEPOSITS PAID, PREPAYMENTS AND OTHER RECEIVABLES

	At 31 March 2006 RMB'000 (Unaudited)	At 31 December 2005 RMB'000 (Audited)
Deposits and prepayments	**31,041**	2,696
Other receivables	**4,352**	1,431
	35,393	4,127

Notes to the unaudited combined financial statements (Continued)

19. AMOUNTS DUE FROM/TO RELATED PARTIES

	Note	At 31 March 2006 RMB'000 (Unaudited)	At 31 December 2005 RMB'000 (Audited)
Amount due from a related party	(a)	—	25,290
Amount due to related parties	(b)	**(3,998)**	(1,296)

(a) Amount due from a related party

	At 31 March 2006 RMB'000 (Unaudited)	At 31 December 2005 RMB'000 (Audited)
Associate		
Huzhou Hongjin Market Company	—	25,290

The amount due was unsecured, interest free and had no fixed terms of repayment.

(b) Balance represents the total of the amount due to the following related parties:

	Note	At 31 March 2006 RMB'000 (Unaudited)	At 31 December 2005 RMB'000 (Audited)
Amount due to an associate		**1,122**	1,144
Amount due to a related company	(i)	**2,876**	152
		3,998	1,296

(i) Amount represents amount due to Pan Hong Company Limited, in which Mr Wong Lam Ping, a director of the Company, has beneficial interest in this company.

The amounts due were unsecured, interest free and had no fixed terms of repayment.

20. ACCRUALS, RECEIPTS IN ADVANCE AND OTHER PAYABLES

	At 31 March 2006 RMB'000 (Unaudited)	At 31 December 2005 RMB'000 (Audited)
Receipts in advance	**3,071**	15,553
Accruals and other payables	**25,579**	38,083
	28,650	53,636

Notes to the unaudited combined financial statements (Continued)

21. BORROWINGS

	At 31 March 2006 RMB'000 (Unaudited)	At 31 December 2005 RMB'000 (Audited)
Bank loans wholly repayable within one year	**31,000**	22,000
Other loan from a minority shareholder of a subsidiary	**20,000**	—
	51,000	22,000

Bank loans were denominated in Renminbi, secured by the Group's leasehold interests in land (note 16) and bore interests at the fixed rate ranging from 6.336% to 6.912% per annum (31 December 2005: 5.58%).

Other loan from a minority shareholder of a subsidiary was unsecured, denominated in Renminbi and bore interests at the fixed rate of 6.786% per annum.

22. SHAREHOLDER'S LOAN

The amount due as at 31 March 2006 was unsecured, interest free and the lender would not demand for repayment prior to 1 January 2008. Balance at 31 December 2005 of approximately RMB194,253,000 was capitalised during the three months ended 31 March 2006, details are set out in note 23(b) below.

23. SHARE CAPITAL

As at 31 March 2006, the Company had no issued share capital and the share capital represents the combined issued share capital of Pan Hong Investment and the Company. Details of changes in the combined issued share capital during the three months ended 31 March 2006 are set out below:

(a) The Company was incorporated in Bermuda on 20 December 2005. At the date of incorporation, the authorised share capital of the Company was HK$100,000 divided into 1,000,000 ordinary shares of HK$0.1 each. On 3 January 2006, 1,000,000 ordinary shares of HK$0.1 each were allotted and issued nil paid at par to Mr Wong Lam Ping and Ms Chan Heung Ling.

(b) On 15 March 2006, Pan Hong Investment issue and allotted, credited as fully paid, 186,782,480 ordinary shares of HK$1.00 each as consideration of capitalising an outstanding amount of approximately RMB194,253,000 owing to a shareholder, Mr Wong Lam Ping. Details of the loan capitalisation are set out in Appendix A note 3 to this Prospectus.

(c) On 23 March 2006, Pan Hong Investment issued and allotted, credited as fully paid, 5,777,087 ordinary shares of HK$1.00 each as consideration of acquiring the entire issued share capital of Wiseidea Investments. Details of the acquisition are set out in Appendix A note 3 to this Prospectus.

Notes to the unaudited combined financial statements (Continued)

24. RESERVES

	At 31 March 2006 RMB'000 (Unaudited)	At 31 December 2005 RMB'000 (Audited)
Share premium	**16,546**	—
Retained earnings	**71,192**	61,018
Exchange reserves	**(86)**	437
	87,652	61,455

The share premium account of the Group represented the premium arising from the issue of shares of Pan Hong Investment at a premium.

25. CASH AND CASH EQUIVALENTS

All cash and cash equivalents of the Group were originally denominated in Renminbi and deposited with banks in the PRC, the conversion of these Renminbi denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

26. EMPLOYEE BENEFIT EXPENSES

(a) Included in employee benefit expenses are directors' emoluments as follows:

	Three months ended 31 March	
	2006 RMB'000 (Unaudited)	2005 RMB'000 (Unaudited)
Salaries and wages	**70**	64

(b) Included in employee benefit expenses are key management personnel compensation as follows:

	Three months ended 31 March	
	2006 RMB'000 (Unaudited)	2005 RMB'000 (Unaudited)
Salaries and wages	**107**	—
Pension cost — defined contribution plans	**1**	—

Notes to the unaudited combined financial statements (Continued)

27. BUSINESS COMBINATION

The Group further acquired 58% interest in Huzhou Hongjin Market Company during the three months ended 31 March 2006 as set out in note 3(c) to this report. The acquired business contributed revenue and net profit of RMBNil and RMBNil respectively to the Group since the date of acquisition. If the acquisition had occurred on 1 January 2006, the Group's revenue would have been approximately RMB33,332,000 and profit for the period would have been approximately RMB10,282,000.

The assets and liabilities arising from the acquisitions are as follows:

	Carrying value At date of acquisition RMB'000	Fair value At date of acquisition RMB'000
Net assets acquired:		
Property, plant and equipment	150	150
Amount due from a shareholder	13,000	13,000
Property held under development	30,979	35,340
Deposits paid, prepayment and other receivables	30,915	30,915
Amount due from related parties	730	730
Cash at banks and in hand	763	763
Accruals, receipts in advance and other payables	(226)	(226)
Amount due to related parties	(35,082)	(35,082)
Provision for tax	(1)	(1)
Borrowings	(16,000)	(16,000)
	25,228	29,589
Less: interest formerly held as an associate	(20,719)	(20,719)
	4,509	8,870

Details of net assets acquired and goodwill are as follows:

	At date of acquisition RMB'000
Purchase consideration	
Fair value of shares issued	22,514
Cash	4,877
Shareholder loan assigned	(12,491)
Total purchase consideration	14,900
Fair value of net assets acquired	(8,870)
Goodwill (note 14)	6,030

Notes to the unaudited combined financial statements (Continued)

27. BUSINESS COMBINATION (Continued)

There was no acquisition of subsidiary in the three months ended 31 March 2005.

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

	At date of acquisition RMB'000
Cash consideration	(4,877)
Cash consideration paid by a shareholder (note *)	4,877
Cash at banks and in hand acquired	763
Net cash inflow in respect of acquisition of a subsidiary	763

* The consideration was settled by Mr Wong Lam Ping on behalf of the Group.

28. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS

(a) Capital commitments

(i) Capital commitments of the Group

	At 31 March 2006 RMB'000 (Unaudited)	At 31 December 2005 RMB'000 (Audited)
Contracted but not provided for in respect of		
— properties held under development	8,300	3,278

(ii) Attributable share of associate capital commitments in respect of properties held under development

	At 31 March 2006 RMB'000 (Unaudited)	At 31 December 2005 RMB'000 (Audited)
Contracted but not provided for	—	5,132

Notes to the unaudited combined financial statements (Continued)

28. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS (Continued)

(b) Future operating lease arrangements

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

	At 31 March 2006 RMB'000 (Unaudited)	At 31 December 2005 RMB'000 (Audited)
Not later than one year	**834**	665
Later than one year and not later than five years	**3,507**	3,397
	4,341	4,062

The Group leases out its properties held for sale under operating lease arrangements which run for initial periods of six years, without an option to renew the lease terms at the expiry date.

(ii) The Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	At 31 March 2006 RMB'000 (Unaudited)	At 31 December 2005 RMB'000 (Audited)
Not later than one year	**458**	282
Later than one year and not later than five years	**897**	584
	1,355	866

The Group leases a number of properties under operating lease arrangements which run for initial periods of one to six years, without an option to renew the lease terms at the expiry date.

The Group has occupied an office beneficially owned by Mr Wong Lam Ping and Ms Chan Heung Ling. Commencing 1 January 2006, the monthly rental is HK$10,800. The lease period is from 1 January 2006 to 31 December 2009. Prior to 1 January 2006, the office is occupied by the Group without incurring rental expenses.

During the three months ended 31 March 2006, the Group had not recognised any contingent rentals receivable and payable.

Notes to the unaudited combined financial statements (Continued)

29. CONTINGENT LIABILITIES

The Group has arranged mortgage loan facility for certain purchasers of property units and provided guarantees to secure obligations of repayments. At 31 March 2006, the outstanding guarantees amounted to RMB31,647,000 (31 December 2005: RMB87,150,000). 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.

30. MAJOR NON-CASH TRANSACTIONS

During the three months ended 31 March 2006, Pan Hong Investment issued 186,782,480 ordinary shares of HK$1.00 each to Mr Wong Lam Ping and Ms Chan Heung Ling in equal proportion consideration for an outstanding amount of approximately RMB194.3 million (or the equivalent of approximately HK$186.8 million) owing to Mr Wong Lam Ping.

In addition, Pan Hong Investment issued 5,777,087 ordinary shares of HK$1.00 to an independent third party, as consideration for the acquisition of 100% interest in Wiseidea Investments and took over the shareholder's loan of HK$12,010,079 at the date of acquisition.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES — 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.

The financial assets of the Group comprise primarily account and other receivables, amount due from a related party and cash and cash equivalents. The financial liabilities of the Group comprise account and other payables, accruals, receipts in advance, amount due to related parties and borrowings.

(a) Interest rate risk

The Group has no significant interest-bearing assets. The Group's interest rate risk arises from borrowings. The interest rates and terms of repayment of the borrowings are disclosed in note 21.

(b) Foreign currency risk

The Group's exposure to risk resulting from changes in foreign currency exchange rates is minimal.

Notes to the unaudited combined financial statements (Continued)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES — POLICIES (Continued)

(c) Credit risk

The carrying amounts of account and other receivables and amount due from a related party represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group has no other significant concentration of credit risk. No other financial assets carry a significant exposure to credit risk.

(d) Fair value

The fair value 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 values of borrowings and shareholder's loan are not disclosed because the carrying value is not materially different from the fair value.

32. ULTIMATE SHAREHOLDERS

As at 31 March 2006, Mr Wong Lam Ping and Ms Chan Heung Ling are the ultimate shareholders of the Company.

33. SUBSEQUENT EVENTS

The following significant subsequent events took place subsequent to 31 March 2006 and up to date of this report:

As set out in note 3, Huzhou Jinquan Company, an associate of the Group at 31 March 2006, was liquidated in June 2006.

The Group had undertaken the Reorganisation as set out in note 3 above.

Save as aforesaid, no other significant event took place subsequent to 31 March 2006.

34. COMPARATIVE FIGURES

The financial information for the corresponding three months ended 31 March 2005 were included for comparative purposes. These financial information were extracted from the unaudited management accounts and have not been reviewed or audited.

11 September 2006

The Board of Directors
Pan Hong Property Group Limited
Clarendon House
2 Church Street
Hamilton HM 11
Burmuda

Dear Sirs:

We report on the unaudited pro forma financial information set out in page C-3 to C-10 of the prospectus dated 11 September 2006, which has been prepared for illustrative purposes only and based on certain assumptions and after making certain adjustments to show what:

(i) the financial results and cash flows of Pan Hong Property Group Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2005 would have been if the further acquisitions of certain entities as set out in notes 2 to 4 in the unaudited pro forma financial information below (the "Acquisitions") and loan capitalisation as set out in note 1 to the unaudited pro forma financial information (the "Loan Capitalisation") had occurred on 1 January 2005; and

(ii) the financial position of the Group as of 31 December 2005 would have been if the Acquisitions and Loan Capitalisation had occurred on 31 December 2005.

The unaudited pro forma financial information, because of their nature, may not give a true picture of the Group's actual financial position, results or cash flows of the Group after the Acquisitions and Loan Capitalisation.

The unaudited pro forma financial information, including determination of the adjustments, are the responsibility of the directors of the Company. Our responsibility is to express an opinion on the unaudited pro forma financial information based on our work.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We carried out procedures in accordance with Singapore Statement of Auditing Practice: SAP 24: "Auditors and Public Offering Documents". Our work, which involved no independent examination of the underlying financial statements, consisted primarily of comparing the unaudited pro forma financial information to the financial statements (or where information is not available in the financial statements, to accounting records) of the Company and the companies in the Group considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company.

(a) In our opinion, the unaudited pro forma financial information has been properly prepared:

(i) in a manner consistent with the format of the financial statements and the accounting policies of the Company, which are in accordance with International Financial Reporting Standards ("IFRS") , and

(ii) on the basis stated in the section headed "Basis of preparation of the unaudited pro forma financial information"; and

(b) Each material adjustment made to the information used in the preparation of the unaudited pro forma financial information is appropriate for the purposes of preparing such financial information.

Foo Kon Tan Grant Thornton
Certified Public Accountants
Singapore
Wong Kian Kok
Partner

Grant Thornton
Certified Public Accountants
Hong Kong
Andrew Lam
Partner

UNAUDITED PRO FORMA FINANCIAL INFORMATION

Introduction

The following unaudited pro forma income statement and cash flow statement of the Group for the year ended 31 December 2005 and the unaudited pro forma balance sheet of the Group as at 31 December 2005 (collectively known as the "unaudited pro forma financial information") have been prepared for inclusion in the prospectus of the Company dated 11 September 2006 (the "Prospectus") in connection with the invitation of the Company in respect of the offer of 125,000,000 ordinary shares of HK$0.60 each.

Basis of preparation of the unaudited pro forma financial information

The objective of the unaudited pro forma financial information is to show what the historical financial information might have been had the further acquisitions of certain entities as set out in notes 2 to 4 below (the "Acquisitions") and loan capitalisation as set out in note 1 (the "Loan Capitalisation") been in place since 1 January 2005.

The unaudited pro forma financial information has been prepared for illustrative purposes only. The unaudited pro forma financial information is not necessarily indicative of the results and operations or the related effects on the financial position that would have been attained had the Acquisitions and the Loan Capitalisation actually existed since 1 January 2005.

The unaudited pro forma financial information were based on certain assumptions, after making adjustments, to show (i) what the financial results and cash flows of the Group for the year ended 31 December 2005 would have been, if the Acquisitions and the Loan Capitalisation had occurred at 1 January 2005; and (ii) what the financial position of the Group would have been as at 31 December 2005 if the Acquisitions and Loan Capitalisation had occurred on 31 December 2005.

The unaudited pro forma financial information, because of its nature, may not give the actual financial position, results or cash flows of the Group after the Acquisitions and the Loan Capitalisation.

The unaudited pro forma financial information are prepared based on the audited financial information of the Group as of and for the year ended 31 December 2005, as shown in the accountants' report on the Company as set out in Appendix A to the Prospectus, and is based on certain assumptions and after making adjustments to show what the financial position of the Group as at 31 December 2005 and the results and cash flows of the Group for the year ended 31 December 2005 would have been, if the Acquisitions and Loan Capitalisation had been in existence since 1 January 2005.

The unaudited pro forma financial information has been prepared based on:

(a) the audited combined financial statements of the Group for the year ended 31 December 2005, prepared under International Financial Reporting Standards ("IFRS"); and

(b) the unaudited management accounts of Huzhou Hongjin Market Construction & Development Co., Ltd. ("Huzhou Hongjin Market Company"), Huzhou Jiangnan Hailian Construction Co., Ltd. ("Huzhou Jiangnan Hailian Company") and Wiseidea Investments Limited ("Wiseidea Investments") for the year ended 31 December 2005 prepared under IFRS.

Unaudited pro forma combined income statement
For the year ended 31 December 2005

	Audited Group for the year ended 31 December 2005 RMB'000	Pro forma Adjustments (note 2b(ii)) RMB'000	Pro forma Adjustments (note 4a(i)) RMB'000	Pro forma Adjustments (note 4c(i)) RMB'000	Unaudited Pro forma Group for the year ended 31 December 2005 RMB'000
Revenue	288,012				288,012
Cost of sales	(194,823)				(194,823)
Gross profit	93,189				93,189
Other income	661			33	694
Selling expenses	(268)			(110)	(378)
Administrative expenses	(3,797)			(423)	(4,220)
Other operating expenses	(955)				(955)
Finance costs	(913)				(913)
Share of loss of an associate	(210)		210		—
Profit before taxation	87,707				87,417
Taxation	(29,194)				(29,194)
Profit for the year	58,513				58,223
ATTRIBUTABLE TO:					
Equity holders of the Company	59,297	(126)	210	(500)	58,881
Minority interests	(784)	126			(658)
Profit for the year	58,513				58,223

Unaudited pro forma combined balance sheet
As at 31 December 2005

	Audited Group as at 31 December 2005 RMB'000	Pro forma Adjustments (note 1) RMB'000	Pro forma Adjustments (note 2a(i)) RMB'000	Pro forma Adjustments (note 2b(i)) RMB'000	Pro forma Adjustments (note 3a) RMB'000	Pro forma Adjustments (note 3b) RMB'000	Pro forma Adjustments (note 4a(ii)) RMB'000	Pro forma Adjustments (note 4b(i) RMB'000	Pro forma Adjustments (note 4b(ii) RMB'000	Pro forma Adjustments (note 4c(i)) RMB'000	Pro forma Adjustments (note 4c(ii)) RMB'000	Pro forma Adjustments (note 4d) RMB'000	Pro forma Adjustments (note 5) RMB'000	Unaudited Pro forma Group as at 31 December 2005 RMB'000
ASSETS AND LIABILITIES														
Non-current assets														
Goodwill	—											11,900		11,900
Property, plant and equipment	1,794									160				1,954
Interests in subsidiaries	—		5,194	(5,194)	22,643	4,877	19,888	12,480	10,766			(58,163)	(12,491)	—
Interests in associates	22,360						(19,888)							2,472
	24,154													16,326
Current assets														
Properties held under development	216,397									18,827				235,224
Properties held for sale	82,310													82,310
Account receivables	18,122													18,122
Deposits paid, prepayments and other receivables	4,127									22,231				26,358
Amounts due from related companies	25,290									10,551			(26,000)	9,841
Cash at banks and in hand	15,234		(5,194)			(4,877)		10		22,221	13,822			41,216
	361,480													413,071

Unaudited pro forma combined balance sheet (Continued)

	Audited Group as at 31 December 2005 RMB'000	Pro forma Adjustments (note 1) RMB'000	Pro forma Adjustments (note 2a(i)) RMB'000	Pro forma Adjustments (note 2b(i)) RMB'000	Pro forma Adjustments (note 3a) RMB'000	Pro forma Adjustments (note 3b) RMB'000	Pro forma Adjustments (note 4a(ii)) RMB'000	Pro forma Adjustments (note 4b(i) RMB'000	Pro forma Adjustments (note 4b(ii) RMB'000	Pro forma Adjustments (note 4c(i)) RMB'000	Pro forma Adjustments (note 4c(ii)) RMB'000	Pro forma Adjustments (note 4d) RMB'000	Pro forma Adjustments (note 5) RMB'000	Unaudited Pro forma Group as at 31 December 2005 RMB'000
Current liabilities														
Account payables	59													59
Accruals, receipt in advance and other payables	53,636							12,491		263			(12,491)	53,899
Provision for tax	17,911													17,911
Amount due to related companies	1,296									26,000			(26,000)	1,296
Borrowings	22,000									15,000				37,000
	94,902													110,165
Net current assets	266,578													302,906
Total assets less current liabilities	290,732													319,232
Non-current liabilities														
Shareholder's loan	194,253	(194,253)							10,766					10,766
Net assets	96,479													308,466
EQUITY														
Equity attributable to Company's equity holders	61,466	194,253			22,643			(1)		32,727	13,822	(46,263)		278,647
Minority interests	35,013			(5,194)										29,819
Total equity	96,479													308,466

Unaudited pro forma combined cash flow statement
For the year ended 31 December 2005

	Audited Group for the year ended 31 December 2005 RMB'000	Pro forma Adjustments (note 4a(i)) RMB'000	Pro forma Adjustments (note 4c(i)) RMB'000	Unaudited Pro forma Group for the year ended 31 December 2005 RMB'000
Cash flows from operating activities				
Profit before taxation	87,707	210	(500)	87,417
Adjustments for:				
Interest income	(101)			(101)
Interest expense	913			913
Depreciation	250		37	287
Loss on disposal of property, plant and equipment	49			49
Share of interests in an associate	210	(210)		—
Operating profit before working capital changes	89,028			88,565
Increase in properties held under development	(94,923)		(18,827)	(113,750)
Decrease in account and other receivables, prepayments and deposits paid	22,186		(22,221)	(35)
Increase in amount due from a related company	(25,290)		15,449	(9,841)
Decrease in account and other payables, accruals and receipts in advance	(116,292)		237	(116,055)
Increase in amount due to related companies	1,296			1,296
Cash used in operations	(123,995)			(149,820)
Income taxes paid	(7,551)			(7,551)
Net cash used in operating activities	(131,546)			(157,371)

Unaudited pro forma combined cash flow statement (Continued)
For the year ended 31 December 2005

	Audited Group for the year ended 31 December 2005 RMB'000	Pro forma Adjustments (note 2a(ii)) RMB'000	Pro forma Adjustments (note 4c(ii)) RMB'000	Pro forma Adjustments (note 3b) RMB'000	Pro forma Adjustments (note 4b(i)) RMB'000	Pro forma Adjustments (note 4c(i)) RMB'000	Unaudited Pro forma Group for the year ended 31 December 2005 RMB'000
Cash flows from investing activities							
Purchases of property, plant and equipment	(503)					(22)	(525)
Acquisition of subsidiary (net of cash and cash equivalents acquired)	—	(5,194)		(4,877)	10	18,207	8,146
Investment in associates	(18,738)					16,266	(2,472)
Sales proceeds received from disposal of property, plant and equipment	150						150
Interest received	101						101
Net cash (used in)/generated from investing activities	(18,990)						5,400
Cash flows from financing activities							
Capital contributions made by minority shareholders	20,839		13,822				34,661
New bank loans	22,000					15,000	37,000
Repayment of bank loans	(25,000)						(25,000)
Increase in shareholder's loan	127,684						127,684
Interest paid	(2,796)						(2,796)
Net cash generated from financing activities	142,727						171,549
Net (decrease)/increase in cash and cash equivalents	(7,809)						19,578
Effect of foreign exchange difference	3,316					(1,405)	1,911
Cash and cash equivalents at 1 January, 2005	19,727						19,727
Cash and cash equivalents at 31 December, 2005	15,234						41,216
Analysis of balances of cash and cash equivalents							
Cash at banks and in hand	15,234						41,216

Notes to the unaudited pro forma financial information

1. In March 2006, Pan Hong Investment Limited ("Pan Hong Investment") capitalised an outstanding amount as at 31 December 2005 of approximately RMB194,253,000 owing by Pan Hong Investment to Mr. Wong Lam Ping by issuance of 186,782,480 ordinary shares of HK$1.00 in the capital of Pan Hong Investment, at Mr. Wong Lam Ping's discretion, to him and Ms Chan Heung Ling in equal proportions. The adjustment reflects the capitalisation of shareholder's loan as if the loan capitalisation had been in place as at 1 January 2005.

2. In January 2006, Pan Hong Investment entered into a share purchase agreement with 海联投资有限公司, a third party in the PRC, to acquire 8% equity interest in Huzhou Jiangnan Hailian Company. The investment in Huzhou Jiangnan Hailian Company would be recorded as interest in subsidiary and consolidated by the Company upon the completion of the acquisition. Huzhou Jiangnan Hailian Company was established on 6 December 2004 and Pan Hong Investment owned as to 57% equity interest in Huzhou Jiangnan Hailian Company prior to this further acquisition. Immediately after the acquisition, Pan Hong Investment owned as to 65% of Huzhou Jiangnan Hailian Company.

Notes to the unaudited pro forma financial information (Continued)

(a) The adjustment reflects the acquisition of 8% equity interest in Huzhou Jiangnan Hailian Company at a consideration of RMB5,193,656 which was satisfied in cash (i) as if the acquisition had taken place on 31 December 2005 for the unaudited pro forma balance sheet and (ii) as if the acquisition had taken place on 1 January 2005 for the unaudited pro forma cash flow statement.

(b) The adjustments reflect (i) the elimination of the 8% equity interest held by Pan Hong Investment and the share of minority interest prior to the acquisition of Huzhou Jiangnan Hailian Company as if the consolidation of the additional 8% equity interest had been in place on 31 December 2005 and (ii) the share of 8% results of Huzhou Jiangnan Hailian Company, which was originally included in minority interest, as if the consolidation of the additional 8% equity interest had been in place on 1 January 2005.

3. Huzhou Hongjin Market Company was established on 30 November 2004 and Pan Hong Investment owned as to 42% equity interest in Huzhou Hongjin Market Company. Huzhou Hongjin Market Company was regarded as an associate at 31 December 2005.

(a) On 23 March 2006, Pan Hong Investment entered into a share purchase agreement with Glory Group Limited ("Glory Group"), a third party, to acquire 100% equity interest in Wiseidea Investments. Wiseidea Investments owned as to 48% equity interest in Huzhou Hongjin Market Company at the date of acquisition. In consideration for the acquisition, Pan Hong Investment issued 5,777,087 ordinary shares of HK$1.00 to Glory Group and took over the existing shareholder's loan of HK$12,010,079. The estimated fair value of the consideration shares were amounted to approximately RMB22,643,000. The adjustment is to reflect the acquisition of 100% equity interest in Wiseidea Investments and the shareholder's loan from Glory Group as if the transaction has taken place on 31 December 2005.

On completion, the fair value of the consideration shares will have to be assessed. As a result of the assessment, the amount of investment cost may be different from that estimated based on the basis stated above for the purpose of preparation of the unaudited pro forma financial information. Accordingly, the actual investment cost at the date of completion may be different from that presented above.

(b) On 15 March 2006, Pan Hong Investment entered into a share purchase agreement pursuant to which Pan Hong Investment acquired a 10% minority interest in Huzhou Hongjin Market Company from Huzhou Balidian Cuzhen Construction Co., Ltd. ("Balidian"), a third party in the PRC. The adjustment reflects the acquisition of 10% equity interest in Huzhou Hongjin Market Company at a consideration of RMB4,877,000 which was satisfied in cash as if the acquisition has taken place on 31 December 2005 for the unaudited pro forma combined balance sheet and on 1 January 2005 for the unaudited pro forma combined cash flow statement.

4. The Group owned as to 42% equity interest in Huzhou Hongjin Market Company prior to the acquisition of the additional 58% equity interest as set out in note (3). Huzhou Hongjin Marekt Company was equity accounted for by the Group which is shown as "Interests in associates" at 31 December 2005.

(a) The adjustment reflects (i) the reversal of the 42% share of results up to 31 December 2005 as if the acquisitions had taken place on 1 January 2005 and (ii) the reallocation of the "interests in associates" from "Interests in associates" to "Interest in subsidiaries" as if the acquisitions had taken place on 31 December 2005.

(b) (i) On consolidation, the Group took up the assets and liabilities of Wiseidea Investments at 31 December 2005. The adjustment reflects the 100% equity interest in Wiseidea Investments held by the Group on consolidation as if the acquisitions were completed on 31 December 2005 for the unaudited pro forma combined balance sheet and on 1 January 2005 for the unaudited pro forma combined cash flow statement.

(ii) Wiseidea Investments made additional capital injection to Huzhou Hongjin Market Company as set out in note 4(c)(ii) below. This injection was made by Mr. Wong Lam Ping, director of the Company, on behalf of Wiseidea Investments. The adjustment reflects the additional investment made by Wiseidea Investments in Huzhou Hongjin Market Company as if this was completed on 31 December 2005.

(c) (i) On consolidation, upon completion of acquisitions as set out in note (3), the Group took up 100% of results, assets and liabilities of Huzhou Hongjin Market Company. The adjustment reflects the 100% equity interest in Huzhou Hongjin Market Company held by the Group on consolidation as if the acquisitions of the 58% equity interest were completed on 31 December 2005 for the unaudited pro forma combined balance sheet and on 1 January 2005 for the unaudited pro forma combined income statement and unaudited pro forma combined cash flow statement.

(ii) On 7 March 2006, additional capital injections of approximately RMB3,056,000 and RMB10,766,000 were made by Balidian and Wiseidea Investments respectively. The adjustment reflects the increase in registered capital of Huzhou Hongjin Market Company of RMB13,822,000 which were satisfied in cash as if the injection has taken place on 31 December 2005 for the unaudited pro forma combined balance sheet and on 1 January 2005 for the unaudited pro forma combined cash flow statement.

Notes to the unaudited pro forma financial information (Continued)

(d) The adjustment reflects the elimination of the 100% equity interests held by Pan Hong Investment and the corresponding share/registered capital of Wiseidea Investments and Huzhou Hongjin Market Company as if the consolidation of these companies had been in place on 31 December 2005. The goodwill arising from acquisition of 100% of Wiseidea Investments is determined by taking into account the consideration of RMB22,643,000 as set out in note 3(a) above and the fair values of the identifiable assets and liabilities of Wiseidea Investments and Huzhou Hongjin Market Company as at 31 December 2005. The goodwill so arising is approximately RMB11,899,816 which is recognised as an asset in the unaudited pro forma balance sheet. Goodwill is stated at cost less accumulated impairment losses.

On completion, the fair value of the consideration and the net identifiable assets and liabilities of Wiseidea Investments and Huzhou Hongjin Market Company will have to be assessed. As a result of the assessment, the amount of goodwill may be different from that estimated based on the basis stated above for the purpose of preparation of the unaudited pro forma financial information. Accordingly, the actual goodwill at the date of completion may be different from that presented above.

5. This adjustment reflects the elimination of intercompany balances.

VALUATION CERTIFICATE (PUBLIC DOCUMENT)

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Sallmanns (Far East) Limited, an independent valuer, in connection with its valuation as at 31 December 2005 of the property interests of the Group.

Sallmanns 西門
Corporate valuation and consultancy
www.sallmanns.com

22nd Floor Siu On Centre
188 Lockhart Road
Wanchai, Hong Kong
Tel: (852) 2169 6000
Fax: (852) 2528 5079

30 March 2006

The Board of Directors
Pan Hong Property Group Limited
Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda
Dear Sirs,

In accordance with your instructions to value the properties in which Pan Hong Property Group Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") and a Jointly-controlled Entity (the "JCE") have interests in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 31 December 2005 (the "date of valuation").

Our valuations of the property interests represent the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

We have valued the property interests Group I, II and IV by the direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sale transactions as available in the relevant market.

In valuing the property interest in Group III which is currently under construction, we have assumed that it will be developed and completed in accordance with the Group's latest development proposal provided to us. In arriving at our opinion of value, we have taken into account the construction costs and professional fees relevant to the stage of construction as at the date of valuation and the remainder of the costs and fees to be expended to complete the development.

We have valued the property interest in Group V by the investment method by capitalizing the net rental income of the property derived from the existing tenancy with due allowance for the reversionary value of the property.

Our valuations have been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates and official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing titles to the property interests in the PRC and any material encumbrances that might be attached to the property interests or any lease amendments. We have relied considerably on the advice given by the Company's PRC legal advisers — GFE Law Office, concerning the validity of the Group's titles to the property interests.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuations are summarised below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Sallmanns (Far East) Limited

Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 23 years' experience in the valuation of properties in the PRC and 26 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.

SUMMARY OF VALUES

GROUP I — PROPERTY INTERESTS HELD AND OCCUPIED BY THE GROUP IN THE PRC

No.	Property	Capital value in existing state as at 31 December 2005 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 31 December 2005 *RMB*
1.	No. 25 Building Liyang Jingyuan Huzhou City Zhejiang Province the PRC	4,928,000	100%	4,928,000
2.	Room 1502 Unit B South Building Mingshi Garden No.28 Zhongshanxi Road Xihu District Nanchang City Jiangxi Province the PRC	671,000	100%	671,000
	Sub-total:	5,599,000		5,599,000

GROUP II — PROPERTY INTERESTS HELD FOR FUTURE DEVELOPMENT BY THE GROUP IN THE PRC

No.	Property	Capital value in existing state as at 31 December 2005 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 31 December 2005 *RMB*
3.	Three parcels of land located at Taihu Meidong Huzhou Development Zone Huzhou City Zhejiang Province the PRC	215,345,000	95%	204,578,000
4.	A parcel of land located at Northern Wuxing Road and Eastern Kaixuan Road Zhili Town Huzhou City Zhejiang Province the PRC	2,936,000	70%	2,055,000

No.	Property	Capital value in existing state as at 31 December 2005 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 31 December 2005 *RMB*
5.	Six parcels of land located at Fishing Field of Jiashanyang Zhonggeng Village Daochang Town and Southwestern Industrial Zone Huzhou City Zhejiang Province the PRC	208,739,000	65%	135,680,000
6.	A parcel of land located at Shenhua Road Xihu District Hangzhou City Zhejiang Province the PRC	No commercial value	100%	No commercial value
7.	Three parcels of land (portion of Land C-1 & C-2, Land C-3 & C-4, and portion of Land C-5) located at Honggu Tan Central District Nanchang City Jiangxi Province the PRC	348,473,000	100%	348,473,000
	Sub-total:	775,493,000		690,786,000

GROUP III — PROPERTY INTEREST HELD UNDER DEVELOPMENT BY THE GROUP IN THE PRC

No.	Property	Capital value in existing state as at 31 December 2005 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 31 December 2005 *RMB*
8.	Wuxing Balidian Market located at Land No. BLD47 Balidian Wuxing District Huzhou City Zhejiang Province the PRC	51,203,000	42%	21,505,000
	Sub-total:	51,203,000		21,505,000

GROUP IV — PROPERTY INTERESTS HELD FOR SALE BY THE GROUP IN THE PRC

No.	Property	Capital value in existing state as at 31 December 2005 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 31 December 2005 *RMB*
9.	Various units of Huzhou Xinya Jiayuan located at Eastern Wanshun Road Southern Shiyuan Road Nanxun Town Huzhou City Zhejiang Province the PRC	72,405,000	100%	72,405,000
10.	Various units of Huzhou Liyang Jingyuan Phase 1 located at No. 575 Longxi Bei Road and Land No. 5 Huzhou Economic and Technological Development Zone Huzhou City Zhejiang Province the PRC	89,212,000	100%	89,212,000
11.	Various units of Huzhou Zhili Yazhoucheng Phase 1 located at Northern Wuxing Road and Eastern Kaixuan Road Zhili Town Huzhou City Zhejiang Province the PRC	4,143,000	70%	2,900,000
	Sub-total:	165,760,000		164,517,000

GROUP V — PROPERTY INTEREST HELD FOR INVESTMENT BY THE GROUP IN THE PRC

No.	Property	Capital value in existing state as at 31 December 2005 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 31 December 2005 *RMB*
12.	2nd Floor Nanxun Commercial Complex Tai'an Road Nanxun Town Huzhou City Zhejiang Province the PRC	7,588,000	100%	7,588,000
	Sub-total:	7,588,000		7,588,000
	Total:	**1,005,643,000**		**889,995,000**

VALUATION CERTIFICATE

GROUP I — PROPERTY INTERESTS HELD AND OCCUPIED BY THE GROUP IN THE PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2005 *RMB*
1.	No. 25 Building Liyang Jingyuan Huzhou City Zhejiang Province the PRC	The property comprises a 6-storey office building erected on a parcel of land with a site area of approximately 792.1 sq.m. completed in about 2005. The property has a gross floor area of approximately 1,408.13 sq.m. The land use rights of the property were granted for 40 years expiring on 1 October 2042 for commercial use.	The property is currently occupied by the Group for office purposes.	4,928,000 100% interest attributable to the Group: RMB4,928,000

Notes:

1. Pursuant to a Real Estate Purchase Contract — Zhe Shang He Hu Zi No. 027967 dated 7 March 2006 entered into between Huzhou Liyang Housing and Landing Development Co., Ltd. and Pan Hong Investment Limited, the property with a gross floor area of approximately 1,408.13 sq.m. was sold to Pan Hong Investment Limited at a consideration of RMB4,576,423.
2. Huzhou Liyang Housing and Landing Development Co., Ltd. is a 100% interest owned subsidiary of the Company.
3. Pan Hong Investment Limited is a 100% interest owned subsidiary of the Company.
4. Pursuant to a State-owned Land Use Rights Certificate — Hu Tu Guo Yong (2006) Di No. 9–3127 dated 10 March 2006 issued by the Land Resources Bureau of Huzhou City, the land use rights of a parcel of land with a site area of approximately 792.1 sq.m. were granted to Pan Hong Investment Limited for a term of 40 years expiring on 1 October 2042 for commercial use.
5. Pursuant to a Building Ownership Certificate — Hu Fang Quan Zheng Hu Zhou Shi Zi Di No. 0131635 dated 10 March 2006 issued by the Real Estate Administration Bureau of Huzhou City, the property with a gross floor area of approximately 1,408.13 sq.m. is owned by Pan Hong Investment Limited.
6. Pursuant to a Certificate of Deed Tax — Hu Qi Zi Di No. 882006036639 dated 10 March 2006 entered into between Huzhou Liyang Housing and Landing Development Co., Ltd. and Pan Hong Investment Limited, the property with a gross floor area of approximately 1,408.13 sq.m. was sold to Pan Hong Investment Limited at a consideration of RMB4,576,422.5.
7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   (i) The Group's ownership rights and land use rights to the building are legal and valid and protected by the PRC laws;
   (ii) The Group has full power to occupy, use, transfer, lease or mortgage the building; and
   (iii) The building is not subject to mortgage or any other encumbrances.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2005 *RMB*
2.	Room 1502 Unit B South Building Mingshi Garden No. 28 Zhongshanxi Road Xihu District Nanchang City Jiangxi Province the PRC	The property comprises a residential unit on level 15 of a 16-storey building erected on a parcel of land with a site area of approximately 724.3 sq.m. completed in about 2002. The property has a gross floor area of approximately 165.8 sq.m. The land use rights of the property were granted for a term of 70 years expiring in June 2069 for residential use.	The property is currently occupied by the Group for residential purposes.	671,000 100% interest attributable to the Group: RMB671,000

Notes:

1. Pursuant to a Building Ownership Purchase Contract — No. 2004-298-197 dated 28 June 2005 entered into between Mingshi Company and Jiangxi Asia City Real Estate Development Co., Ltd., the property with a gross floor area of approximately 165.8 sq.m. was sold to the Jiangxi Asia City Real Estate Development Co., Ltd. at a consideration of RMB565,046.
2. Jiangxi Asia City Real Estate Development Co., Ltd. is a 100% interest owned subsidiary of the Company.
3. Pursuant to a State-owned Land Use Rights Certificate — Hong Tu Guo Yong Deng Tu (2005) No. 595 dated 8 September 2005 issued by the Land Resources Bureau of Nanchang City, the land use rights of the property with an apportioned site area of approximately 11.91 sq.m. were granted to Jiangxi Asia City Real Estate Development Co., Ltd. for a term of 70 years expiring in June 2069 for residential use.
4. Pursuant to a Building Ownership Certificate — Hong Fang Quan Zheng Xi Zi Di No. 508844 dated 14 January 2005 issued by the Real Estate Administration Bureau of Nanchang City, the property with a gross floor area of approximately 165.8 sq.m. is owned by Jiangxi Asia City Real Estate Development Co., Ltd.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   (i) The Group's ownership rights and land use rights to the property are legal and valid and protected by the PRC laws;
   (ii) The Group has full power to occupy, use, transfer, lease or mortgage the property in accordance with the relevant PRC laws and regulations; and
   (iii) The property is not subject to mortgage or any other encumbrances.

VALUATION CERTIFICATE

GROUP II — PROPERTY INTERESTS HELD FOR FUTURE DEVELOPMENT BY THE GROUP IN THE PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2005 *RMB*
3.	Three parcels of land located at Taihu Meidong Huzhou Development Zone Huzhou City Zhejiang Province the PRC	The property comprises 3 parcels of land with a total site area of approximately 133,423 sq.m. which is planned to be developed as a commercial/residential development. The land use rights of the property were granted for 40 years expiring on 5 May 2043 for commercial use and 70 years expiring on 5 May 2073 for residential use.	The property is currently vacant.	215,345,000 95% interest attributable to the Group: RMB204,578,000

Notes:

1. Pursuant to 3 State-owned Land Use Rights Certificates — Hu Tu Guo Yong (2003) Di Nos. 13–5263, 13–5265 and 13–5266 all dated 9 May 2003 issued by the Land Resources Bureau of Huzhou City, the land use rights of 3 parcels of land with a total site area of approximately 133,423 sq.m. were granted to Huzhou Luzhou Housing and Landing Development Co., Ltd. for 40 years expiring on 5 May 2043 for commercial use and 70 years expiring on 5 May 2073 for residential use.
2. Huzhou Luzhou Housing and Landing Development Co., Ltd. is a 95% interest owned subsidiary of the Company.
3. Huzhou Luzhou Housing and Landing Development Co., Ltd. has not paid the land premium in full for the assignment of the land use rights and the balance of land premium is RMB1,110,841.
4. Pursuant to a Maximum Mortgage Contract dated 18 January 2006 entered into between Huzhou City Branch of China Communications Bank and Huzhou Luzhou Housing and Landing Development Co., Ltd., the land use rights of a parcel of land with a State-owned Land Use Rights Certificate — Hu Tu Guo Yong (2003) Di No. 13–5266 is subject to a maximum mortgage for a total amount of RMB16,000,000 in favour of the said bank for a term of 1 year commencing from 18 January 2006 and expiring on 18 January 2007.
5. Pursuant to a Construction Land Planning Permit — Hu Jian Kai Gui (2003) No. 11 issued by the Construction Bureau Development Zone Branch of Huzhou City in favour of Huzhou Luzhou Housing and Landing Development Co., Ltd., permission towards the planning of the subject land with a site area of approximately 133,428 sq.m. is granted to Huzhou Luzhou Housing and Landing Development Co., Ltd.
6. As advised by Huzhou Luzhou Housing and Landing Development Co., Ltd., other relevant construction permits are under application with the relevant local authority.
7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   (i) The Group's land use rights to the Project are legal and valid;
   (ii) The Group shall have the right to carry out the construction of the Project on the said land after obtaining the Interim Qualification Certificate for Real Estate Development Enterprise in the PRC and the relevant construction documents including but not limited to the Construction Work Planning Permit and the Construction Work Commencement Permit;
   (iii) The Group has full power to occupy, mortgage, transfer and use the aforesaid land use rights in accordance with the relevant PRC laws and regulations;
   (iv) The land use rights of two parcels of land with State-owned Land Use Rights Certificates — Hu Tu Guo Yong (2003) Di Nos. 13–5263 and 13–5265 are subject to mortgage in favour of Huzhou Liyang Housing and Landing Development Co., Ltd.; and
   (v) The land use rights of a parcel of land with State-owned Land Use Rights Certificate — Hu Tu Guo Yong (2003) Di No. 13–5266 is subject to mortgage in favour of Huzhou Hongjin Market Construction Development Co., Ltd.

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2005 *RMB*
4.	A parcel of land located at Northern Wuxing Road and Eastern Kaixuan Road Zhili Town Huzhou City Zhejiang Province the PRC	The property comprises a parcel of land with a site area of approximately 2,469.14 sq.m. which is planned to be developed as a commercial development. The land use rights of the property were granted for a term of 40 years expiring on 28 March 2041 for commercial use.	The property is currently vacant.	2,936,000 70% interest attributable to the Group: RMB2,055,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Hu Tu Guo Yong (2004) Di No. 21–11664 dated 10 October 2004 issued by the Land Resources Bureau of Huzhou City, the land use rights of a parcel of land with a site area of approximately 35,380.2 sq.m. were granted to Huzhou Real Estate Development Co., Ltd. for a term of 40 years expiring on 28 March 2041 for commercial use. As advised by Huzhou Real Estate Development Co., Ltd., portion of the land use rights of the aforesaid land with a site area of approximately 32,911.06 sq.m. were sold and the remaining site area is approximately 2,469.14 sq.m.

2. Huzhou Real Estate Development Co., Ltd. is a 70% interest owned subsidiary of the Company.

3. As advised by Huzhou Real Estate Development Co., Ltd., the relevant construction permits are under application with the relevant local authority.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   (i) The Group has legally obtained the land use rights of the Project;

   (ii) The Group was permitted to develop the Project on the land mentioned above;

   (iii) The Group has full power to occupy, mortgage, transfer and use the aforesaid land use rights of the Project in accordance with the relevant PRC laws and regulations; and; and

   (iv) There is no legal impediment for the Group to apply for the ownership certificate of the unsold units of the Project.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital valuein existing state as at 31 December 2005 *RMB*
5.	Six parcels of land located at Fishing Field of Jiashanyang Zhonggeng Village Daochang Town and Southwestern Industrial Zone Huzhou City Zhejiang Province the PRC	The property comprises 6 parcels of land with a total site area of approximately 220,767.13 sq.m. which is planned to be developed as a commercial/residential development. The land use rights of the property were granted for 27 years expiring on 9 November 2027 for industrial use and 40 years expiring on 30 November 2040 for culture, gym and entertainment use.	The property is currently vacant.	208,739,000 65% interest attributable to the Group: RMB135,680,000

Notes:

1. Pursuant to 6 State-owned Land Use Rights Certificates — Hu Tu Guo Yong (2005) Di Nos. 2–3343, 2–3344, 2–3346 to 2–3349 all dated 10 March 2005 issued by the Land Resources Bureau of Huzhou City, the land use rights of 6 parcels of land with a total site area of approximately 220,767.13 sq.m. were granted to Huzhou Jiangnanhailian Construction Co., Ltd. for 27 years expiring on 9 November 2027 for industrial use and 40 years expiring on 30 November 2040 for culture, gym and entertainment use.
2. Huzhou Jiangnanhailian Construction Co., Ltd. is a 65% interest owned subsidiary of the Company.
3. Pursuant to a Maximum Mortgage Contract dated 14 November 2005, entered into between Huzhou City Branch of China Bank and Huzhou Jiangnanhailian Construction Co., Ltd., the land use rights of 4 parcels of land with 4 State-owned Land Use Rights Certificates — Hu Tu Guo Yong (2005) Di Nos. 2–3343, 2–3344, 2–3348 and 2–3349 are subject to a maximum mortgage for a total amount of RMB15,770,000 in favour of the said bank for a term of 3 years commencing from 14 November 2005 and expiring on 13 November 2008.
4. Pursuant to a Maximum Mortgage Contract dated 14 March 2005, entered into between Huzhou City Branch of China Bank and Huzhou Jiangnanhailian Construction Co., Ltd., the land use rights of a parcel of land with a State-owned Land Use Rights Certificate — Hu Tu Guo Yong (2005) Di No. 2–3346 is subject to a maximum mortgage for a total amount of RMB15,600,000 in favour of the said bank for a term of 2 years commencing from 14 March 2005 and expiring on 14 March 2007.
5. As advised by the Huzhou Jiangnanhailian Construction Co., Ltd., the relevant construction permits are under application with the relevant local authority.
6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   - (i) The Group's land use rights are legal and valid;
   - (ii) The Group has full power to occupy, mortgage, transfer and use the aforesaid land use rights in accordance with the relevant PRC laws and regulations;
   - (iii) The Group shall have the right to carry out the construction of the Project on the said land after (i) changing its business scope and the authorised use of the said land and (ii) obtaining the Interim Qualification Certificate for Estate Development Enterprise in the PRC and the relevant construction documents including but not limited to the Construction Land Planning Permit, the Construction Work Planning Permit and the Construction work Commencement Permit;
   - (iv) The land use rights of a parcel of land with State-owned Land Use Rights Certificate — Hu Tu Guo Yong (2005) Di No. 2–3346 is subject to a mortgage in favour of Zhejiang Jiangnan Industrial Trading Group Co., Ltd; and
   - (v) The land use rights of 4 parcels of land with State-owned Land Use Rights Certificates — Hu Tu Guo Yong (2005) Di Nos. 2–3343, 2–3344, 2–3348 and 2–3349 are subject to a mortgage in favour of Huzhou Jiangnan Plastic Production Co., Ltd.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2005 *RMB*
6.	A parcel of land located at Shenhua Road Xihu District Hangzhou City Zhejiang Province the PRC	The property comprises a parcel of land with a site area of approximately 7,833 sq.m. which is planned to be developed as a commercial/residential development.	The property is currently vacant.	No commercial value

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — Yu Tu He Zi (95) No. Xu — 1 dated 27 September 1995 entered into between the Land Resources Bureau of Hangzhou City and Hangzhou Asia City Real Estate Development Co., Ltd., the land use rights of the property are contracted to be granted to Hangzhou Asia City Real Estate Development Co., Ltd. for a term of 70 years expiring on 31 May 2064 for commercial use.
2. Hangzhou Asia City Real Estate Development Co., Ltd. is a 100% interest owned subsidiary of the Company.
3. Pursuant to a Supplemental State-owned Land Use Rights Grant Contract dated 28 August 2004 entered into between the Land Resources Bureau of Hangzhou City and the Company, the land use rights of a parcel of land with a site area of approximately 7,830 sq.m. are contracted to be granted to Pan Hong Investment Limited.
4. Pursuant to a Construction Land Planning Permit — Bianhao (2004) Lian Zhe Gui Yong Zheng No. 01000470 issued by the Urban Planning Bureau of Hangzhou City in favour of Hangzhou Liyang Real Estate Development Co., Ltd., permission towards the planning of the subject land with a site area of approximately 11,113 sq.m. is granted to Hangzhou Liyang Real Estate Development Co., Ltd.
5. Hangzhou Liyang Real Estate Development Co., Ltd. is a 100% interest owned subsidiary of the Company.
6. As advised by the Hangzhou Liyang Real Estate Development Co., Ltd., other relevant construction permits are under application with the relevant local authority.
7. In the valuation of this property, we have not attributed any commercial value to the land with a site area of approximately 7,833 sq.m. which has not obtained any proper title certificate. However, for reference purposes, we are of the opinion that the capital value of land as at the date of valuation would be RMB80,993,000 assuming all relevant title ownership certificates had been obtained and the land could be freely transferred.
8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   (i) There is no legal impediment for the Group to apply for the State-owned Land Use Rights Certificate to the Project after the assignment price has been paid in full for the assignment of the land use rights as provided by the state-owned land use right grant contract; and
   (ii) The Group shall have the right to carry out the construction of the Project on the said land after obtaining the State-owned Land Use Rights Certificate and the relevant construction documents including but not limited to the Construction Work Planning Permit and the Construction Work Commencement Permit.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2005 *RMB*
7.	Three parcels of land (portion of Land C-1 & C-2, Land C-3 & C-4, and portion of Land C-5) located at Honggu Tan Central District Nanchang City Jiangxi Province the PRC	The property comprises 3 parcels of land with a total site area of approximately 78,361.36 sq.m. which is planned to be developed as a commercial/residential/office development. The land use rights of the property were granted for 40 years expiring in September 2043 for commercial use and 70 years expiring in September 2073 for residential use.	The property is currently vacant.	348,473,000 100% interest attributable to the Group: RMB348,473,000

Notes:

1. Pursuant to 3 State-owned Land Use Rights Certificates — Hong Tu Guo Yong Deng Tu (2003) Di Nos. 506 to 508 all dated 17 September 2003 issued by the Land Resources Bureau of Nanchang City, the land use rights of 3 parcels of land with a total site area of approximately 78,361.36 sq.m. were granted to Jiangxi Asia City Real Estate Development Co., Ltd. for 40 years expiring in September 2043 for commercial use and 70 years expiring on September 2073 for residential use.

2. Pursuant to a Construction Land Planning Permit — Shi Gui Di (2006) No. 001 issued by the Urban and Rural Planning Bureau of Nanchang City in favour of Jiangxi Asia City Real Estate Development Co., Ltd., permission towards the planning of the subject land with a site area of approximately 103,739.33 sq.m. is granted to Jiangxi Asia City Real Estate Development Co., Ltd.

3. Pursuant to 9 Construction Work Planning Permits — Shi Gui Jian (2006) Di Nos. 508 to 516 issued by the Urban and Rural Planning Bureau of Nanchang City in favour of Jiangxi Asia City Real Estate Development Co., Ltd., 9 buildings with a total gross floor area of approximately 168,636.6 sq.m. have been approved for construction.

4. Pursuant 2 Construction Work Commencement Permits — Hong Jian Wei Shi Zi Nos. 149 and 150 issued by the Urban and Rural Planning Bureau of Nanchang City in favour of Jiangxi Asia City Real Estate Develoment Co., Ltd., permission was given by the relevant local authority to begin construction on 10 September 2006 and 20 August 2006 respectively.

4. Jiangxi Asia City Real Estate Development Co., Ltd. is a 100% interest owned subsidiary of the Company.

5. As advised by the Jiangxi Asia City Real Estate Development Co., Ltd., other relevant construction permits are under application with the relevant local authority.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   (i) The Group's land use rights to the Project are legal and valid;

   (ii) The Group has obtained the Construction Work Planning Permit for the Commercial & Apartment Building No. 6 and No. 9, Apartment Building No. 7, No. 8 and No. 10, Commercial Building No. 2 and No. 8, Kindergarten and North Area Underground Garage of the Project and has commenced the piling works in April 2006;

   (iii) The Group has obtained the Construction Work Commencement Permit for the Commercial & Apartment Building No. 9, Apartment Building No. 8 and No. 10, Commercial Building No. 2 and No. 8, Kindergarten and North Area Underground Garage of the Project and has the right to carry out the construction of the said buildings of the Project;

   (iv) The Group has full power to occupy, mortgage, transfer and use the aforesaid land use rights in accordance with the relevant PRC laws and regulations; and

   (v) The aforesaid land use rights are not subject to mortgage or any other encumbrance.

VALUATION CERTIFICATE

GROUP III — PROPERTY INTEREST HELD UNDER DEVELOPMENT BY THE GROUP IN THE PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2005 *RMB*
8.	Wuxing Balidian Market located at Land No. BLD47 Balidian Wuxing District Huzhou City Zhejiang Province the PRC	The property comprises a parcel of land with a site area of approximately 14,247.03 sq.m. on which a commercial development is under construction. The development is scheduled to be completed in 2006. The planned gross floor area of the building upon completion will be approximately 23,824 sq.m. The total investment is estimated to be approximately RMB58,647,000, of which the construction cost paid up to the date of valuation is estimated to be approximately RMB15,599,000. The land use rights of the property were granted for a term of 40 years expiring on 3 January 2046 for commercial use.	The property is currently under construction.	51,203,000 42% interest attributable to the Group: RMB21,505,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — Hu Tu Rang Zi (2005) Di No. 238 dated 4 January 2006 entered into between the Land Resources Bureau of Huzhou City and Huzhou Hongjin Market Construction & Development Co., Ltd., (the "Huzhou Honglin Market Company"), a JCE of the Group, the land use rights of the property are contracted to be granted to Huzhou Hongjin Market Company, for a term of 40 years expiring on 3 January 2046 for commercial use. The land use rights premium is RMB20,100,000.

2. Pursuant to a State-owned Land Use Rights Certificate — Hong Tu Guo Yong (2006) Di No. 16–326 dated 12 January 2006 issued by the Land Resources Bureau of Huzhou City, the land use rights of a parcel of land with a site area of approximately 14,247.03 sq.m. were granted to Huzhou Hongjin Market Company for a term of 40 years expiring on 3 January 2046 for commercial use.

3. Huzhou Hongjin Market Company is a 42% interest owned subsidiary of the Company.

4. Pursuant to a Maximum Mortgage Contract dated 17 January 2006, entered into between Business Department of Huzhou Commercial Bank and Huzhou Hongjin Market Company, the land use rights of a parcel of land with a State-owned Land Use Rights Certificate — Hu Tu Rang Zi (2005) Di No. 238 is subject to a maximum mortgage for a total amount of RMB20,000,000 in favour of the said bank for a term of 2 years commencing from 17 January 2006 and expiring on 17 January 2008.

5. Pursuant to a Construction Land Planning Permit — Bianhao 050802 (2006) 03 issued by the Construction Bureau of Huzhou City in favour of Huzhou Hongjin Market Company, permission towards the planning of the subject land with a site area of approximately 14,247 sq.m. is granted to Huzhou Hongjin Market Company.

6. Pursuant to a Construction Work Planning Permit — Bianhao 0501510(2006)011 issued by the Construction Bureau of Huzhou City in favour of Huzhou Hongjin Market Company, the development has been approved for construction.

7. Pursuant to a Construction Work Commencement Permit — Bianhao 330502200603270101 issued by the Construction Bureau of Huzhou City in favour of Huzhou Hongjin Market Company, permission was given by the relevant local authority to begin construction on 26 June 2005.

8. Pursuant to a Sales Permit — Shou Xu Zi (2006) No. 008 issued by the Real Estate Administration Bureau of Huzhou City in favour of Huzhou Hongjin Market Company, the Group is freely entitled to sell the development in the market to local and overseas purchasers.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   (i) Huzhou Hongjin Market Company's land use rights to the Project are legal and valid;

   (ii) Huzhou Hongjin Market Company has full power to develop the Project on the said land;

   (iii) Huzhou Hongjin Market Company was permitted to pre-sale a gross floor area of 21,558.19 square meters for commercial building; and

   (iv) The land use rights are subject to a mortgage in favour of Zhejiang Jiangnan Industrial Trading Group Co., Ltd.

VALUATION CERTIFICATE

GROUP IV — PROPERTY INTERESTS HELD FOR SALE BY THE GROUP IN THE PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2005 *RMB*
9. Various units of Huzhou Xinya Jiayuan located at Eastern Wanshun Road Southern Shiyuan Road Nanxun Town Huzhou City Zhejiang Province the PRC	The property comprises 12 unsold residential units, 5 commercial units, 45 storeroom units, 2 open car parking spaces and 131 underground car parking spaces within a commercial/residential development completed in 2005. The property comprises a total gross floor area of approximately 15,241.73 sq.m. The accommodation and floor area breakdown of the property are as follows: **Usage** / **Gross floor Area (sq.m.)** Residential 2,918.28 Commercial 6,893.1 Storeroom 373.46 Car parking spaces 5,056.89 **Total** **15,241.73** The land use rights of the property were granted for 40 years expiring on 24 April 2040 for commercial use and 70 years expiring on 24 April 2070 for residential use.	The property is currently vacant except for portion of the property with a gross floor area of approximately 4,052.81 sq.m. leased to an independent third party. (Please refer to note 8)	72,405,000 100% interest attributable to the Group: RMB72,405,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Hu Tu Guo Yong (2000) Zi Di No. 31–5584 dated 13 July 2000 issued by the Land Resources Bureau of Huzhou City, the land use rights of a parcel of land with a site area of approximately 37,803.8 sq.m. were granted to Huzhou Asia City Real Estate Development Co., Ltd. for 40 years expiring on 24 April 2040 and 70 years expiring on 24 April 2070 for residential use.
2. Huzhou Asia City Real Estate Development Co., Ltd. is a 100% interest owned subsidiary of the Company.
3. Pursuant to a Construction Land Planning Permit — Bianhao: 0501318 issued by the Urban and Rural Construction Committee of Huzhou City in favour of Huzhou Asia City Real Estate Development Co., Ltd., permission towards the planning of the subject land with a site area of approximately 37,783 sq.m. is granted to Huzhou Asia City Real Estate Development Co., Ltd.
4. Pursuant to a Construction Work Planning Permit — Bianhao 0501462 issued by the Construction Bureau of Huzhou City in favour of Huzhou Asia City Real Estate Development Co., Ltd., the development has been approved for construction.
5. Pursuant to 2 Construction Commencement Permits — Bianhao 330511200307240101 and 330511200307250101 issued by the Construction Bureau of Huzhou City in favour of Huzhou Asia City Real Estate Development Co., Ltd., permission was given by the relevant local authority to begin construction on 30 July 2003 and 30 August 2003 respectively.
6. Pursuant to 2 Sales Permits — Shou Xu Zi (2003) Nos. 035 and 045 issued by the Real Estate Administration Bureau of Huzhou City in favour of Huzhou Asia City Real Estate Development Co., Ltd., the Group is freely entitled to sell the development in the market to local and overseas purchasers.
7. Pursuant to 25 Construction Completion Certificates issued by the Urban and Rural Construction and Communication Bureau of Nanxun District, the construction works were certified to be completed.
8. Pursuant to a Tenancy Agreement dated 6 July 2004, portion of the property with a gross floor area of approximately 4,052.81 sq.m. for commercial units is leased to an independent third party for a term of 6 years commencing from 1 December 2004 and expiring on 30 November 2010 at an annual rental of RMB600,000, with an annual rental increase of 10%, exclusive of all outgoings.
9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   (i) The Group has legally obtained the land use rights of the Project;

   (ii) The Group was permitted to develop the Project on the land mentioned above;

   (iii) The Group has full power to occupy, mortgage, transfer and use the aforesaid land use rights and the building ownership of the Project in accordance with the relevant PRC laws and regulations;

   (iv) The Group was permitted to pre-sale a gross floor area of 60,400 square meters, including 52,400 square meters for common residence and 8,000 square meters for commercial building;

   (v) The Group has confirmed that by the date of 31st December 2005 the Group has sold out a gross floor area of 55,965.99 square meters;

   (vi) The construction of the Project has been completed, and the Group has passed project completion inspection and has obtained the relevant certification;

   (vii) There is no legal impediment for the Group to apply for the ownership certificate of the unsold units of the Project; and

   (viii) The Tenancy Agreement is legal and binding according to the PRC laws.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2005 *RMB*
10.	Various units of Huzhou Liyang Jingyuan Phase 1 located at No. 575 Longxi Bei Road and Land No. 5 Huzhou Economic and Technological Development Zone Huzhou City Zhejiang Province the PRC	The property comprises 82 residential units, 39 commercial units, 115 storeroom units, 14 open car parking spaces and 58 underground car parking spaces within a commercial/ residential development completed in 2005. The property comprises a total gross floor area of approximately 19,224.57 sq.m. The accommodation and floor area breakdown of the property are as follows: **Usage** — **Gross Floor Area (sq.m.)** Residential — 10,620.65 Commercial — 4,794.69 Storeroom — 1,501.69 Car parking spaces — 2,307.54 **Total** — **19,224.57** The land use rights of the property were granted for 40 years expiring on 1 October 2042 and 29 August 2045 for commercial use and 70 years expiring on 1 October 2072 for residential use.	The property is currently vacant.	89,212,000 100% interest attributable to the Group: RMB89,212,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates — Hu Tu Guo Yong (2002) Zi Di No. 9–8358 and Hu Tu Guo Yong (2005) Zi Di No. 9–14336 dated 30 September 2002 and 6 September 2005 issued by the Land Resources Bureau of Huzhou City, the land use rights of a parcel of land with a site area of approximately 36,720.23 sq.m. were granted to Huzhou Liyang Housing and Landing Development Co., Ltd. for 40 years expiring on 1 October 2042 and 29 August 2045 for commercial use and 70 years expiring on 1 October 2072 for residential use.
2. Huzhou Liyang Housing and Landing Development Co., Ltd. is a 100% interest owned subsidiary of the Company.
3. Pursuant to 2 Construction Land Planning Permits — Bianhao Hu Jian Kai Gui (2003) No. 22 and Bianhao Hu Jian Kai Gui (2005) No. 28 issued by the Construction Bureau Development Zone Branch of Huzhou City in favour of Huzhou Liyang Housing and Landing Development Co., Ltd., permission towards the planning of the subject land with a site area of approximately 36,716.56 sq.m. is granted to Huzhou Liyang Housing and Landing Development Co., Ltd.
4. Pursuant to a Construction Work Planning Permit — Bianhao Nos. (03)35, (04)3, 25, 57 and (05)51 issued by the Construction Bureau Development Zone Branch of Huzhou City in favour of Huzhou Liyang Housing and Landing Development Co., Ltd., 20 buildings with a total gross floor area of approximately 55,611.57 sq.m. have been approved for construction.

5. Pursuant to 4 Construction Work Commencement Permits — Bianhao Nos. 330502200405191901, 330502200412010101, 330502200402020201 and 330502200312121201 issued by the Construction Bureau Development Zone Branch of Huzhou City in favour of Huzhou Liyang Housing and Landing Development Co., Ltd., permission was given by the relevant local authority to begin construction on 12 May 2004, 1 December 2004 and December 2003 respectively.

6. Pursuant to 4 Sales Permits — Shou Xu Zi (2004) Nos. 027, 057, 017 and (2005) 012 issued by the Real Estate Administration Bureau of Huzhou City in favour of Huzhou Liyang Housing and Landing Development Co., Ltd. for the development with a total site area of approximately 49,488 sq.m. for residential units and with a total site area of approximately 4,787 sq.m. for commercial units, Huzhou Liyang Housing and Landing Development Co., Ltd. is freely entitled to sell the development in the market to local and overseas purchasers.

7. Pursuant to 21 Construction Completion Certificates issued by Construction Bureau of Huzhou City, the construction works were certified to be completed.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   (i) The Group has legally obtained the land use rights of the Project;

   (ii) The Group was permitted to develop the Project on the land mentioned above;

   (iii) The Group has full power to occupy, mortgage, transfer and use the aforesaid land use rights and the building ownership of the Project in accordance with the relevant PRC laws and regulations

   (iv) The Group was permitted to pre-sale a gross floor area of 54,275 square meters, including 49,588 square meters for common residence and 4,787 square meters for commercial building;

   (v) The Group has confirmed that by the date of 31st December 2005 the Group has sold out a gross floor area of 43,659.83 square meters;

   (vi) The construction of Project has been completed, and the Group has passed project completion inspection and has obtained the relevant certification; and

   (vii) There is no legal impediment for the Group to apply for the ownership certificate of the unsold units of the Project.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2005 *RMB*
11.	Various units of Huzhou Zhili Yazhoucheng Phase 1 located at Northern Wuxing Road and Eastern Kaixuan Road Zhili Town Huzhou City Zhejiang Province the PRC	The property comprises 13 commercial units within a commercial development completed in 2004. The property has a total gross floor area of approximately 2,762.3 sq.m.The land use rights of the property were granted for 40 years expiring on 28 March 2041 for commercial use.	The property is currently vacant.	4,143,000 70% interest attributable to the Group: RMB2,900,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Hu Tu Guo Yong (2004) Di No. 21–11664 dated 10 October 2004 issued by the Land Resources Bureau of Huzhou City, the land use rights of a parcel of land with a site area of approximately 35,380.2 sq.m. were granted to Huzhou Real Estate Development Co., Ltd. for a term of 40 years expiring on 28 March 2041 for commercial use.
2. Huzhou Real Estate Development Co., Ltd. is a 70% interest owned subsidiary of the Company.
3. Pursuant to a Construction Land Planning Permit — Bianhao 0506350 issued by the Urban and Rural Construction Committee of Huzhou City in favour of Huzhou Real Estate Development Co., Ltd., permission towards the planning of the subject land with a site area of approximately 46,042 sq.m. is granted to Huzhou Real Estate Development Co., Ltd.
4. Pursuant to a Construction Work Planning Permit — Bianhao 0506254 issued by the Urban and Rural Construction Committee of Huzhou City in favour of Huzhou Real Estate Development Co., Ltd., 14 buildings with a total gross floor area of approximately 58,600 sq.m. have been approved for construction.
5. Pursuant to a Construction Work Commencement Permit — Bianhao 330501200018140101 issued by the Construction Bureau of Huzhou City in favour of Huzhou Real Estate Development Co., Ltd., permission was given by the relevant local authority to begin construction on 25 April 2001.
6. Pursuant to a Sales Permit — Shou Xu Zi (2001) Di No. 018 issued by the Real Estate Administration Bureau of Huzhou City in favour of Huzhou Real Estate Development Co., Ltd. for the development with a total site area of approximately 40,474 sq.m. for residential units and with a total site area of approximately 20,236 sq.m. for commercial units, Huzhou Real Estate Development Co., Ltd. is freely entitled to sell the development in the market to local and overseas purchasers.
7. Pursuant to a Construction Completion Certificate issued by the Urban and Rural Construction Committee of Huzhou City, the construction works were certified to be completed.
8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   (i) The Group has legally obtained the land use rights of the Project;
   (ii) The Group was permitted to develop the Project on the land mentioned above;
   (iii) The Group has full power to occupy, mortgage, transfer and use the aforesaid land use rights and the building ownership of the Project in accordance with the relevant PRC laws and regulations
   (iv) The Group was permitted to pre-sale a gross floor area of 60,710 square meters, including 40,474 square meters for common residence and 20,236 square meters for commercial building;
   (v) The Group has confirmed that by the date of 31st December 2005 the Group has sold out a gross floor area of 52,450.2 square meters;
   (vi) The construction of the project has been completed, and the Group has passed project completion inspection and has obtained the relevant certification; and
   (vii) There is no legal impediment for the Group to apply for the ownership certificate of the unsold units of the Project.

VALUATION CERTIFICATE

GROUP V — PROPERTY INTEREST HELD FOR INVESTMENT BY THE GROUP IN THE PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2005 *RMB*
12.	2nd Floor Nanxun Commercial Complex Tai'an Road Nanxun Town Huzhou City Zhejiang Province the PRC	The property comprises the whole level 2 of a 6-storey composite commercial/ residential building erected on 11 parcels of land with a site area of approximately 838.1 sq.m. completed in 1996. The property has a gross floor area of approximately 2,530.03 sq.m. The land use rights of the property were granted for 40 years expiring on 30 December 2032 for commercial use.	Portion of the property with a gross floor area of approximately 1,364.81 sq.m. is currently rented to an independent third party for a term of 2 years commencing from 1 January 2006 and the remaining portion with a gross floor area of approximately 1,165.22 sq.m. is currently occupied by the Group for commercial purposes.	7,588,000 100% interest attributable to the Group: RMB7,588,000

Notes:

1. Pursuant to 11 State-owned Land Use Rights Certificates — Hu Tu Guo Yong (2006) Di No. 31–4283 to 31–4293 dated 30 March 2006 issued by the Land Resources Bureau of Huzhou City, the land use rights of 11 parcels of land with a site area of approximately 838.1 sq.m. were granted to Pan Hong Investment Limited for a term of 40 years expiring on 30 December 2032 for commercial use.
2. Pursuant to 11 Building Ownership Certificates — Hu Fang Quan Zheng Hu Zhou Shi Zi Di Nos. 00201082 to 00201092 dated 23 March 2006 issued by the Real Estate Administration Bureau of Huzhou City, the property with a gross floor area of approximately 2,530.03 sq.m. is owned by Pan Hong Investment Limited.
3. Pan Hong Investment Limited is a 100% interest owned subsidiary of the Company.
4. Pursuant to a Tenancy Agreement dated 10 December 2005, the property with a gross floor area of approximately 1,364.81 sq.m. is leased to an independent third party by Pan Hong Investment Limited for a term of 2 years commencing from 1 January 2006 and expiring on 31 December 2007 at an annual rent of RMB60,000, exclusive of management fees, water and electricity charges.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   (i) The Group's ownership right and land use right to the buildings are legal and valid and protected by the PRC laws;
   (ii) The Group has full power to occupy, use, transfer, lease or mortgage the buildings; and
   (iii) The Tenancy Agreement is legal and binding according to the PRC laws.

This appendix provides information about certain provisions of our Memorandum of Association and Bye-laws and Bermuda company law. The description below is only a summary and is qualified in its entirety by reference to our Memorandum of Association and Bye-laws and the Companies Act 1981 of Bermuda (the "Bermuda Companies Act").

1. Registration number and Memorandum of Association

The registration number with which the Company was incorporated is 37749.

Our Memorandum of Association states, *inter alia*, that the liability of members of our Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that our Company is an exempted company as defined in the Bermuda Companies Act. Paragraph 6 of the Memorandum of Association sets out the objects for which our Company was formed, including acting as an investment holding company. Its powers are set out in paragraph 7 which includes the powers set out in the First Schedule to the Bermuda Companies Act (except for paragraph 8).

In accordance with and subject to section 42A of the Bermuda Companies Act, the Memorandum of Association of our Company empowers it to purchase its own shares and this power is exercisable by the Board of Directors upon such terms and subject to such conditions as it thinks fit in accordance with the Bye-laws.

2. Directors

(a) *Ability of interested directors to vote (Bye-laws 101 and 102)*

A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested.

A Director shall not vote on any resolution of the Board in respect of any contract or arrangement or proposed contract or arrangement in which he has directly or indirectly a personal material interest. However, the interested Director need not be excluded from being counted in the quorum for the meeting at which such contract or arrangement or proposed contract or arrangement is considered. Certain matters in which a Director will not be considered to have a personal material interest are set out in the Bye-laws.

A Director, whose remuneration (including pension or other benefits) for himself is the subject of a resolution tabled at a meeting of the Board, shall not be entitled to vote on the resolution as he shall be taken to have a personal material interest in the matter. Other Directors of the Company will not be prohibited by the Bye-laws from voting on that resolution so long as they do not have any direct or indirect personal material interest in the subject matter of the said resolution.

(b) *Remuneration (Bye-laws 90, 95, 97(1) and 98)*

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the general meeting, and shall (unless otherwise directed by the resolution by which it is voted) be divided amongst the Board in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Bye-law. A Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time determine, and either in addition to or in lieu of his remuneration as a Director, but he shall not in any circumstances be remunerated by a commission on or a percentage of turnover.

Payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(c) *Borrowing powers (Bye-law 109)*

The Board may exercise all the powers of the Company to raise or borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Bermuda Companies Act, to issue debentures, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

These powers conferred on the Board may be varied by amending the relevant Bye-laws of the Company.

(d) *Retirement age limit*

There are no provisions relating to retirement of Directors upon reaching any age limit.

(e) *Shareholding qualification (Bye-law 85(3))*

Neither a Director nor an alternate Director is required to hold any shares of the Company by way of qualification.

3. Share rights and restrictions

The Company currently has only one class of shares, namely ordinary shares.

(a) *Dividends and distribution (Bye-laws 136, 137, 138, 139, 140 and 143)*

Holders of shares shall be entitled to share in the Company's profits by way of dividends declared or distribution approved by the Board or the Company in general meeting in accordance with the Bye-laws and the Bermuda Companies Act.

Subject to the Bermuda Companies Act, the Board may from time to time declare a dividend or other distribution in any currency to be paid to the members and such dividend or distribution may be in cash or wholly or partly in specie. Subject to the Bermuda Companies Act, the Company in general meeting may also from time to time declare dividend or other distribution to be paid to the members but no dividend or distribution shall be declared in excess of the amount recommended by the Board.

If at any time the share capital of the Company is divided into different classes, the Board may pay such dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend.

No dividend shall be paid or distribution made if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated as paid up on the share; and (ii) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other moneys payable to a member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend or bonuses unclaimed after a period of six years from the date of declaration shall be forfeited and shall revert to the Company.

(b) *Voting rights (Bye-laws 65 and 77(1))*

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Bye-laws, at any general meeting (i) on a show of hands every member present in person (or being a corporation, is present by a representative duly authorised under section 78 of the Bermuda Companies Act) or by proxy shall have one vote and the chairman of the meeting shall determine which proxy shall be entitled to vote where a member (other than CDP) is represented by two proxies, and (ii) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder or which he represents and in respect of which all calls due to the Company have been paid, but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. If the member is CDP, CDP may appoint more than two proxies to attend and vote at the same general meeting and each proxy shall be entitled to exercise the same powers on behalf of CDP as CDP could exercise, including the right to vote individually on a show of hands.

The Bye-laws do not provide for cumulative voting in relation to election or re-election of Directors.

(c) *Share in surplus upon liquidation (Bye-law 163)*

Shareholders are entitled to the surplus assets of the Company in the event that it is wound up. If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Bermuda Companies Act, divide among the members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(d) *Redemption provisions*

The shares do not have redemption rights.

(e) *Sinking fund*

The Bye-laws do not contain sinking fund provisions.

(f) *Calls on shares (Bye-laws 25, 26, 28 and 33)*

Subject to the Bye-laws and to the terms of allotment, the Board may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by instalments. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the amount unpaid from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board may determine, but the Board may in its absolute discretion waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the moneys uncalled and unpaid or instalments payable upon any shares held by him and upon all or any of the moneys so advanced (until the same would, but for such advance, become presently payable) pay interest at such rate (if any) as the Board may decide.

The Memorandum of Association states that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them.

(g) *Discriminatory provisions against substantial shareholder (Bye-law 167)*

The Bye-laws do not contain any provisions discriminating against any existing or prospective holder of shares as a result of such shareholder owning a substantial number of shares save that for so long as the shares of the Company are listed on the Designated Stock Exchange (which includes the SGX-ST), substantial shareholders (having the meaning ascribed to it in the Singapore Companies Act) have to disclose particulars of their interest in the Company and of any change in the percentage level of such interest. Such requirement to disclose does not apply to CDP.

4. Variation of rights of existing shares or classes of shares (Bye-law 10)

Subject to the Bermuda Companies Act, the special rights attached to any class of shares may be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate general meeting and all adjournments thereof all the provisions of the Bye-laws relating to general meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum (other than at an adjourned meeting) shall be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class and at any adjourned meeting of such holders, two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him.

The Memorandum of Association and Bye-laws do not impose more significant conditions than the Bermuda Companies Act in this regard.

5. General meetings (Bye-laws 55, 56, 57, 79 and 126)

Under Bermuda law, an annual general meeting of members must be convened every calendar year. All general meetings other than the annual general meeting shall be called special general meetings.

Bye-law 55 provides that an annual general meeting of the Company shall be held in each year (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting unless a longer period would not infringe the rules or regulations of the Designated Stock Exchange, if any). In addition, for so long as the shares of the Company are listed on the Designated Stock Exchange(which includes the SGX-ST), the interval between the close of the Company's financial year and the date of the Company's annual general meeting shall not exceed such period as may be prescribed or permitted by the Designated Stock Exchange.

The Directors may, whenever they think fit, convene a general meeting. In addition, subject to section 74 of the Bermuda Companies Act, in certain circumstances, members of the Company may requisition a special general meeting. Under that section, members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the rights of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. If the Directors do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionists themselves may do so but any meeting so convened shall not be held after the expiration of three months from the said date.

All registered shareholders of the Company are entitled to attend general meetings of the Company. Further, Bye-law 126 (in accordance with the Bermuda Companies Act) provides that the resident representative is also entitled to attend and be heard at all general meetings of the Company. The Bermuda Companies Act does not contain provisions as to any documentary evidence to be produced by proxies and corporate representatives. However, such provisions may be contained in the Bye-laws. Where, for example, it is stated that the instrument of proxies must be deposited a specified number of hours before the meeting (see Bye-law 79), proxies deposited after that time cannot be admitted.

Corporate representatives are different from proxies and unless specifically required by the Bye-laws, a letter of appointment does not need to be lodged before the meeting. There are currently no such provisions in the Bye-laws.

6. Limitations on non-Bermuda shareholders

There are no limitations, either under Bermuda law or the Bye-laws, on the rights of non-Bermuda owners of the Company's shares to hold or vote their shares.

7. Changes in control

Issue of shares (Bye-law 12(1)(a))

No shares shall be issued to transfer a controlling interest in the Company without the prior approval of the members in general meeting.

8. Shareholding disclosure requirement (Bye-law 167)

The Bermuda Companies Act does not require disclosure of shareholder ownership beyond a certain threshold. However, Bye-law 167 contains provisions to the effect that for so long as the shares of the Company are listed on the Designated Stock Exchange (which includes the SGX-ST), Directors and members who are substantial shareholders (having the meaning ascribed to it in the Singapore Companies Act) of the Company will have to disclose particulars of their interest in the Company and any change in the percentage level of such interest. Bye-law 167 will not apply to CDP.

9. Changes in capital (Bye-laws 2, 4 and 6)

Under the Bermuda Companies Act, changes in the capital structure of the Company require shareholder approval at general meetings.

The Bye-laws contain a distinction between a “special resolution” and an “ordinary resolution”, a distinction which is not made in the Bermuda Companies Act. Under Bye-law 4, an ordinary resolution is required for certain changes to the Company’s share capital such as an increase, consolidation or sub-division. An ordinary resolution is passed by a simple majority of votes cast by members at general meetings.

With regard to a reduction of share capital or share premium account, Bye-law 6 requires a special resolution. A special resolution is one which has been passed by a majority of not less than 75 per cent. (75%) of votes cast by members present and voting at a general meeting.

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APPENDIX F
SUMMARY OF BERMUDA COMPANY LAW

Our Company is incorporated in Bermuda and, therefore, operates subject to Bermuda law. We have been designated by the Bermuda Monetary Authority as non-resident for Bermuda exchange control purposes. Set out below is a summary of certain provisions of Bermuda company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Bermuda company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Share capital

The Companies Act 1981 of Bermuda (the "Bermuda Companies Act") provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account", to which the provisions of the Bermuda Companies Act relating to a reduction of share capital of a company shall apply as if the share premium account were paid up share capital of the company except that the share premium account may be applied by the company:

(i) in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares;

(ii) in writing off:

(aa) the preliminary expenses of the company; or

(bb) the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; or

(iii) in providing for the premiums payable on redemption of any shares or of any debentures of the company.

In the case of an exchange of shares the excess value of the shares acquired over the nominal value of the shares being issued may be credited to a contributed surplus account of the issuing company.

The Bermuda Companies Act permits a company to issue preference shares and subject to the conditions stipulated therein to convert those preference shares into redeemable preference shares.

The Bermuda Companies Act includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. Where provision is made by the memorandum of association or bye-laws for authorising the variation of rights attached to any class of shares in the company, the consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required, and where no provision for varying such rights is made in the memorandum of association or bye-laws and nothing therein precludes a variation of such rights, the written consent of the holders of three-fourths of the issued shares of that class or the sanction of a resolution passed as aforesaid is required.

(b) Financial assistance to purchase shares of a company or its holding company

A company is prohibited from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares unless there are reasonable grounds for believing that the company is, and would after the giving of such financial assistance be, able to pay its liabilities as they become due. In certain circumstances, the prohibition from giving financial assistance may be excluded such as where the assistance is only an incidental part of a larger purpose or the assistance is of an insignificant amount such as the payment of minor costs. In addition, the Bermuda Companies Act expressly permits the grant of financial assistance where (i) the financial assistance does not reduce the company's net assets or, to the extent the net assets are reduced, such financial assistance is provided for out of funds of the company which would otherwise be available for dividend or distribution; (ii) an affidavit of solvency is sworn by the directors of the company; and (iii) the financial assistance is approved by resolution of shareholders of the company.

(c) Purchase of shares and warrants by a company and its subsidiaries

A company may, if authorised by its memorandum of association or bye-laws, purchase its own shares. Such purchases may only be effected out of the capital paid up on the purchased shares or out of the funds of the company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of funds of the company otherwise available for dividend or distribution or out of the company's share premium account. Any amount due to a shareholder on a purchase by a company of its own shares may (i) be paid in cash; (ii) be satisfied by the transfer of any part of the undertaking or property of the company having the same value; or (iii) be satisfied partly under (i) and partly under (ii). Any purchase by a company of its own shares may be authorised by its board of directors or otherwise by or in accordance with the provisions of its bye-laws. Such purchase may not be made if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the company is, or after the purchase would be, unable to pay its liabilities as they become due. The shares so purchased will be treated as cancelled and the company's issued, but not its authorised, capital will be diminished accordingly.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Bermuda law that a company's memorandum of association or its bye-laws contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Bermuda law, a subsidiary may hold shares in its holding company and in certain circumstances, may acquire such shares. The holding company is, however, prohibited from giving financial assistance for the purpose of the acquisition, subject to certain circumstances provided by the Bermuda Companies Act. A company, whether a subsidiary or a holding company, may only purchase its own shares for cancellation if it is authorised to do so in its memorandum of association or bye-laws pursuant to section 42A of the Bermuda Companies Act.

(d) Dividends and distributions

A company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts. Contributed surplus is defined for purposes of section 54 of the Bermuda Companies Act to include the proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the company.

(e) Protection of minorities

Class actions and derivative actions are generally not available to shareholders under the laws of Bermuda. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong done to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in the violation of the company's memorandum of association and bye-laws. Furthermore, consideration would be given by the Bermuda courts to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than actually approved it.

Any member of a company who complains that the affairs of the company are being conducted or have been conducted in a manner oppressive or prejudicial to the interests of some part of the members, including himself, may petition the Bermuda court which may, if it is of the opinion that to wind up the company would unfairly prejudice that part of the members but that otherwise the facts would justify the making of a winding up order on just and equitable grounds, make such order as it thinks fit, whether for regulating the conduct of the company's affairs in future or for the purchase of shares of any members of the company by other members of the company or by the company itself and in the case of a purchase by the company itself, for the reduction accordingly of the company's capital, or otherwise. Bermuda law also provides that the company may be wound up by the Bermuda court, if the court is of the opinion that it is just and equitable to do so. Both these provisions are available to minority shareholders seeking relief from the oppressive conduct of the majority, and the Bermuda court has wide discretion to make such orders as it thinks fit.

Except as mentioned above, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in Bermuda.

A statutory right of action is conferred on subscribers of shares in a company against persons, including directors and officers, responsible for the issue of a prospectus in respect of damage suffered by reason of an untrue statement therein, but this confers no right of action against the company itself. In addition, such company, as opposed to its shareholders, may take action against its officers including directors, for breach of their statutory and fiduciary duty to act honestly and in good faith with a view to the best interests of the company.

The Bermuda Companies Act also provides that the Minister of Finance of Bermuda may at any time appoint one or more inspectors to investigate the affairs of an exempted company and to report on them in such manner as the Minister may direct. The inspector shall on the completion of his investigation report to the Minister and shall send copies of such reports to the company. However, no other person shall be informed of the nature or contents of the report save at the request of the company or on the direction of the Minister. Upon receiving the inspector's report, the Minister may require the company to take such measures as he may consider necessary in relation to its affairs or direct the Registrar of Companies in Bermuda to petition the Bermuda court for the winding up of the company.

(f) Management

The Bermuda Companies Act contains no specific restriction on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Furthermore, the Bermuda Companies Act requires that every officer should comply with the Bermuda Companies Act, regulations passed pursuant to the Bermuda Companies Act and the bye-laws of the company.

The Bermuda Companies Act contains no specific provision in respect of the establishment or composition of audit committees or similar committees.

(g) Accounting and auditing requirements

The Bermuda Companies Act requires a company to cause proper records of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Furthermore, it requires that a company keeps its records of account at the registered office of the company or at such other place as the directors think fit and that such records shall at all times be open to inspection by the directors or the resident representative of the company. If the records of account are kept at some place outside Bermuda, there shall be kept at the office of the company in Bermuda such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each three month period, except that where the company is listed on an appointed stock exchange, there shall be kept such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each six month period.

The Bermuda Companies Act requires that the directors of the company must, at least once a year, lay before the company in general meeting financial statements for the relevant accounting period. Further, the company's auditor must audit the financial statements so as to enable him to report to the members. Based on the results of his audit, which must be made in accordance with generally accepted auditing standards, the auditor must then make a report to the members. The generally accepted auditing standards may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be appointed by the Minister of Finance of Bermuda under the Bermuda Companies Act; and where the generally accepted auditing standards used are other than those of Bermuda, the report of the auditor shall identify the generally accepted auditing standards used. Subject to certain exceptions provided in the Bermuda Companies Act, the company must send to every member a copy of financial statements, prepared in accordance with generally accepted accounting principles and containing all such information and documents as required by the Bermuda Companies Act ("Financial Statements"), at least five days before the general meeting of the company at which the Financial Statements are to be tabled. A company listed on an appointed stock exchange (as defined in the Bermuda Companies Act) may send to members summarised financial statements derived from the Financial Statements for the relevant period instead of the Financial Statements. The summarised financial statements must include a summarised report of the Financial Statements and be accompanied by the auditor's report. The summarised financial statements must be sent to members not less than 21 days before the general meeting at which the Financial Statements are to be tabled. A copy of the full financial statements must be made available for inspection by the public at the company's registered office. Summarised financial statements must be accompanied by a notice informing members how they may elect to receive the company's Financial Statements.

(h) Auditors

At each annual general meeting, a company must appoint an auditor to hold office until the close of the next annual general meeting; however, this requirement may be waived if all of the shareholders and all of the directors, either in writing or at the general meeting, agree that there shall be no auditor.

A person, other than an incumbent auditor, shall not be capable of being appointed auditor at an annual general meeting unless notice in writing of an intention to nominate that person to the office of auditor has been given not less than 21 days before the annual general meeting. The company must send a copy of such notice to the incumbent auditor and give notice thereof to the members not less than seven days before the annual general meeting. An incumbent auditor may, however, by notice in writing to the secretary of the company waive the requirements of the foregoing.

Where an auditor is appointed to replace another auditor, the new auditor must seek from the replaced auditor a written statement as to the circumstances of the latter's replacement. If the replaced auditor does not respond within 15 days, the new auditor may act in any event. An appointment as auditor of a person who has not requested a written statement from the replaced auditor is voidable by a resolution of the shareholders at a general meeting. An auditor who has resigned, been removed or whose term of office has expired or is about to expire, or who has vacated office is entitled to attend the general meeting of the company at which he is to be removed or his successor is to be appointed; to receive all notices of, and other communications relating to, that meeting which a member is entitled to receive; and to be heard at that meeting on any part of the business of the meeting that relates to his duties as auditor or former auditor.

(i) Exchange control

Exchange Control is operated under the Exchange Control Act 1972 of Bermuda (and Regulations made thereunder) and is administered by the Bermuda Monetary Authority. Generally, any payment by a person resident in Bermuda to or for the credit of a person resident outside Bermuda will be subject to the prior approval from the Bermuda Monetary Authority.

Exempted companies are normally designated non-resident for exchange control purposes and are able to conduct their day-to-day operations free of exchange control formalities. Such companies are able to pay dividends, distribute capital, open and maintain bank accounts in any currency and to acquire assets and meet all liabilities without reference to the Bermuda Monetary Authority.

Issues to and transfers of securities in exempted companies involving non-residents for exchange control purposes must receive prior approval from the Bermuda Monetary Authority. However, the Bermuda Monetary Authority has granted to all Bermuda companies with voting shares listed on an appointed stock exchange (as defined in the Bermuda Companies Act), a general permission for the issue and subsequent transfer of any securities of such companies from and/or to a non-resident of Bermuda.

(j) Taxation

Under present Bermuda law, no Bermuda withholding tax on dividends or other distributions, nor any Bermuda tax computed on profits or income or on any capital asset, gain or appreciation will be payable by an exempted company or its operations, nor is there any Bermuda tax in the nature of estate duty or inheritance tax applicable to shares, debentures or other obligations of the company held by non-residents of Bermuda. Furthermore, a company may apply to the Minister of Finance of Bermuda for an assurance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, that no such taxes shall be so applicable until 28th March 2016, although this assurance will not prevent the imposition of any Bermuda tax payable in relation to any land in Bermuda leased or let to the company or to persons ordinarily resident in Bermuda.

(k) Stamp duty

An exempted company is exempt from all stamp duties except on transactions involving "Bermuda property". This term relates, essentially, to real and personal property physically situated in Bermuda, including shares in local companies (as opposed to exempted companies). Transfers of shares and warrants in all exempted companies are exempt from Bermuda stamp duty.

(l) Loans to directors

Bermuda law prohibits the making of loans by a company to any of its directors or to their families or companies in which they hold more than a twenty per cent. (20%) interest, without the consent of any member or members holding in aggregate not less than nine-tenths of the total voting rights of all members having the right to vote at any meeting of the members of the company. These prohibitions do not apply to anything done to provide a director with funds to meet the expenditure incurred or to be incurred by him for the purposes of the company, provided that the company gives its prior approval at a general meeting or, if not, the loan is made on condition that it will be repaid within six months of the next following annual general meeting if the loan is not approved at or before such meeting. If the approval of the company is not given for a loan, the directors who authorised it will be jointly and severally liable for any loss arising therefrom.

(m) Inspection of corporate records

Members of the general public have the right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda which will include the company's certificate of incorporation, its memorandum of association (including its objects and powers) and any alteration to the company's memorandum of association. The members of the company have the additional right to inspect the bye-laws of a company, minutes of general meetings and the company's audited financial statements, which must be presented to the annual general meeting. Minutes of general meetings of a company are also open for inspection by directors of the company without charge for not less than two hours during business hours each day. The register of members of a company is open for inspection by members without charge and to members of the general public for a fee. The company is required to maintain its share register in Bermuda but may, subject to the provisions of the Bermuda Companies Act, establish a branch register outside Bermuda. Any branch register of members established by the company is subject to the same rights of inspection as the principal register of members of the company in Bermuda. Any person may require a copy of the register of members or any part thereof which must be provided within 14 days of a request. Bermuda law does not, however, provide a general right for members to inspect or obtain copies of any other corporate records.

A company is required to maintain a register of directors and officers at its registered office in Bermuda and such register must be made available for inspection for not less than two hours in each day by members of the public without charge. If summarised financial statements are sent by a company to its members pursuant to section 87A of the Bermuda Companies Act, a copy of the full financial statements must be made available for inspection by the public at the company's registered office.

(n) Winding up

A company may be wound up by the Bermuda court on application presented by the company itself, its creditors or its contributories. The Bermuda court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Bermuda court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above. Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

Where, on a voluntary winding up, a majority of directors make a statutory declaration of solvency, the winding up will be a members' voluntary winding up. In any case where such declaration has not been made, the winding up will be a creditors' voluntary winding up.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators within the period prescribed by the Bermuda Companies Act for the purpose of winding up the affairs of the company and distributing its assets. If the liquidator at any time forms the opinion that such company will not be able to pay its debts in full, he is obliged to summon a meeting of creditors.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting requires at least one month's notice published in an appointed newspaper in Bermuda.

In the case of a creditors' voluntary winding up of a company, the company must call a meeting of creditors of the company to be summoned on the day following the day on which the meeting of the members at which the resolution for winding up is to be proposed is held. Notice of such meeting of creditors must be sent at the same time as notice is sent to members. In addition, such company must cause a notice to appear in an appointed newspaper on at least two occasions.

The creditors and the members at their respective meetings may nominate a person to be liquidator for the purposes of winding up the affairs of the company provided that if the creditors nominate a different person, the person nominated by the creditors shall be the liquidator. The creditors at the creditors' meeting may also appoint a committee of inspection consisting of not more than five persons.

If a creditors' winding up continues for more than one year, the liquidator is required to summon a general meeting of the company and a meeting of the creditors at the end of each year to lay before such meetings an account of his acts and dealings and of the conduct of the winding up during the preceding year. As soon as the affairs of the company are fully wound up, the liquidator must make an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon shall call a general meeting of the company and a meeting of the creditors for the purposes of laying the account before such meetings and giving an explanation thereof.

(o) Membership

Under the Bermuda Companies Act, only those persons who agree to become shareholders of a Bermuda company and whose names are entered on the register of members of such a company are considered members. A Bermuda company is also not bound to see to the execution of any trust, whether express, implied or constructive, to which any of its shares are subject and whether or not the company had notice of such trust. Accordingly, persons holding shares through a trustee, nominee or depository will not be recognised as members of a Bermuda company under Bermuda law and may only have the benefit of rights attaching to the shares or remedies conferred by law on members through or with the assistance of the trustee, nominee or depository.

I. ESTABLISHMENT OF A REAL ESTATE DEVELOPMENT ENTERPRISE

According to the "Law of the People's Republic of China on Administration of Urban Real Estate" (中华人民共和国城市房地产管理法) ("Urban Real Estate Law") promulgated by the Standing Committee of the National People's Congress in July 1995, a real estate developer is defined as an enterprise which engages in the development and sale of real estate for the purpose of making profits. Under the "Regulations on Administration of Development of Urban Real Estate" (城市房地产开发经营管理条例) (the "Development Regulations") promulgated by the State Council on 20 July, 1998, in addition to requirements on establishing enterprises, an enterprise which is to engage in development of real estate shall satisfy the following requirements: 1) its registered capital shall be RMB1 million or more and 2) have four or more full-time professional real estate/construction technicians and two or more full-time accounting officers, each of whom shall hold the relevant qualification certificate. The local government of a province, autonomous region or municipality directly under the central government may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a real estate developer.

To establish a real estate development enterprise, the developer should apply for registration with the administration for industry and commerce. The real estate developer must also report its establishment to the real estate development authority in the location of the registration authority, within 30 days of the receipt of its Business License.

Under the "Foreign Investment Industrial Guidance Catalogue" (外商投资产业指导目录) promulgated by the State Development and Reform Commission and the Ministry of Commerce on 30 November 2004, the development and construction of ordinary residential units falls within the category of industries in which foreign investment is encouraged, whereas the development of a whole land lot and the construction and operation of high end hotels, villas, premium office buildings, international conference centres and hyper-theme park falls within the category of industries in which foreign investment is subject to restrictions, while other real estate development falls within the category of industry in which foreign investment is permitted. A foreign investor intending to engage in the development and sale of real estate may establish a joint venture or cooperative venture or wholly foreign owned enterprise in accordance with the "Law of the People's Republic of China on Sino-Foreign Joint Ventures" (中华人民共和国中外合资经营企业法) or the "Law of the People's Republic of China on Sino-Foreign Cooperative Ventures" (中华人民共和国中外合作经营企业法) or the "Law of the People's Republic of China on Wholly Foreign Owned Enterprises" (中华人民共和国外资企业法) respectively. Prior to its registration, the parties to the joint venture or cooperative venture shall sign a joint venture/cooperative venture contract and articles of association and the investors of the wholly foreign owned enterprise shall sign the articles of association, which must be approved by the commerce authorities, upon which approval an Approval Certificate for a Foreign-Invested Enterprise will be issued and record to the Ministry of Commerce will be made.

Under the Notice on Adjusting the Portion of Capital Fund for Fixed Assets Investment of Certain Industries issued by the State Council on April 26, 2004, the portion of capital fund of real estate projects (excluding economical housing projects) has been increased from 20% or above to 35% or above.

II. QUALIFICATIONS OF A REAL ESTATE DEVELOPER

Under the Development Regulations, the real estate development authorities shall examine applications for registration of qualifications of a real estate developer when it reports its establishment, by considering its assets, professional personnel and business results. A real estate developer shall only undertake real estate development projects in compliance with the approved qualification registration.

In accordance with the "Provisions on Administration of Qualifications of Real Estate Developers" (房地产开发企业资质管理规定) ("Provisions on Administration of Qualifications") promulgated by the Ministry of Construction on 29 March, 2000, a real estate developer shall apply for registration of its qualifications according to such provisions. An enterprise may not engage in development and sale of real estate without a qualification classification certificate for real estate development. The construction authority under the State Council oversees the qualifications of real estate developers throughout the country, and the real estate development authority under a local government on or above the county level shall oversee the qualifications of local real estate developers.

In accordance with the Provisions on Administration of Qualifications, real estate developers are classified into four classes. The approval system is tiered, so that confirmation of class 1 qualifications shall be subject to preliminary examination by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government and then final approval of the construction authority under the State Council. Procedures for approval of developers of class 2 or lower qualifications shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority.

After a newly established real estate developer reports its establishment to the real estate development authority, the latter shall issue a Provisional Qualification Certificate (暂定资质证书) to the eligible developer within 30 days of its receipt of the above report. The real estate developer shall apply for qualification classification by the real estate development authority within one month after expiry of the Provisional Qualification Certificate.

A developer of any qualification classification may only engage in the development and sale of real estate within its approved scope of business and may not engage in business which is limited to another classification. A class 1 real estate developer is not restricted as to the scale of real estate projects to be developed and may undertake a real estate development project anywhere in the country. A real estate developer of class 2 or lower may undertake a project with a gross area of less than 250,000 sq m and the specific scope of business shall be as confirmed by the construction authority under the people's government of the relevant province, autonomous region or municipality.

III. DEVELOPMENT OF A REAL ESTATE PROJECT

The Development Regulations provide that a real estate development project may be carried out having regard to the overall land use plan, annual construction land schedule, applicable municipal zoning plan and the annual property development scheme. Those projects which should be approved by the planning control authorities in accordance with the relevant rules should also be reported and approved by the planning control authorities and be brought into the annual planning of the investment in fixed assets. Under the "State Council's Notice on Stringent Control Over High Class Real Estate Development Projects" (国务院关于严格控制高档房地产开发项目的通知) issued by the State Council in May 1995, for a high class real estate project with a gross area of more than 100,000 sq m or total investment of more than RMB200 million or foreign investment of US$30 million or more, the project proposal and commencement of works shall be subject to the approval of the State Development Planning Commission. For a high class real estate project with a gross area of more than 20,000 sq m but less than 100,000 sq m or total investment of more than RMB30 million but less than RMB200 million, the project proposal and commencement of works shall be subject to approval of the Development Planning Commission of the relevant province, autonomous region, municipality or separate-planning city and then a report to the State Development Planning Commission. A high class real estate project with foreign investment of more than US$100 million is subject to approval of the State Council based on the recommendation of the State Development Planning Commission.

Under the "Interim Regulations of the People's Republic of China on Assignment and Transfer of the Right to Use State-owned Urban Land" (中华人民共和国城镇国有土地使用权出让和转让暂行条例) ("Interim Regulations on Assignment and Transfer") promulgated by the State Council in May 1990, a system of assignment and transfer of the right to use State-owned land was adopted. A land user shall pay an assignment price to the State as consideration for the assignment of the right to use a land site within a certain term, and the land user may transfer, lease out, mortgage or otherwise commercially exploit the land use right within the term of use. Under the Interim Regulations on Assignment and Transfer and the Urban Real Estate Law, the land administration authority under the local government of the relevant city or county shall enter into an assignment contract with the land user to provide for the assignment of land use right. The land user shall pay the assignment price as provided by the assignment contract. After payment in full of the assignment price, the land user shall register with the land administration authority and obtain a Land Use Right Certificate which evidences the acquisition of land use rights.

The Urban Real Estate Law and the Development Regulations provide that land use rights for a site intended for real estate development shall be obtained through assignment.

When carrying out the feasibility study for a construction project, a construction entity shall make a preliminary application for construction on the relevant site to the land administration authority of the same level as the project approval authority, in accordance with the "Measures for Administration of Examination and Approval for Construction Sites" (建设项目用地审查报批办法) and the "Measures for Administration of Preliminary Examination of Construction Project Sites" (建设项目用地预审管理办法) promulgated by the Ministry of Land and Resources in March 1999 and in July 2001 (amended in Oct 2004) respectively. After receiving the preliminary application, the land administration authority shall carry out preliminary approval of various matters relating to the construction project in compliance with the overall zoning plans and land supply policy of the State, and shall then issue a preliminary approval report in respect of the project site. The preliminary approval report is the requisite document of the approval of the construction project. The land administration authority under the people's government of the relevant city or county shall sign a land use right assignment contract (土地使用权出让合同) with the land user and issue an Approval for Construction Site (建设用地批准书) to the construction entity.

The Development Regulations also provide that a real estate developer shall record any major events which occur in the course of construction in the "Real Estate Development Project Manual" (房地产开发项目手册) and periodically submit the same to the real estate development authority for its records.

Under the "Measures for Control and Administration of Assignment and Transfer of Right to Use Urban State-owned Land" (城市国有土地使用权出让转让规划管理办法) promulgated by the Ministry of Construction in December 1992, the assignee to an assignment contract, i.e. a real estate developer, shall legally apply for a Certificate for Construction Land Planning (建设用地规划许可证) from the municipal planning authority with the assignment contract.

After obtaining a Permit for Construction Site Planning, a real estate developer shall organise the necessary survey, planning and design work having regard to planning and design requirements. For the planning and design proposal in respect of a real estate development project, the relevant report and approval procedures required by the "Law of the People's Republic of China on Municipal Planning" (中华人民共和国城市规划法), promulgated by the Standing Committee of the National People's Congress in December 1989, and local statutes on municipal planning must be followed and a Certificate for Construction Engineering Planning (建设工程规划许可证) must be obtained from the municipal planning authority.

In accordance with the "Procedures for the Administration of Demolition and Removal in Urban Areas" (城市房屋拆迁管理条例), which were promulgated by the State Council on 13 June 2001, upon obtaining approvals for a construction project, construction plan and State-owned land use rights, a real estate development organization may apply to the municipal, district or county people's government of the place where the real estate is located (i.e. the administration bureau of State-owned land resources and housing of the relevant city, district on county) for a permit for housing demolition and removal. Upon granting an approval and issuing a demolition and removal permit, the real estate administration department shall issue a demolition and removal notice to the inhabitants of the area to be demolished. The demolition and removal party shall implement the demolition and removal within the area and period specified in the housing demolition and removal permit.

During the demolition and removal period announced by the department in charge of demolition and removal, the demolition and removal party and the parties subject to demolition and removal shall enter into an agreement for compensation and resettlement in respect of the demolition and removal. If the demolition and removal party, the parties subject to demolition and removal and the housing lessee cannot reach an agreement, any party concerned may apply to the original approval department in charge of demolition and removal for a ruling. Such ruling shall be rendered within 30 days of the application. If any party disagrees with the ruling, it may initiate proceedings in the People's Court. Pursuant to law, if the demolition and removal party has provided housing to the party subject to demolition and removal or the party subject to demolition and removal has provided housing to a lessee, the demolition and removal shall not be stopped during the period of legal proceedings.

Pursuant to "Procedures for the Administration of Demolition and Removal in Urban Areas", compensation for housing demolition and removal may be effected by way of monetary compensation or exchange of property rights. If the monetary compensation method is used, the amount of compensation shall be assessed on the basis of the real property market price determined by the location, uses and the gross area of the housing to be demolished. The demolition and removal party shall entrust a qualified real estate assessment agency to conduct an assessment on the housing to be demolished. If property right exchange is used, the demolition and removal party and the party subject to demolition and removal shall, on the basis of the real property market price and the location, uses and the gross area of the housing to be demolished, calculate the amount of compensation which shall be made for the housing to be demolished, the real property market price of the housing to be exchanged for the housing to be demolished, and work out the difference between the two.

In addition to paying the demolition and removal compensation, the demolition and removal party shall pay removal allowance to the party subject to demolition and removal. During the interim period, when the party subject to demolition and removal arranges accommodation by himself, the demolition and removal party shall pay temporary allocation allowance. On the other hand, when the demolition and removal party provides accommodation to the party subject to demolition and removal during the interim, the demolition and removal party need not to pay the temporary allocation allowance.

After a real estate developer has carried out the above work, the site is ready for the commencement of construction works, the progress of demolition and relocation of existing buildings complies with construction needs and funds for the construction have been made available, the developer shall apply for a Certificate for Building Construction (建筑工程施工许可证) from the construction authority under the local people's government above the county level according to the "Measures for Administration of Granting Permission for Commencement of Construction Works" (建筑工程施工许可管理办法) promulgated by the Ministry of Construction in October 1999 (amended in July 2001).

Pursuant to the Development Regulations and the "Interim Measures for the Administration of the Registration of the Inspection and Acceptance of the Completed Building Construction Works and the Municipal Infrastructure Facilities" (房屋建筑工程和市政基础设施工程竣工备案验收备案管理暂行法) promulgated by the Ministry of Construction in April 2000, after the completion of the real estate development project, the real estate developer should apply for the project completion inspection and acceptance to the local real estate administration authorities of the county level or higher. The real estate developer should register the project completion inspection and acceptance within 15 days from the passing of the inspection and acceptance. The project should not be delivered for use without passing or failing to pass the project completion inspection and acceptance. Projects like residential house quarters should pass the compositive completion inspection and acceptance. Projects developed by stages can also be inspected and accepted by stages.

Pursuant to the Development Regulations and the "Circular of the State Council on Adjusting the Capital Ratios of Fixed Asset Investment Projects in Some Industries" (关于调整部分行业固定资产投资项目资本金比例的通知), the capital ratio of the real estate development projects has been increased from 20% to 35%. The real estate development should be in accordance with the provisions of the land use assignment contract on the usage of the land and commencement date of the project. When a project is not commenced within 1 year since the date of commencement stipulated in the land use assignment contract, additional fees may be imposed on the developer with an amount of not more 20% of the land assignment price. If the delay is more than 2 years, the land use right may be appropriated by the government without any refund.

IV. LAND FOR PROPERTY DEVELOPMENT

According to the "Law of the Land Administration" (中华人民共和国土地管理法) updated in August 2004 by the Standing Committee of the National People's Congress, and the "Regulations for the Implementation of the Law of the Land Administration" (中华人民共和国土地管理法实施条例) promulgated by the State Council in December 1998, the state is carrying on the control system on the usage of the land, the land register and record system and the land certificate issuing system. When the approved construction projects which need to use the state owned construction land, the construction entity should first apply to those county level or higher land administration authorities who have the authorisation for the construction land use approval and hand in the documents that prescribed in law and regulations. After the examination of the land administration authorities, the application must be reported to and approved by the same level government. Whereas occupation of land for construction purposes involves the conversion of agricultural land into land for construction purposes, the examination and approval procedures in this regard shall be required.

The provisions of the "Regulations on the Development, Operation and Management of Property" (城市房地产开发经营管理条例) provide that, except for land use rights which may be obtained through appropriation pursuant to PRC laws or the stipulations of the State Council, land for property development shall be obtained by assignment.

The "Law on the Administration of Real Estate" (房地产管理法) expressly provides: "Assignment of land use right may be by public auction or competitive bidding or by a mutual agreement between both parties. Land for commercial use, tourism, entertainment and construction of luxury flats shall be sold by public auction wherever it is feasible, and may be sold by mutual agreement if sale by public auction or competitive bidding is not feasible". On 30 April, 2001, the State Council promulgated a "Notice on Strengthening the Administration of State-owned Land" (关于加强国有土地资产管理的通知) ("Notice"), which stipulates that State-owned land use rights shall as far as possible be sold by public auction or competitive bidding. The Notice further stipulates as follows: "The supply of State owned land shall be made known to the public unless State security or confidentiality requirements are involved. If, after a supply schedule of land for commercial development and other uses is announced, there are two or more prospective investors who intend to develop the same land parcel, the relevant land parcel shall be made available to the market by the government at the municipal or county levels through competitive bidding or public auction. The competitive bidding and public auction of State-owned land use rights shall be conducted openly."

On 9 May, 2002, the State Bureau of Land Resources of the People's Republic of China promulgated the "Regulations on the Grant of State-owned Land Use Rights through Competitive Bidding, Public Auction and Public Announcements" (招标拍卖挂牌出让国有土地使用权规定) ("The New Regulations").

The New Regulations stipulate the legal basis, principles, scope, procedures and legal liability arising from and in connection with assignment of State-owned land use rights by competitive bidding and public auction. Pursuant to the New Regulations, land for commercial use, tourism, entertainment and commodity housing development shall be assigned by competitive bidding, public auction or public trading and, in the event that a land parcel for uses other than commerce, tourism, entertainment and commodity housing development has two or more prospective purchasers after the promulgation of the relevant land supply schedule, the assignment of the land parcel shall be performed by competitive bidding, public auction or public trading.

V. SALE OF COMMODITY BUILDINGS

Under the "Measures for Administration of Sale of Commodity Buildings" (商品房销售管理办法) promulgated by the Ministry of Construction in April 2001, sale of commodity buildings can include both post-completion and pre-completion sales. Commodity buildings may be put to post-completion sale only when the preconditions for such sale have been satisfied. Before the post-completion sale of a commodity building, a real estate developer shall submit the Real Estate Development Project Manual and other documents evidencing the satisfaction of preconditions for post-completion sale to the real estate development authority for its record.

Any pre-completion sale of commodity buildings shall be conducted in accordance with the "Measures for Administration of Pre-completion Sale of Commodity Buildings" (城市商品房预售管理办法) ("Pre-completion Sale Measures") promulgated by the Ministry of Construction in July 2004, and the Development Regulations. The Pre-completion Sale Measures provides that pre-completion sale of commodity buildings is subject to certain procedures. According to the Development Regulations and the Pre-completion Sale Measures, a permit shall be obtained before a commodity building may be put to pre-completion sale. A developer intending to sell a commodity building before its completion shall make the necessary pre-completion sale registration with the real estate development authority of the relevant city or county to obtain a Permit for Pre-completion Sale of Commodity Buildings (商品房预售许可证). A commodity building may only be sold before completion provided that: 1) the assignment price has been paid in full for the assignment of the land use rights involved and a land use rights certificate has been obtained; 2) a Certificate for Construction Engineering Planning and a Certificate for Building Construction have been obtained; 3) the funds invested in the development of the commodity buildings put to pre-completion sale represent 25% or more of the total investment in the project and the progress of works and the completion and delivery dates have been ascertained. Pre-completion sale of commodity buildings can only be carried out after the Permit for Pre-completion Sale of Commodity Buildings has been obtained.

VI. TRANSFER OF REAL ESTATE

According to the Urban Real Estate Law and the "Provisions on Administration of Transfer of Urban Real Estate" (城市房地产转让管理规定) promulgated by the Ministry of Construction in August 1995 (amended in August 2001), a real estate owner may sell, bequeath or otherwise legally transfer real estate to another person or legal entity. When transferring a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred. The parties to a transfer shall enter into a real estate transfer contract in writing and register the transfer with the real estate administration authority having jurisdiction over the location of the real estate within 90 days of the execution of the transfer contract.

Where the land use rights were originally obtained by assignment, the real property may only be transferred on the condition that: 1) the assignment price has been paid in full for the assignment of the land use rights as provided by the assignment contract and a land use right certificate has been obtained; 2) development has been carried out according to the assignment contract; and in the case of a project in which buildings are developed, development representing more than 25% of the total investment has been completed, or in case of a whole land lot development project, construction works has been carried out as planned, water supply, sewerage, electricity supply, heat supply, access roads, telecommunications and other infrastructure or utilities have been made available, and the site has been levelled and made ready for industrial or other construction purposes.

If the land use rights were originally obtained by assignment, the term of the land use rights after transfer of the real estate shall be the remaining portion of the original term provided by the land use right assignment contract after deducting the time that has been used by the former land users. In the event that the transferee intends to change the usage of the land provided in the original assignment contract, consent shall first be obtained from the original assignor and the planning administration authority under the local government of the relevant city or county and an agreement to amend the land use right assignment contract or a new land use right assignment contract shall be signed in order to, *inter alia*, adjust the land use right assignment price accordingly.

If the land use rights were originally obtained by allocation, transfer of the real property shall be subject to the approval of the government vested with the necessary approval power as required by the State Council. After the People's Government vested with the necessary approval power approves such a transfer, the transferee shall complete the formalities for transfer of the land use rights, unless the relevant statutes require no transfer formalities, and pay the transfer price according to the relevant statutes.

VII. LEASES OF BUILDINGS

Under the Urban Real Estate Law and the "Measures for Administration of Leases of Buildings in Urban Areas" (城市房屋租赁管理办法) promulgated by the Ministry of Construction in May 1995, the parties to a lease of a building shall enter into a lease contract in writing. A system has been adopted to register the leases of buildings. When a lease contract is signed, amended or terminated, the parties shall register the details with the real estate administration authority under the local government of the city or county in which the building is situated.

VIII. MORTGAGES OF REAL ESTATE

Under the Urban Real Estate Law and the "Measures for Administration of Mortgages of Urban Real Estate" (城市房地产抵押管理办法) promulgated by the Ministry of Construction in May 1997 (amended in August 2001), when a mortgage is created on the ownership of a building legally obtained, a mortgage shall be simultaneously created on the land use right of the land on which the building is situated. The mortgager and the mortgagee shall sign a mortgage contract in writing. A system has been adopted to register the mortgages of real estate. After a real estate mortgage contract has been signed, the parties to the mortgage shall register the mortgage with the real estate administration authority at the location where the real estate is situated. A real estate mortgage contract shall become effective on the date of registration of the mortgage. If a mortgage is created on the real estate in respect of which a Building Ownership Certificate (房屋所有权证) has been obtained legally, the registration authority shall make an entry under the "third party rights" item on the original Building Ownership Certificate and then issue a Certificate of Third Party Rights (房屋他项权证) to a Building to the mortgagee. If a mortgage is created on a commodity building put to pre-completion sale or on works in progress, the registration authority shall record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved shall re-register the mortgage of the real property after issuance of the certificates evidencing the rights and ownership to the real estate.

Restrictions on the grant of residential development loans and individual property purchase loans by banks

According to the "Notice of the PBOC on Regulating Home Financing Business" (中国人民银行关于规范住房金融业务的通知) promulgated by the PBOC on June 2001, all banks must comply with the following requirements before granting residential development loans, individual home mortgage loans and individual commercial flat loans:

1. Residential development loans from banks shall only be granted to real estate development enterprises with adequate development assets and higher credit ratings. Such loans shall be offered to residential projects with good market potential. While the borrowing enterprise must have an amount of capital no less than 30% of the total investment required of the project, the project itself must have been issued with a "Land Use Permit for State-Owned Land" (国有土地使用证), "Certificate for Construction Land Planning" (建设用地规划许可证), "Certificate for Construction Engineering Planning" (建设工程规划许可证) and "Certificate for Building Construction" (建设工程规划许可证).
2. In respect of the grant of individual home mortgage loans, the ratio between the loan amount and actual value of the security (the "Mortgage Ratio") shall never exceed 80%. Where an individual applies for a home purchase loan to buy a pre-sale property, the said property must have achieved the stage of "topping-out of the main structure completed" for multi-storey buildings and "two-thirds of the total investment completed" for high-rise buildings.
3. In respect of the grant of individual commercial flat loans, the Mortgage Ratio under the application for commercial flat loans shall not exceed 60% with a maximum loan period of 10 years and the subject commercial flat already completed.

The People's Bank of China issued the "Circular on Further Strengthening the Management of Loans for Property Business" (中国人民银行关于进一步加强房地产信贷业务管理的通知) in June 2003 to specify the requirements for banks to provide loans for the purposes of residential development, individual home mortgage and individual commodity houses as follows:

1. Property development loans should be granted to property developers who are qualified for property development, rank high in credibility and have no overdue payment for construction. For property developers with commodity houses of high vacancy rate and debt ratio, strict approval procedures shall be applied for their new property development loans and their activities shall also be in the focus of attention.
2. Commercial banks shall not grant loans to property developers to pay off land premium.
3. Commercial banks may only provide housing loans to individual buyers when the main structural buildings have been topped out. When a borrower applies for individual home loans for his first residential unit, the first installment remains to be 20%. In respect of his loan application for additional purchase of residential unit(s), the percentage of the first installment shall be increased.
4. When a borrower applies for mortgaged loan of individual commodity house, the mortgage shall not be more than 60%. In addition, the term of loan may not be more than 10 years and the commodity house shall be duly completed and accepted after inspection.

In the "Circular on Facilitating the Continuously Healthy Development of Property Market" (国务院关于促进房地产市场持续健康发展的通知) issued by the State Council in August 2003, a series of measures are contained for the government to control the property market. They include, but not limiting to, strengthening the construction and management of economical houses, increasing the supply of ordinary commodity houses and controlling the construction of high-end commodity houses. Besides, the government also staged a series of measures for the loan of housing development. They include, but not limiting to, putting more effort at provision of loans, improving the guarantee mechanism of individual home loans and strengthening the monitor over property loans. It is expected that the circular will have positive effect on the development of the PRC property market in the long run by facilitating the continuously healthy growth of property market.

Pursuant to the "Guidance on Risk Management of Property Loans Granted by Commercial Banks" (商业银行房地产贷款风险管理指引) issued by China Banking Regulatory Commission in September 2004, commercial banks may not provide any loan in any form for a project without the State-owned Land Use Rights Certificate, Certificate for Construction Land Planning, Certificate for Construction Engineering Planning and Certificate for Building Construction. Any property developer applying for property development loans shall have at least 35% of capital required for the development and a commercial bank should maintain a strict loan system for considering applications for property development loans.

IX. REAL ESTATE MANAGEMENT

Pursuant to the "Regulations on Property Management" (物业管理条例) promulgated by the State Council in July, 2003 and the "Qualification Management Method of Property Management Enterprise" (物业管理企业资质管理办法) promulgated by the Ministry of Construction in March, 2004, the state has divided the qualifications of property management enterprises into three levels and implemented the annual check system.

X. INSURANCE

There is no mandatory provision in the PRC laws, regulations and government rules which require a property developer to take out insurance policies for its real estate developments.

XI. MAJOR TAXES APPLICABLE TO REAL ESTATE DEVELOPERS

1. Business Tax

Pursuant to the "Interim Regulations of the People's Republic of China on Business Tax" (中华人民共和国营业税暂行条例) promulgated by the State Council in December 1993, the tax rate of the transfer of immovable properties, their superstructures and attachments is 5%.

2. Land Value-added Tax

Pursuant to the "Interim Regulations of the People's Republic of China on Land Value-added Tax" (中华人民共和国土地增值税暂行条例) promulgated by the State Council in December 1993, land value-added tax is calculated based on a 4-band excess progressive tax rate: for the portion with value-added tax not exceeding 50% of the deductible amount, the applicable tax rate is 30%; for value-added tax exceeding 50% of the deductible amount, the applicable tax rate for the portion not exceeding 100% of the deductible amount is 40%; for value-added tax exceeding 100% of the deductible amount, the applicable tax rate for the portion not exceeding 200% of the deductible amount is 50%; for the portion with value-added tax exceeding 200% of the deductible amount, the applicable tax rate is 60%.

According to the "Circular on Several Issues of the Levy and Administration of Land Appreciation Tax" (关于土地增值税若干征管问题的通知) promulgated jointly by the State Administration of Taxation and the State Land Administration Bureau on January 1996 and the "Circular on Issues related to the Administration and Levy of the Land Appreciation Tax" (关于土地增值税征收管理有关问题的通知) promulgated by the State Administration of Taxation and the Ministry of Construction in April 1996, the taxation authorities all over the country should establish a whole system of the levy and administration of the land appreciation tax in accordance with the related regulations and the above two circulars.

3. Deed Tax

Pursuant to the "Interim Regulations of the People's Republic of China on Deed Tax" (中华人民共和国契税暂行条例)) promulgated by the State Council in July 1997, the transferee, whether an individual or otherwise, of the title to a land site or building in the PRC shall be the obliged taxpayer for deed tax. The rate of deed tax is 3%-5%. The governments of provinces, autonomous regions and municipalities directly under the central government may, within the foresaid range, determine and report their effective tax rates to the MOF and State Administration of Taxation for the record.

4. Land Use Tax

Pursuant to the "Interim Regulations of the People's Republic of China on Land Use Tax in respect of Urban Land" (中华人民共和国城镇土地使用税暂行条例) promulgated by the State Council in September 1988, the land use tax in respect of urban land is levied according to the area of relevant land.

5. Buildings Tax

Under the "Interim Regulations of the People's Republic of China on Buildings Tax" (中华人民共和国房产税暂行条例) promulgated by the State Council in September 1986, buildings tax shall be 1.2% if it is calculated on the basis of the residual value of a building, and 12% if it is calculated on the basis of the rental.

6. Stamp Duty

Under the "Interim Regulations of the People's Republic of China on Stamp Duty" (中华人民共和国印花税暂行条例) promulgated by the State Council in August 1988, for building property transfer instruments, including those in respect of property ownership transfer, the duty rate shall be 0.05% of the amount stated therein; for permits and certificates relating to rights, including real estate title certificates and land use rights certificates, stamp duty shall be levied on an item basis at an annual rate of RMB5 per item.

7. Municipal Maintenance Tax

Under the "Interim Regulations of the People's Republic of China on Municipal Maintenance Tax" (中华人民共和国城市建设维护税暂行条例) promulgated by the State Council in 1985, any taxpayer, whether an individual or otherwise, of product tax, value-added tax or business tax shall be required to pay municipal maintenance tax. The tax rate shall be 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county and a town, and 2% for a taxpayer whose domicile is not in any urban area or county or town.

8. Education Surcharge

Under the "Interim Provisions on Imposition of Education Surcharge" (征收教育費附加的暫行規定) promulgated by the State Council in April 1986, any taxpayer, whether an individual or otherwise, of product tax, value-added tax or business tax shall pay an education surcharge, unless such obliged taxpayer is instead required to pay a rural area education surcharge as provided by the "Notice of the State Council on Raising Funds for Schools in Rural Areas" (國務院關於籌措農村學校辦學經費的通知). Education surcharge shall be calculated and levied at a rate of 1% on the actual amount of product tax, value-added tax and business tax paid by the taxpayer.

9. Tax on Adjustment of Fixed Asset Investment Orientation

Under the "Interim Regulations of the People's Republic of China on Tax on Adjustment of Fixed Asset Investment Orientation" (中華人民共和國固定資產投資方向調節稅暫行條例) promulgated by the State Council in April 1991, the tax rate shall be 5% in the case of general residential housing (including commodity housing), and 30% in the case of villa-styled residential housing.

10. Corporate Income Tax

Pursuant to the "Interim Regulations of the Corporate Income Tax of the People's Republic of China" (中華人民共和國企業所得稅暫行條例) promulgated by the State Council in December, 1993, state-owned enterprise, collective-owned enterprise, private enterprise, coordinated enterprise, share-issuing enterprise and other organizations within the territory of China which have production and management income or other income, are taxpayer of the corporate income tax. The corporate income tax rate is 33%.

Pursuant to the "Interim measures of Corporate Income Tax Levied upon Deemed Income" (核定征收企業所得稅暫行辦法) promulgated by the State General Tax Bureau and implemented in January 2000, under one of the following situations taxpayer should be imposed corporate income tax levied upon deemed income. 1) Needn't set up the account book or should set up but not set up account book in accordance with the rules and regulations of the tax revenue; 2) Can only check and calculate gross income accurately , or can check and verify gross income but cannot check and calculate the cost expenses expenditure accurately; 3) Can only check and calculate the cost expenses expenditure accurately, or can check and verify the cost expenses expenditure but cannot check and calculate gross income accurately; 4) Cannot check and calculate the gross income and cost expenses expenditure correctly, cannot provide true, accurate and intact materials of paying taxes to the tax authority in charge, difficult to check and verify; 5) Account's set up, check and calculation accord with regulations, but relevant account book, evidence and relevant paying taxes materials cannot be saved according to regulations; 6) The tax obligation happens, but do not handle tax application according to the time limits of the rules and regulations of the tax revenue; upon the tax authority's order of tax application within a definite time period, do not apply on the expiration of the time limit. The taxpayer authorised to levy by deemed income, shall not enjoy any preferential policy of the corporate income tax. Tax bureau of province, autonomous region, municipality directly under the Central Government and city under direct planning by the state can follow this regulation, combine the local actual conditions, make the concrete implementing method, and submit to State General Tax Bureau for record.

Pursuant to "Income Tax Law of Foreign-investment Enterprise and Foreign Enterprise of the People's Republic of China" (中华人民共和国外商投资企业和外国企业所得税法)promulgated by the State People's Congress in April, 1991, production , management income and other incomes of the foreign- investment enterprise and foreign enterprise within the territory of China shall pay the income tax. For the foreign-investment enterprise and foreign enterprise set up organization or place engaged in producing and management within the territory of China, the income tax should be calculated by taxable income volume, the tax rate of 30%, the local income tax is calculated according to taxable income volume, the tax rate is 3%. For the foreign enterprise has not set up the organization or place within the territory of China, and there was income that obtained from profit, interest, rent, royalty for the right of special permission and other incomes within the territory of China, or set up organization or place, but the above-mentioned income has no actual connection with its organization and place, has to pay the income taxes of 20% of the tax rates.

Pursuant to the "Notice of Allowed Reduce Income Tax of Foreign Enterprise's Interest Source From the Territory of China" (关于外国企业来源于我国境内的利息等所得减征所得税问题的通知) promulgated by the State Council in November, 2000, since January 1, 2000, for the foreign enterprises has not set up organization or place within the territory of China, its interest , rent, royalty for the right of special permission and other incomes obtained from China, or although there are organization or place, but above-mentioned several incomes has no actual connection with its organization or place has to pay the reduced corporate income tax according to 10% of the tax rates.

XII. MEASURES ON STABILISING PROPERTY PRICES

The General Office of the State Council promulgated the "Circular on Stabilizing Housing Price" (关于切实稳定住房价格的通知) in March 2005, requiring measures to be taken to restrain the property prices from increasing too fast and to promote the healthy development of the real estate market. The "Opinions on Work of Stabilizing Housing Price" (关于做好稳定住房价格工作的意见) jointly issued by the Ministry of Construction, NDRC, the Ministry of Finance, the Ministry of Land and resources, PBOC, the State Administration of Taxation and the China Banking Regulatory Commission in April 2005 provides that:

1. Where the housing price grow too fast, while the supply of ordinary commodity houses with medium or low price and economical houses is insufficient, the housing construction should mainly involve projects of ordinary commodity house with medium or low price and economical houses. The construction of low-density, high-quality houses shall be strictly controlled. With respect to construction projects of medium-or-low -price ordinary commodity house, before land supplying, the municipal planning authority shall, according to controlling detailed planning, set forth such conditions for planning and design as height, plot ratio and green space, while the real estate authority, together with other relevant authorities, shall set forth such controlling requirements as sale price, type and area. Such conditions and requirements will be set up as preconditions of land assignment to ensure the supply of houses with medium or low price and houses with medium or small area. The local government must strength the supervision of planning permit for real estate development projects. Housing projects that have not been commenced within two years must be examined again, and those that turn out to be not in compliance with the planning permit will be revoked.

2. Where the price of land for residential use and residential house grows too fast, the proportion of land for residential use to the total land supply should be appropriately raised, and the land supply for the construction of ordinary commodity houses with medium or low price and economical houses should be especially increased. Land supply for villa construction shall continue to be suspended, and land supply for high-end housing property construction shall be strictly restricted.

3. Land idle fee shall be imposed on land that has not been developed for one year from the contractual construction commencement date. Land use right of land that has not been developed for two years will be withdrawn without compensation.

4. Commencing from June 1, 2005, business tax upon transferring a residential house by an individual within two years from purchasing will be levied on the basis of the full amount of the income therefrom. For an individual having transferred an ordinary residential house for two years or more from purchasing, the business tax will be exempted. For an individual having transferred a house other than ordinary residential house for two years or more from purchasing, the business tax will be levied on the basis of the difference between the income from selling the house and the purchase price.

5. Ordinary residential houses with medium or small area and medium or low price may enjoy such preferential policies as planning permit, land supply, credit and taxation. Houses enjoying these preferential policies must satisfy the following conditions in principle: the plot ratio of the residential district is above 1.0, the floor area of one single unit is less than 120 sq m, and the actual transfer price is lower than 1.2 time of the average transfer price of houses located on the land of the same level. The local government of a province, autonomous region or municipality directly under the central government may, based on actual circumstances, set up the specified standard for ordinary residential houses enjoying the preferential policies. Under the "Circular on Setting up the Standard for Ordinary Residential House in Guangdong Province" (广东省建设厅关于确定我省普通住房标准的通知) issued by Guangdong Provincial Construction Bureau in June 2005, ordinary house in Guangdong Province enjoying preferential policies must also satisfy the following conditions: the plot ratio of the residential district is above 1.0, the internal gross floor area of one single unit is less than 120 sq m or the gross floor are of a single unit is less than 144 sq m, and the actual transfer price is lower than 1.44 times of the average transfer price of houses located on the land of the same level.

6. The transfer of uncompleted commodity properties by any pre-sale purchaser shall be forbidden. A system shall be adopted to require purchasers to buy properties in their real names. Any commodity property pre-sale contract shall be filed through the Internet immediately after its execution.

In order to adjust the housing structure and stabilise the housing prices, the General Office of the State Council promulgated the "Opinion on Adjustment of Housing Structure and Stabilization of Housing Price" (关于调整住房供应结构稳定住房价格的意见) on 24 May 2006 to adjust certain existing policies according to the latest trends of the real estate market. The opinion, which was jointly promulgated by the Ministry of Construction, NDRC, the Ministry of Supervision, the Ministry of Finance, the Ministry of Land and Resources, PBOC, State Administration of Taxation, National Bureau of Statistics and China Banking Regulatory Commission, stipulates, *inter alia*, that:

1. Since 1 June 2006, for the newly approved and developed commodity residential houses, the ratio of houses with a built up area of no more than 90 sq m should reach at least 70% of the total construction area. If there are special situations existing in the municipality

directly under the Central Government, city directly under State planning and provincial capital city, the relevant developer should apply to the Ministry of Construction for approving the adjustment on the abovementioned ratio. For the projects whose developer has already obtained the approval without the Certificate for Building Construction, if the ratio of the house with a built up area of no more than 90 sq m has not reached the abovementioned ratio, the developer should adjust the ratio to satisfy the new requirement.

2. To further discourage speculation in the real estate market, since 1 June 2006, if the purchaser transfers the residential house within 5 years from the purchasing day, the business tax will be levied on the basis of the sales income on the residential house; if the persons transfers the common residential house after 5 years (including 5 years) from the purchasing day, no business tax will be levied; and if the person transfers the house other than common residential house after 5 years (including 5 years) from the purchasing day, the business tax will be levied on the margin between the sales income on the residential house and the original purchase price.

3. To restrain the property prices from increasing too fast, since 1 June 2006, the initial payment for the personal housing mortgage loan shall not be less than 30% of the total purchase price of the house. However, if the person purchases the house with a built up area of no more than 90 sq m for his/her own residence, the initial payment could be no less than 20% of the total purchase price of the house.

The Ministry of Construction subsequently clarified in its "Some Opinions on Meeting the Ratio Requirements on Newly-constructed Housing Structure" (关于落实新建住房结构比例要求的若干意见) issued on 6 July 2006, that (i) in relation to the stipulation for the ratio of houses with a built up area of no more than 90 sq m to reach at least 70% of the total construction area, that such ratio referred to the ratio for the entire city on an annual basis, as opposed to a particular project, and (ii) in relation to the stipulation of a house with a built up area of not more than 90 sq m, that such area referred to the construction area of a single unit as listed on its housing ownership certificate.

The Ministry of Commerce, together with 5 other ministries and commissions, promulgated the "Opinions on Regulation Entry and Administration of Foreign Investment in Real Estate Market" (关于规范房地产市场外资准入和管理的意见) (the "Opinions") on 11 July 2006. The Opinions set out new requirements and restrictions on foreign investment in the real estate market and the purchase of real estate properties in China by foreign institutions or individuals. The Opinions stipulate, *inter alia*, that:

1. To develop or operate real estate in China, a foreign investor must establish a foreign investment real estate enterprise in China with a scope of business approved by the PRC authorities (the "Real Estate FIE") and the registered capital of the Real Estate FIE shall not be less than 50% of its total investment amount if the total investment amount is more than US$10 million.

2. Transfer of shares and projects of a Real Estate FIE, and the acquisition of domestic real estate enterprises by foreign investors shall be examined and approved by the Ministry of Commerce and other authorities in accordance with the relevant laws, regulations and policies. The foreign investors shall produce letters guaranteeing the performance of the land use rights grant contract. Certificate for Construction Land Planning Certificate for Construction Engineering Planning, Certificate for Building Construction, land use rights certificate, documents evidencing the filing of the changes with construction (real estate) authorities and documents issued by the tax authorities evidencing payment of taxes.

3. When acquiring a domestic real estate enterprise through share transfer and other methods, or acquiring the shares of the Chinese party in an equity joint venture enterprise, the foreign investor must properly settle the employees, deal with the bank facilities and make a lump sum payment of the transfer price using its own capital.

4. Foreign investors that have invested in real estate properties without receipt of an approval certificate and a business licence shall not carry out activities of real estate development and operation.

5. A Real Estate FIE that has not received full payment of its registered capital, and has not obtained the land use rights certificate or whose project development capital has not reached 35% of the total project investment shall not be permitted to process domestic and foreign loans. the foreign exchange authorities with not approve conversion of foreign borrowings of such enterprises.

6. The foreign exchange authorities shall examine and approve in accordance with the requirements of the relevant regulations the inflow and conversion of the capital to be used for purchase of properties by Real Estate FIEs and foreign institutions or individuals. Foreign capital that satisfies such requirements will be allowed to be remitted into China and be converted into RMB. RMB received from transfer of the relevant properties will be allowed to be converted through the purchase of foreign currency and be remitted out of China after confirmation of compliance with the relevant laws and regulations and payment of taxes.

APPENDIX H
TAXATION

The following is a discussion of certain tax matters arising under the current tax laws in Singapore and Bermuda and is not intended to be and does not constitute legal or tax advice. While this discussion is considered to be a correct interpretation of existing laws in force as at the Latest Practicable Date, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur.

The discussion is limited to a general description of certain tax consequences in Singapore and Bermuda with respect to the holding or disposal of the Shares by Singapore investors, and does not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant to a decision to purchase the Shares. Prospective investors should consult their tax advisers regarding Singapore and Bermuda tax and other tax consequences of holding and disposing of the Shares. ***It is emphasised that neither our Company, our Directors, the Manager, the Underwriter, the Placement Agent nor any other persons involved in the Invitation accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of our Shares.***

BERMUDA TAXATION

The Company is incorporated in Bermuda. There are no tax treaties between Bermuda and Singapore. Dividends remitted to shareholders resident outside Bermuda will not be subject to Bermuda withholding tax. Further details are set out in paragraph (j) of "Appendix F: Summary of Bermuda Company Law".

SINGAPORE TAXATION

Singapore Income Tax

General

Subject to certain exceptions, Singapore tax residents, both companies and individuals, are subject to Singapore income tax on income accruing in or derived from Singapore and on foreign income received or deemed received in Singapore.

Foreign income in the form of branch profits, dividends and service income received or deemed received in Singapore on or after 1 June 2003 by a resident taxpayer is, however, tax-exempt if:

- such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received;
- at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax in the jurisdiction from which the income is received is at least 15%; and
- the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the recipient of the foreign income.

With effect from 30 July 2004, the above exemption has been extended to include branch profits, dividends and service income which is exempted from tax of a similar character to income tax as a result of tax incentive granted by a foreign jurisdiction for carrying out substantive activities in that foreign jurisdiction.

In addition, all foreign-sourced personal income received or deemed received in Singapore by a Singapore tax resident individual (except where such income is received through a partnership) on or after 1 January 2004 will be exempt from tax in Singapore. Certain investment income derived from Singapore sources by individuals on or after 1 January 2004 will also be exempt from tax.

Non-Singapore tax resident corporate taxpayers are subject to income tax on income accruing in or derived from Singapore, and subject to certain exceptions, on foreign income received or deemed received in Singapore. Non-Singapore tax resident individuals, subject to certain exceptions, are subject to income tax on income accruing in or derived from Singapore.

A company is regarded as a tax resident in Singapore if the control and management of its business is exercised in Singapore (for example, if the board of directors meets and conducts the company's business in Singapore). An individual is regarded as a tax resident in Singapore if, in the calendar year preceding the year of assessment, he ordinarily resides in Singapore or if he is physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more.

Tax rates

The corporate tax rate is 20% for Year of Assessment 2005 (i.e. for financial year ended 2004). In addition, three-quarters of the first $10,000 of a company's chargeable income, and one-half of the next $90,000 is exempt from corporate tax. The remaining chargeable income (after the partial tax exemption) will be taxed at 20%. The above tax exemption does not apply to normal Singapore franked dividends received by companies.

Notwithstanding the above, for qualifying newly incorporated Singapore companies, the first $100,000 of their normal chargeable income (excluding Singapore dividends) for each of their first three consecutive years of assessment that falls within Years of Assessment 2005 to 2009 would be exempt from tax.

Singapore tax resident individuals are subject to tax based on a progressive scale. The top marginal rate is 22% for the Year of Assessment 2004 (i.e. calendar year 2003), and subject to announcement in the forthcoming 2005 Budget Statement, the top marginal rate remains at 22% for Year of Assessment 2005 (i.e. calendar year 2004). The Minister for Finance has, in the 2004 Budget Statement, reaffirmed the Government's intention to reduce the top individual marginal tax rate to 20%. No date, however, has been set.

Non-Singapore resident individuals are generally subject to tax at a rate equivalent to the prevailing corporate tax rate.

Dividend Distributions

As the Company is incorporated in Bermuda and will be a non-tax resident in Singapore, dividends paid by the Company would be considered as sourced outside Singapore.

As dividends on the Shares will be paid through the CDP, foreign-sourced dividends received or deemed received in Singapore by an individual not resident in Singapore is exempt from Singapore income tax. This exemption will also apply in the case of a Singapore tax resident individual who has received or deemed received his foreign-sourced personal income in Singapore on or after 1 January 2004.

Dividends on the Shares received or deemed received by Singapore resident corporate taxpayers in Singapore will be subject to Singapore income tax as they are received through the CDP. However, if the conditions for the exemption of foreign income received on or after 1 June 2003 (as stated above) are met, such dividends should be exempt from Singapore tax when they are received or deemed received in Singapore.

Dividends on the Shares received or deemed received in Singapore through the CDP by non-Singapore resident corporate taxpayers will generally not be subject to tax in Singapore. However, where such foreign companies have activities in Singapore, dividends received in Singapore through the CDP by such companies may be subject to tax in Singapore if the dividends are in respect of investments made through their Singapore-based activities or the dividends are otherwise connected with their Singapore-based activities.

Capital Gains

Singapore currently does not impose tax on capital gains. However, gains or profits may be construed to be of an income nature and subject to tax, especially if they arise from activities that the Inland Revenue Authority of Singapore regards as carrying on of a trade or business in Singapore Thus, any gains or profits from the disposal of the Shares should not be taxable in Singapore unless the seller is regarded as carrying on a trade or business in dealing or trading in shares in Singapore, in which case, the disposal gains or profits would be taxable as trading profits.

Goods and Services Tax ("GST")

The sale of the Shares by a GST-registered investor belonging in Singapore through an SGX-ST member or to another person belonging in Singapore is an exempt supply not subject to GST.

Where the Shares are sold by a GST-registered investor in the course of or furtherance of a business carried on by him to a person belonging outside Singapore, the sale of the Shares is generally a taxable sale subject to GST at 0%. Any GST incurred by a GST-registered investor in the making of this supply in the course of or furtherance of a business carried on by him may be recovered from the Singapore Comptroller of GST.

Charges on brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of the Shares will be subject to GST at the current rate of 5%. Similar services rendered to an investor belonging outside Singapore would generally be subject to GST at 0%.

SINGAPORE STAMP DUTY

There is no stamp duty payable on the allotment or holding of the Shares.

Stamp duty is payable in Singapore on an instrument of transfer of the Shares at the rate of S$0.20 for every S$100 or any part thereof of the consideration for the Shares.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary. No stamp duty is payable if no instrument of transfer is executed or if the instrument of transfer is executed outside Singapore. However, stamp duty would be payable if the instrument of transfer which is executed outside Singapore is received in Singapore.

Stamp duty is, however, not applicable to electronic transfers of the Shares through the system of CDP.

SINGAPORE ESTATE DUTIES

Singapore estate duty is imposed on the value of immovable property situated in Singapore owned by an individual who was at the time of death not domiciled in Singapore, subject to specific exemption limits. Movable assets of an individual who at the time of death was not domiciled in Singapore are exempt from estate duty irrespective of where such movable properties are located.

Singapore estate duty is imposed on the value of immovable property situated in Singapore and on movable property, wherever it may be situated, owned by an individual who was at the time of death domiciled in Singapore, subject to specific exemption limits.

Singapore estate duty is payable to the extent that the value of the Shares aggregated with other dutiable assets in Singapore exceeds S$600,000. Unless other exemptions apply to other assets, for example, the separate exemption limit for residential properties, any excess beyond S$600,000 will be taxed at 5% on the first S$12,000,000 of the individual's Singapore dutiable assets and any excess over S$12,000,000 will be taxed at 10%.

Prospective purchasers of the Shares who are individuals, whether or not domiciled in Singapore, should consult their own tax advisers regarding Singapore estate duty consequences of their ownership of the Shares.

APPENDIX I
TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

You are invited to apply for and/or purchase the Invitation Shares at the Invitation Price for each Invitation Share subject to the following terms and conditions:–

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 INVITATION SHARES OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF INVITATION SHARES WILL BE REJECTED.**

2. Your application for Offer Shares may be made by way of printed Offer Shares Application Forms or by way of Electronic Applications through ATMs of the Participating Banks ("ATM Electronic Applications") or through Internet Banking ("IB") websites of the relevant Participating Banks ("Internet Electronic Applications" which, together with ATM Electronic Applications, shall be referred to as "Electronic Applications").

   Your application for the Placement Shares may only be made by way of printed BLUE Placement Shares Application Forms.

   YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE INVITATION SHARES.

3. **You are allowed to submit only one application in your own name for the Offer Shares or the Placement Shares. If you submit an application for Offer Shares by way of an Application Form, you MAY NOT submit another application for Offer Shares by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Vendor, or the Manager, Underwriter and Placement Agent.**

   If you submit an application for Offer Shares by way of Internet Electronic Application, you MAY NOT submit another application for Offer Shares by way of ATM Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected.

   If you have made an application for Placement Shares, you should not make any application for Offer Shares either by way of an Application Form or by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Vendor, or the Manager, Underwriter and Placement Agent. Conversely, if you have made an application for Offer Shares either by way of an Electronic Application or by way of an Application Form, you may not make any application for Placement Shares by way of an Application Form. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Vendor, or the Manager, Underwriter and Placement Agent.

   If you (being other than an approved nominee company) have submitted an application in your own name, you should not submit any other application whether by way of an Application Form or by way of an Electronic Application for any other person. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Vendor, or the Manager, Underwriter and Placement Agent.

Joint applications shall be rejected. Multiple applications for Invitation Shares may be rejected at the discretion of our Company, the Vendor, or the Manager, Underwriter and Placement Agent. If you submit or procure submissions of multiple share applications whether for Offer Shares, Placement Shares or both Offer Shares and Placement Shares, you may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, Chapter 289 of Singapore, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications may be rejected at the discretion of our Company, the Vendor, or the Manager, Underwriter and Placement Agent.

4. We will not accept applications from any person under the age of 21 years, undischarged bankrupts, sole-proprietorships, partnerships or non-corporate bodies, joint Securities Account holders of CDP or from applicants whose addresses (furnished in their Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased name at the time of application.

5. We will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/their own name(s) and without qualification or, where the application is made by way of an Application Form, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 6 below.

6. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.

7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected (if you apply by way of an Application Form), or you will not be able to complete your Electronic Application (if you apply by way of an Electronic Application). If you have an existing Securities Account but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars, such as name, NRIC/passport number, nationality and permanent residence status provided in your Application Form or in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one individual direct Securities Account with CDP, your application shall be rejected.

8. **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and/or allocation and other correspondence from CDP will be sent to your address last registered with CDP.**

9. **Our Company and the Vendor reserve the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Prospectus or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Prospectus or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn remittance. We further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the terms and conditions of this Prospectus and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**

10. Our Company and the Vendor reserve the right to reject or to accept, in whole or in part, or to scale down or to ballot any application, without assigning any reason therefore, and we will not entertain any enquiry and/or correspondence on our decision. This right applies to applications made by way of Application Forms and by way of Electronic Applications. In deciding the basis of allotment and/or allocation which will be at our discretion, we will give due consideration to the desirability of allotting and/or allocating the Invitation Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

11. Share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP or its nominees. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of Invitation Shares allotted and/or allocated to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by us. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the Invitation Shares allotted and/or allocated to you. This authorisation applies to applications made by way of Application Forms and by way of Electronic Applications.

    You hereby consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP securities account number, CDP Investment Account number (if applicable) and share application amount from your account with the relevant Participant Bank to the Share Registar, SCCS, SGX-ST, CDP, CPF, our Company and the Manager, Underwriter and Placement Agent.

12. In the event of an under-subscription of Offer Shares as at the close of the Application List, that number of Offer Shares under-subscribed for shall be made available to satisfy applications for Placement Shares to the extent that there is an over-subscription for Placement Shares as at the close of the Application List.

    In the event of an under-subscription of Placement Shares as at the close of the Application List, that number of Placement Shares under-subscribed shall be made available to satisfy applications for Offer Shares to the extent that there is an over-subscription of Offer Shares as at the close of the Application List.

    In the event of an over-subscription of Offer Shares as at the close of the Application List and the Placement Shares are fully subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors and the Vendor and approved by the SGX-ST.

13. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Invitation Shares allotted and/or allocated to you pursuant to your application, to us, the Manager, the Underwriter, the Placement Agent and any other parties so authorised by CDP, us, the Manager, the Underwriter and/or the Placement Agent.

14. Any reference to "you" or the "applicant" in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Offer Shares by way of an Application Form or by way of an Electronic Application, or for the Placement Shares through the Placement Agent.

15. By completing and delivering an Application Form or by making and completing an Electronic Application by (in the case of an ATM Electronic Application) pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key on the ATM (as the case may be) or by (in the case of an Internet Electronic Application) clicking "Submit" or "Continue" or "Yes" or "Confirm" or any other relevant key on the IB website screen (as the case may be) in accordance with the provisions of this Prospectus, you:–

    (a) irrevocably offer to subscribe for and/or purchase the number of Invitation Shares specified in your application (or such smaller number for which the application is accepted) at the Invitation Price and agree that you will accept such Invitation Shares as may be allotted and/or allocated to you, in each case on the terms of this Prospectus and on the terms of the conditions set out in this Prospectus and the Memorandum of Association and Bye-laws of our Company;

    (b) agree that in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and those in the ATMs or the IB websites of the relevant Participating Banks, the terms and conditions set out in this Prospectus shall prevail;

    (c) agree that the aggregate Issue Price for the Invitation Shares applied for is due and payable to the Company and/or the Vendor forthwith; and

    (d) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company and the Vendor in determining whether to accept your application and/or whether to allocate any Invitation Shares to you; and

    (e) agree and warrant that if the law of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Vendor or the Manager, Underwriter and Placement Agent will infringe any such laws as a result of the acceptance of your application.

16. Our acceptance of applications will be conditional upon, *inter alia*, our Company and the Vendor being satisfied that:–

    (a) permission has been granted by the SGX-ST to deal in and for quotation of, all our existing Shares including the Vendor Shares and the New Shares on the SGX-ST;

    (b) the Management and Underwriting Agreement and the Placement Agreement referred to in the section "Management, Underwriting and Placement Arrangments" of this Prospectus have become unconditional and have not been terminated or cancelled prior to such date as our Company may determine; and

    (c) the Authority has not served a stop order which directs that no or no further shares to which this Prospectus relates be allotted or allocated.

17. We will not hold any applications in reserve.

18. We will not allot and/or allocate Shares on the basis of this Prospectus later than six months after the date of registration of this Prospectus.

19. Additional terms and conditions for applications by way of Application Forms are set out on pages I-5 to I-8 of this Prospectus.

20. Additional terms and conditions for applications by way of Electronic Applications are set out on pages I-8 to I-16 of this Prospectus.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

Applications by way of Application Forms shall be made on and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions appearing below as well as those set out under the section on "TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE" on pages I-1 to I-5 of this Prospectus, as well as the Memorandum of Association and Bye-laws of our Company.

(1) Your application must be made using the **WHITE** Application Forms for Offer Shares or the **BLUE** Application Forms for Placement Shares accompanying and forming part of this Prospectus.

We draw your attention to the detailed instructions contained in the respective Application Forms and this Prospectus for the completion of the Application Forms which must be carefully followed. **We reserve the right to reject applications that do not conform strictly to the instructions set out in the Application Forms and this Prospectus or to the terms and conditions of this Prospectus or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances.**

(2) The Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.

(3) All spaces in the Application Forms except those under the heading "**FOR OFFICIAL USE ONLY**" must be completed and the words "**NOT APPLICABLE**" or "**N.A.**" should be written in any space that is not applicable.

(4) Individuals, corporations, approved nominee companies and trustees must give their names in full. You must make your application, in the case of individuals, in your full names appearing in your identity cards (if applicants have such identification documents) or in your passports and, in the case of corporations, in your full names as registered with a competent authority. If you are a non-individual completing the Application Form under the hand of an official, you must state the name and capacity in which that official signs. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with our Registrar for the Invitation and Singapore Share Transfer Agent. Our Company and the Vendor reserve the right to require you to produce documentary proof of identification for verification purposes.

(5) (a) You must complete page 1 and Sections A and B of the Application Forms.

(b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Forms. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Forms with particulars of the beneficial owner(s).

(c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Forms, your application is liable to be rejected.

(6) You (whether you are an individual and corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted), will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporation. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Invitation Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporation.

(7) Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of Invitation Shares applied for, in the form of a BANKER'S DRAFT or CASHIER'S ORDER drawn on a bank in Singapore, made out in favour of "**PAN HONG SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**", with your name and address written clearly on the reverse side. We will not accept applications accompanied by ANY OTHER FORM OF PAYMENT. We will reject remittances bearing "**NOT TRANSFERABLE**" or "**NON TRANSFERABLE**" crossings. No acknowledgement or receipt will be issued by our Company, the Vendor or the Manager for applications or application monies received.

(8) Unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within 24 hours after balloting at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days after the close of the Application List.

(9) Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.

(10) By completing and delivering the Application Form, you agree that:–

(a) in consideration of our Company and the Vendor having distributed the Application Form to you and agreeing to close the Application List at 12.00 noon on 18 September 2006 or such other time or date as our Company and the Vendor may, in consultation with the Manager, decide:–

(i) your application is irrevocable; and

(ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;

(b) all applications, acceptances and contracts resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

(c) in respect of the Invitation Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company and the Vendor;

(d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

(e) in making your application, reliance is placed solely on the information contained in this Prospectus and that neither our Company, the Vendor or the Manager, Underwriter and Placement Agent nor any other person involved in the Invitation shall have any liability for any information not so contained;

(f) you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, CPF Investment Account Number (if applicable) and the share application amount from your account with the relevant Participating Bank to our Bermuda Share Registrar, SCCS, SGX-ST, CDP, CPF, our Company, the Vendor and the Manager; and

(g) you irrevocably agree and undertake to subscribe for the number of Invitation Shares applied for as stated in the Application Form or any smaller number of such Invitation Shares that may be alloted and/or allocated to you in respect of your application. In the event that our Company decides to allocate or allot any smaller number of Invitation Shares applied for as stated in the Application Form or not to allocate or allot any Invitation Shares to you, you agree to accept such decision as a final.

Applications For Offer Shares

1. Your applications for Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Forms and **WHITE** official envelopes “A” and “B”. **ONLY ONE APPLICATION** should be enclosed in each envelope.

2. You must:–

   (a) enclose the **WHITE** Offer Shares Application Form, duly completed and signed, together with your remittance in accordance with the terms and conditions of this Prospectus, in the **WHITE** envelope “A” provided;

   (b) in the appropriate spaces on **WHITE** envelope “A”:–

      (i) write your name and address;

      (ii) state the number of Offer Shares applied for;

      (iii) tick the relevant box to indicate the form of payment; and

      (iv) affix adequate Singapore postage;

   (c) SEAL **WHITE** ENVELOPE “A”;

   (d) write, in the special box provided on the larger **WHITE** envelope “B” addressed to **B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758**, the number of Offer Shares you have applied for; and

(e) insert **WHITE** envelope "A" into **WHITE** envelope "B", seal **WHITE** envelope "B" and affix adequate Singapore postage and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND** at your own risk to **B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758**, to arrive by **12.00 noon on 18 September 2006 or such other time as we may, in consultation with the Manager, decide. Local Urgent Mail or Registered Post must NOT be used**. No acknowledgement of receipt will be issued for any application or remittance received.

3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected.

4. ONLY ONE APPLICATION should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Applications for Placement Shares

1. You application for Placement Shares **MUST** be made using the **BLUE** Placement Shares Application Forms. **ONLY ONE APPLICATION** should be enclosed in each envelope.

2. The completed **BLUE** Placement Shares Application Form and your remittance (in accordance with the terms and conditions of this Prospectus) for the full amount payable in respect of the number of Placement Shares you have applied for, with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to **B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758**, to arrive by **12:00 noon on 18 September 2006 or such later date and time as our Company and the Vendor may, in consultation with the Manager, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.

3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected.

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications are set out on the ATM screens (in the case on ATM Electronic Applications) and the IB website screens (in the case of Internet Electronic Applications) of the relevant Participating Banks. Currently, DBS and the UOB Group are the only Participating Banks through which Internet Electronic Applications can be made. For illustration purposes, the procedures for Electronic Applications through ATMs and the IB website of DBS are set out respectively in the sections "Steps for Electronic Applications for Offer Shares through ATMs of DBS" and the "Steps for Internet Electronic Application for Offer Shares through the IB website of DBS" (the "Steps") appearing on pages I-15 to I-16 of this Prospectus.

The Steps set out the actions that you must take at an ATM or the IB website of DBS to complete an Electronic Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to "you" or the "applicant" in the Additional Terms and Conditions for Electronic Applications and the Steps shall refer to you making an application for Offer Shares through an ATM or the IB website of a relevant Participating Bank.

You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before you can make an Electronic Application at the ATMs of the relevant Participating Banks. An ATM card issued by one Participating Bank cannot be used to apply for Offer Shares at an ATM belonging to other Participating Banks. For an Internet Electronic Application, you must have an existing bank account with an IB User Identification ("User ID") and a Personal Identification Number/Password given by the relevant Participating Bank. The Steps set out the actions you must take at ATMs or the IB website of DBS to complete an Electronic Application. The actions that you must take at ATMs or the IB websites of other Participating Banks are set out on the ATM screens or the IB website screens of the relevant Participating Banks. Upon the completion of your Electronic Application transaction through an ATM, you will receive an ATM transaction slip ("Transaction Record"), confirming the details of your Electronic Application. Upon the completion of your Internet Electronic Application, there will be an on-screen confirmation ("Confirmation Screen") of the application which you can print out for your record. The Transaction Record or your printed record of the Confirmation Screen is for your retention and should not be submitted with any Application Form.

You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.

You must ensure, when making an Internet Electronic Application, that your mailing address is in Singapore and the application is being made in Singapore and you will be asked to declare accordingly. Otherwise, your application is liable to be rejected.

You shall make an Electronic Application on the terms and subject to the conditions of this Prospectus including but not limited to the terms and conditions appearing below and those set out under the section on "TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE" on pages I-1 to I-5 of this Prospectus as well as the Memorandum of Association and Bye-laws of our Company.

1. In connection with your Electronic Application for Offer Shares, you are required to confirm statements to the following effect in the course of activating the ATM for your Electronic Application:–

   (a) that you have received a copy of this Prospectus (in the case of ATM Electronic Applications only) and have read, understood and agreed to all the terms and conditions of application for Offer Shares and this Prospectus prior to effecting the Electronic Application and agree to be bound by the same;

   (b) that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, and share application amount (the "Relevant Particulars") from your account with the relevant Participating Bank to the Bermuda Share Registrar, the SGX-ST, CDP, SCCS, the Company, the Vendor, the Manager, the Underwriter and the Placement Agent (the "Relevant Parties"); and

   (c) that this is your only application and it is made in your own name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction in the ATM or on the IB website unless you press the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key on the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the IB website. By doing so, you shall be treated as signifying your confirmation of each of the above three statements. In respect of statement 1(b) above, your confirmation, by pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore including Section 47(2) of the Banking Act (Chapter 19) of Singapore to the disclosure by that Participating Bank of the Relevant Particulars to the Relevant Parties.

2. **BY MAKING AN ELECTRONIC APPLICATION, YOU CONFIRM THAT YOU ARE NOT APPLYING FOR OFFER SHARES AS A NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC APPLICATION THAT YOU MAKE IS THE ONLY APPLICATION MADE BY YOU AS BENEFICIAL OWNER.**

   YOU SHOULD MAKE ONLY ONE ELECTRONIC APPLICATION FOR OFFER SHARES AND SHOULD NOT MAKE ANY OTHER APPLICATION FOR OFFER SHARES OR PLACEMENT SHARES, WHETHER AT THE ATM OR THE IB WEBSITES (IF ANY) OF ANY PARTICIPATING BANK OR ON THE APPLICATION FORMS. IF YOU HAVE MADE AN APPLICATION FOR OFFER SHARES OR PLACEMENT SHARES ON AN APPLICATION FORM, YOU SHALL NOT MAKE AN ELECTRONIC APPLICATION FOR OFFER SHARES AND VICE VERSA.

3. You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application, failing which your Electronic Application will not be completed.

   Any Electronic Application which does not conform strictly to the instructions set out on the screens of the ATM or IB website through which your Electronic Application is being made shall be rejected.

   You may make an Electronic Application at an ATM of any Participating Bank or an Internet Electronic Application at the IB website of a relevant Participating Bank for Offer Shares using cash only by authorising such Participating Bank to deduct the full amount payable from your account with such Participating Bank.

4. You irrevocably agree and undertake to subscribe for and/or to purchase and accept the number of Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of Offer Shares that may be allotted and/or allocated to you in respect of your Electronic Application. In the event that we decide to allot or allocate any lesser number of such Offer Shares or not to allot or allocate any Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key on the ATM or clicking " Confirm" or "OK" or any other relevant key on the IB website screen) of the number of Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Offer Shares that may be alloted and/or allocated to you and your agreement to be bound by the Memorandum of Association and Bye-laws of our Company.

5. **We will not keep any applications in reserve.** Where your Electronic Application is unsuccessful, the full amount of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) in Singapore currency to you by being automatically credited to your account with your Participating Bank within 24 hours after balloting. **Trading on a "WHEN ISSUED" basis, if applicable, is expected to commence after such refund has been made.**

   Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 14 days after the close of the Application List.

   Responsibility for timely refund of application monies arising from unsuccessful or partially successful Electronic Applications lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any monies to you from unsuccessful or partially successful Electronic Application, to determine the exact number of Offer Shares allotted to you before trading the Offer Shares on the SGX-ST. Neither the SGX-ST, the CDP, the SCCS, the Participating Banks, our Company, the Vendor or the Manager, Underwriter and Placement Agent assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

6. **If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Bank.**

   If you make Electronic Applications through the ATMs of the following banks, you may check the provisional results of your Electronic Applications as follows:–

Bank	Telephone	Available at ATM/Internet	Operating Hours	Service expected from
DBS	1800 339 6666 (for POSB Account holders) 1800 111 1111 (for DBS Account holders)	Internet Banking www.dbs.com[(2)]	24 hours a day	Evening of the balloting day
UOB Group	1800 222 2121	ATM (Other Transactions – "IPO Enquiry") www.uobgroup.com[(1)(2)]	ATM/Phone Banking — 24 hours a day Internet Banking — 24 hours a day	Evening of the balloting day
OCBC Bank	1800 363 3333	ATM/Internet Banking/ Phone Banking[(3)]	24 hours	Evening of the balloting day

Notes:–

(1) If you have made your Electronic Application through the ATMs or IB website of the UOB Group, you may check the results of your application through UOB Personal Internet Banking, ATMs of the UOB Group or UOB PhoneBanking services.

(2) If you have made your Internet Electronic Application through the IB websites of DBS or the UOB Group, you may also check the results of your application through the same channels listed in the table above in relation to ATM Electronic Applications made at ATMs of DBS or the UOB Group.

(3) If you have made your Electronic Application through ATMs of OCBC Bank, you may check the result of your application through the same channels listed in the table above.

7. **Electronic Applications shall close at 12.00 noon on 18 September 2006 or such other time as our Company and the Vendor may, in consultation with the Manager, decide.** Subject to paragraph 8 below, an Internet Electronic Application is deemed to be received when it enters the designated information system of the relevant Participating Bank.

8. You are deemed to have requested and authorised us to:–

   (a) register the Offer Shares allotted and/or allocated to you in the name of CDP for deposit into your Securities Account;

   (b) send the relevant Share certificate(s) to CDP;

   (c) return or refund (without interest or any share of revenue earned or other benefit arising therefrom) the application monies should your Electronic Application be rejected, by automatically crediting your bank account with your Participating Bank with the relevant amount within 24 hours of the balloting; and (d) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within 14 days after the close of the Application List.

9. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, our Company, the Vendor and the Manager and in any such event, our Company, the Vendor, the Manager and/or the relevant Participating Bank do not receive your Electronic Application, or data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, the Vendor, the Manager, the Underwriter and/or the relevant Participating Bank for Offer Shares applied for or for any compensation, loss or damage.

10. We do not recognise the existence of a trust. Any Electronic Application by a trustee must be made in your own name and without qualification. We will reject any application by any person acting as nominee.

11. All your particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you shall promptly notify your Participating Bank.

12. **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected.** You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment will be sent to your address last registered with CDP.

13. By making and completing an Electronic Application, you are deemed to have agreed that:–

    (a) in consideration of us making available the Electronic Application facility, through the Participating Banks acting as our agents, at the ATMs and the IB websites (if any):–

        (i) your Electronic Application is irrevocable; and

(ii) your Electronic Application, our acceptance and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

(b) none of our Company, the Vendor, the Manager, CDP or the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to our Company or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 9 above or to any cause beyond their respective controls;

(c) in respect of Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on our behalf and not otherwise, notwithstanding any payment received by or on our behalf;

(d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application; and

(e) in making your application, reliance is placed solely on information contained in this Prospectus and that none of the Company, the Vendor, the Manager, the Underwriter and the Placement Agent nor any other person involved in the Invitation shall have any liability for any information not so contained.

The instructions for Electronic Applications will appear on the ATM screens and the IB website screens. For illustration purposes, the steps for making an Electronic Application through an ATM belonging to DBS or through the IB website of DBS are shown below. Instructions for Electronic Applications on the ATM screens and the IB websites screens (if any) of the Participating Banks, other than DBS, may differ from those represented below.

Steps for ATM Electronic Applications for Offer Shares through ATMs of DBS (including POSB ATMs)

Instructions for ATM Electronic Applications will appear on the ATM screens of the Participating Bank. For illustration purposes, the steps for making an ATM Electronic Application through a DBS or POSB ATM are shown below. Certain words appearing on the screen are in abbreviated form ("A/c", "amt", "appln", "&", "I/C", "SGX" and "No." refer to "Account", "amount", "application", "and", "NRIC", "SGX-ST" and "Number", respectively). Instructions for ATM Electronic Applications on the ATM screens of Participating Banks (other than DBS (including its POSB ATM)) may differ slightly from those represented below.

Step 1 : Insert your personal DBS or POSB ATM Card

2 : Enter your Personal Identification Number

3 : Select "CASHCARD & MORE SERVICES"

4 : Select "ESA-IPO SHARE/INVESTMENTS"

5 : Select "ELECTRONIC SECURITY APPLICATION (IPOS/BONDS/ST-NOTES)"

6 : Read and understand the following statements which will appear on the screen:–

- THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR PROFILE STATEMENT (AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR PROFILE STATEMENT) WHICH CAN BE OBTAINED FROM ANY DBS/POSB BRANCH IN SINGAPORE AND, WHERE APPLICABLE, THE VARIOUS PARTICIPATING BANKS DURING BANKING HOURS, SUBJECT TO AVAILABILITY.

- ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) BEFORE SUBMITTING HIS APPLICATION WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE). A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR PROFILE STATEMENT AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR PROFILE STATEMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS.

- Press the “ENTER” key to confirm that you have read and understood.

7 : Select “PANHONG” to display details.

8 : Press the “ENTER” key to acknowledge:–

- YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF APPLICATION AND (WHERE APPLICABLE) THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/ OFFER INFORMATION STATEMENT/DOCUMENT OR PROFILE STATEMENT.

- YOU CONSENT TO DISCLOSE YOUR NAME, NRIC/PASSPORT NO., ADDRESS, NATIONALITY, CDP SECURITIES A/C NO., CPF INVESTMENT A/C NO., AND SECURITIES APPLN AMOUNT FROM YOUR BANK A/C(S) TO SHARE REGISTRARS, SGX, SCCS, CDP, CPF AND THE ISSUER/ VENDOR(S).

- FOR FIXED AND MAX PRICE SECURITY APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

- THE MAXIMUM PRICE FOR EACH SHARE IS PAYABLE IN FULL ON APPLICATION AND SUBJECT TO REFUND IF THE FINAL PRICE IS LOWER.

- FOR TENDER SECURITY APPLICATIONS, THIS IS YOUR ONLY APPLICATION AT THE SELECTED TENDER PRICE AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

- YOU ARE NOT A US PERSON AS REFERRED TO IN (WHERE APPLICABLE) THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR PROFILE STATEMENT AND IF APPLICABLE, THE REPLACEMENT OR PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR PROFILE STATEMENT, NOTICE AND/OR CIRCULAR.

- THERE MAY BE A LIMIT ON THE MAXIMUM NUMBER OF SECURITIES THAT YOU CAN APPLY FOR. SUBJECT TO AVAILABILITY, YOU MAY BE ALLOCATED A SMALLER NUMBER OF SECURITIES THAN YOU APPLIED FOR OR (IN THE CASE OF AN EARLIER CLOSURE UPON FULL SUBSCRIPTION) YOUR APPLICATION MAY BE REJECTED IF ALL THE AVAILABLE SECURITIES HAVE BEEN FULLY ALLOCATED TO EARLIER APPLICANTS.

9 : Select your nationality.

10 : Select the DBS account (Autosave/Current/Savings/Savings Plus) or the POSB account (current/savings) from which to debit your application moneys.

11 : Enter the number of securities you wish to apply for using cash.

12 : Enter or confirm (if your CDP Securities Account number has already been stored in the DBS's records) your own 12-digit CDP Securities Account number. (Note: This step will be omitted automatically if your Securities Account number has already been stored in DBS's records.)

13 : Check the details of your share applicable, your I/C/passport number and CDP Securities Account number and number of securities on the screen and press the "ENTER" key to confirm application.

14 : Remove the Transaction Record for your reference and retention only.

Steps for Internet Electronic Applications for Offer Shares through the IB website of DBS

For illustrative purposes, the steps for making an Internet Electronic Application through DBS IB website is shown below. Certain words appearing on the screen are in abbreviated form ("A/c", "amt", "&", "I/C", "SGX" and "No." refer to "Account", "amount", "and", "NRIC", "SGX-ST" and "Number" respectively).

Step 1 : Click on to DBS website (www.dbs.com).

2 : Login to Internet Banking.

3 : Enter your User ID and PIN.

4 : Select "Electronic Security Application (ESA)".

5 : Click "Yes" to proceed and to warrant *inter alia*, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore.

6 : Select your country of residence.

7 : Click on "PANHONG" and click the "Submit" button.

8 : Click "Confirm" to confirm *inter alia*:–

(a) You have read, understood and agreed to all terms of this application and the Prospectus/Document or Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Document or Profile Statement.

(b) You consent to disclose your name, I/C or Passport number, address, nationality, CDP Securities Account number, CPF Investment account number (if applicable) and securities application amount from your DBS/POSB Account(s) to registrars of securities, SGX, SCCS, CDP, CPF Board and issuer.

(c) You are not a US Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).

(d) You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933 as amended (the "US Securities Act") or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any "US person" (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction subject to, the registration requirements of the US Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

(e) This application is made in your own name and at your own risk.

(f) For FIXED/MAX price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.

9 : Fill in details for share application and click "Submit".

10 : Check the details of your share application, your I/C/passport No. and click "OK" to confirm your application.

11 : Print Confirmation Screen (optional) for your reference & retention only.