



PAN HONG PROPERTY GROUP LIMITED

(Incorporated in Bermuda on 20 December 2005)

(Co. Reg. No: 37749)

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

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

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

RMB'000	Year ended 31/12/2007	Year ended 31/12/2006 (restated)	Increase/ (Decrease)
Revenue	564,857	151,269	273.4%
Cost of Sales	<u>(334,270)</u>	<u>(93,911)</u>	255.9%
Gross Profit	230,587	57,358	302.0%
Other income and gains	77,407	24,495	216.0%
Selling expenses	(6,577)	(909)	623.5%
Administrative expenses	(14,164)	(13,188)	7.4%
Other operating expenses	<u>(547)</u>	<u>(613)</u>	-10.8%
Operating profit	286,706	67,143	327.0%
Finance costs	(1,412)	-	NM
Share of loss of associates	-	(76)	-100.0%
Share of loss of a jointly controlled entity	<u>(298)</u>	<u>-</u>	NM
Profit before taxation	284,996	67,067	324.9%
Taxation	<u>(99,327)</u>	<u>(17,517)</u>	467.0%
Profit for the year	<u><u>185,669</u></u>	<u><u>49,550</u></u>	274.7%
Attributable to:			
Equity holders of the Company	184,856	49,440	273.9%
Minority interests	<u>813</u>	<u>110</u>	639.1%
	<u>185,669</u>	<u>49,550</u>	274.7%

NM: Not Meaningful



Note:

RMB'000	Group	
	Year ended 31/12/2007	Year ended 31/12/2006 (restated)
Profit before taxation is arrived at after charging:		
Finance costs wholly repayable within five year		
- Bank loans	7,347	6,189
- Other loans	1,412	-
Less: amount capitalised in properties held under development	(7,347)	(6,189)
	1,412	-
Cost of properties held for sale recognised as expense	306,229	87,467
Depreciation of property, plant and equipment	418	436
Less: amount capitalised in properties held under development	(103)	(84)
	315	352
Loss on disposal of property, plant and equipment	4	-
Operating lease charges in respect of land and buildings	173	514
Less: amount capitalised in properties held under development	(26)	(90)
	147	424
Outgoings in respect of properties under operating lease arrangements	168	152
Staff costs, including directors' remuneration		
- wages and salaries	7,967	2,770
- retirement benefit scheme contributions - defined contribution plans	507	281
Less: amount capitalised in properties held under development	(978)	(707)
	7,496	2,344
Amortisation of leasehold interest in land	17	-
Exchange loss	88	208
and crediting :		
Other income and gains		
- commission income	18,780	-
- consultancy fee income	15,000	-
Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	7,479	-
Fair value gain of		
- investment properties	-	5,880
- properties held for sale upon transfer to investment properties	17,637	15,623
Gain on disposal of property, plant and equipment	-	15
Gain on disposal of financial assets at fair value through income statement	8,519	-
Interest income		
- from bank deposits and cash at banks	5,295	2,296
- from other deposits	1,115	-
Rental income	1,932	662

Note: There was no non-audit fee incurred during the year (2006: RMB1,228,000)

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

	Group		Company	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
RMB'000				
ASSETS AND LIABILITIES	(restated)			
NON-CURRENT ASSETS				
Property, plant and equipment	8,312	4,740	-	-
Investment properties	81,013	35,338	-	-
Leasehold interest in land	8,206	-	-	-
Goodwill	6,030	6,030	-	-
Interests in subsidiaries	-	-	278,608	278,608
Interests in a jointly controlled entity	49,702	-	-	-
Other receivables	20,000	-	-	-
Deposit paid	30,000	30,000	-	-
Deferred tax assets	11,000	-	-	-
	214,263	76,108	278,608	278,608
CURRENT ASSETS				
Properties held under development	405,914	291,394	-	-
Properties held for sale	125,010	42,809	-	-
Account receivables	57,007	51,159	-	-
Deposits, prepayments and other receivables	200,453	52,311	1,564	112
Amounts due from related parties	538	-	248,626	195,820
Pledged bank deposits	12,805	-	-	-
Cash and bank equivalents	243,906	221,356	92	92
	1,045,633	659,029	250,282	196,024
CURRENT LIABILITIES				
Account payables	2,105	9,637	-	-
Accruals, receipts in advance and other payables	161,343	23,218	-	350
Provision for tax	109,048	20,750	-	-
Amount due to related parties	91	29	6,395	375
Bank and other loans	105,563	-	-	-
	378,150	53,634	6,395	725
NET CURRENT ASSETS	667,483	605,395	243,887	195,299
TOTAL ASSETS LESS CURRENT LIABILITIES	881,746	681,503	522,495	473,907
NON-CURRENT LIABILITIES				
Bank and other loans	66,140	110,000	-	-
Shareholder's loan	17,794	17,794	-	-
Deferred tax liabilities	8,495	5,713	-	-
	92,429	133,507	-	-
NET ASSETS	789,317	547,996	522,495	473,907
EQUITY				
Share capital	298,164	292,164	298,164	292,164
Share premium	153,080	116,727	153,080	116,727
Reserves	277,299	106,442	71,251	65,016
EQUITY ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS	728,543	515,333	522,495	473,907
MINORITY INTERESTS	60,774	32,663	-	-
TOTAL EQUITY	789,317	547,996	522,495	473,907

Note:

- (1) The Company refers to its announcement made on 3 September 2007:

“On 14 December 2006, the Board of Directors of Pan Hong Property Group Limited (“Pan Hong” or the “Company”) announced that Loerie Investments Limited (“Loerie”), a wholly owned subsidiary of the Company, had entered into a sale and purchase agreement (the “Agreement”) with one Mr Liu Hong Shu (the “Vendor”) in connection with the acquisition of a 90.0% interest in the entire issued and paid-up capital of Ever Sure Industries Limited (“Ever Sure”) (the “Acquisition”) at a consideration of HK\$ 101.5 million. Pursuant to the Agreement, the legal completion date of this Acquisition is 31 August 2007.

Upon signing of the Agreement, the Company paid the sum of HK\$30.0 million to the Vendor on 15 December 2006 as deposit and part payment of the Purchase Consideration. Pan Hong was subsequently offered two seats, out of a total of three seats, on the Board of Directors of Ever Sure and its PRC subsidiary (collectively the “Ever Sure Group”). As the Company has accepted the appointments which resulted in the Company having the power to govern the financial and operating policies of Ever Sure Group so as to obtain benefits from their activities. Therefore, Ever Sure Group was considered by the directors of the Company as subsidiaries because Ever Sure Group is controlled by the Company since 31 March 2007. Accordingly, the financial statements of Ever Sure Group were included in Pan Hong’s consolidated financial statements from 31 March 2007.

The Group recognized a substantial gain of approximately RMB 77.8 million in the first financial quarter ended 31 March 2007, arising from the difference between the Purchase Consideration of RMB 101.5 million and the net fair value of the assets acquired of RMB 179.3 million.

Following its due diligence of Ever Sure, the Company has also sent a bank draft for the balance of the Purchase Consideration of approximately HK\$71.5 million to Mallesons on 28 August 2007. Pan Hong has discharged all its obligations in accordance with the terms of the Agreement, which stipulated that the Acquisition was to be completed on 31 August 2007.

However, on 31 August 2007, the Vendor failed to fulfill his obligations under the Agreement, which required the transfer of legal ownership of 90.0% of the entire issued and paid-up capital of Ever Sure to Loerie. As a result, the Vendor had not collected the bank draft and the Group’s liability of approximately HK\$71.5 million had not been discharged while the funds remained in the Group’s bank account as at 30 September 2007.

In connection with the above, the Vendor has failed to fulfill his obligation to complete the Acquisition on 31 August 2007, the agreed completion date of the Acquisition. After seeking legal counsel in Hong Kong, Pan Hong is of the view that it has a strong legal case against the Vendor. Accordingly, the Company has commenced legal proceedings in Hong Kong against the Vendor for breach of contract.

Subject to the completion of statutory external auditing for the financial year ending 31 December 2007 (“FY2007”), there may be an impact on the Company financial performance and net asset value for FY2007 if for any reason our claim against the Vendor is not successful or if specific performance of the Agreement is not granted to us by the courts in Hong Kong and damages awarded are not commensurate with the gain in value of the shares in Ever Sure or if it is subsequently determined (based on the International Financial Reporting Standards) that the Ever Sure Group should not be included for the purposes of the Company’s financial reporting in view of the legal proceeding instituted.

Pan Hong’s legal counsel in Hong Kong has advised that the Vendor does not have grounds to walk away from the transaction and has accordingly committed a material breach of the Agreement. Accordingly, the Company is of the view that it has a strong legal case against the Vendor to seek enforcement of specific performance of the Agreement and intends to commence legal proceedings against the Vendor in due course.”

Further to the above announcement made on 3 September 2007, the Group has continued legal proceedings against the Vendor for compulsory transfer of the 90% equity interest in Ever Sure to the Group. As at the end of the financial year on 31 December 2007, the legal proceedings were still continuing and the transfer of the 90% equity interest in Ever Sure to the Group still has not been effected. In view of the above, the directors of the Company therefore considered that the financial information of Ever Sure Group should not be consolidated in the financial statements of the Group for the year ended 31 December 2007.

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

Amount repayable in one year or less, or on demand

As at 31/12/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
RMB\$'000	RMB\$'000	RMB\$'000	RMB\$'000
75,682	29,881	-	-

Amount repayable after one year

As at 31/12/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
RMB\$'000	RMB\$'000	RMB\$'000	RMB\$'000
66,140	17,794 ^(note 1)	110,000	17,794

- (1) The shareholder agreed not to demand repayment of this debt due from the Group until such time when the Group received full settlement on the non-current other receivables of RMB20,000,000.

Details of any collateral

Bank loans of RMB66,822,000 were secured by the Group's land, including the land classified as properties held under development and leasehold interest in land, and building at 31 December 2007. Other loan of RMB75,000,000 was secured by a deposit of RMB80,000,000 at 31 December 2007.

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

RMB'000	Group	
	Year ended 31/12/2007	Year ended 31/12/2006 (restated)
Cash flows from operating activities		
Profit before taxation	284,996	67,067
Adjustments for:		
Interest income	(1,115)	(2,296)
Interest expense	1,412	-
Fair value change of:		
- investment properties	-	(5,880)
- properties held for sale upon transfer to investment properties	(17,637)	(15,623)
Depreciation	315	352
Amorisation of leasehold interest in land	17	-
(Gain) / Loss on disposal of property, plant and equipment	4	(15)
Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	(7,479)	-
Share of loss of associates	-	76
Share of loss of a jointly controlled entity	298	-
Operating cash flow before working capital change	260,811	43,681
Increase in properties held under development & for sales	(65,181)	(8,880)
Increase in account and other receivables, prepayments and deposits paid	(86,798)	(51,959)
(Increase) / decrease in amount due from a related party	(538)	2,133
Increase / (decrease) in account and other payables, accruals and receipts in advance	6,394	(14,396)
Increase in amount due to related parties	62	29
Increase in pledged bank deposits	(12,805)	-
Cash generated from / (used in) operations	101,945	(29,392)
Tax refund	3,686	7,659
Income taxes paid	(18,521)	(23,295)
Net cash generated from/(used in) operating activities	87,110	(45,028)
Cash flows from-investing activities		
Purchases of property, plant and equipment	(3,994)	(457)
Purchases of leasehold interest in land	(8,223)	-
Investment in associates	-	(2,060)
Investment in a jointly controlled entity	(50,000)	-
Acquisition of a subsidiary, net	(12,482)	763
Acquisition of additional interest in subsidiary from a minority shareholder	(2,172)	-
Sales proceeds received from disposal of property, plant and equipment	-	55
Proceeds of liquidating an associate	-	2,374
Deposit paid for acquisition of a subsidiary	-	(30,000)
Interest received	-	2,296
Net cash used in investing activities	(76,871)	(27,029)
Cash flows from financing-activities		
Proceeds from Issuance of share capital	42,353	205,502
Share issue expenses	-	(15,734)
Capital contributions made by minority shareholders	10,000	-
Dividend paid	(4,800)	-
Dividend paid to minority shareholders	(1,552)	-
New borrowings	111,781	149,000
Repayment of borrowings	(50,078)	(77,000)
Increase in shareholder's loan	-	20,724
Interest paid	(7,347)	(6,189)
Increase in pledged other deposits	(80,000)	-
Net cash generated from financing activities	20,357	276,303
Net increase in cash and cash equivalents	30,596	204,246
Effect of foreign exchange difference	(8,046)	1,876
Cash and cash equivalents at 1 January	221,356	15,234
Cash and cash equivalents at 31 December	243,906	221,356

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

Group	Equity attributable to equity holders of the Company										Total equity
	Share capital	Share premium	Merger reserve	Statutory reserve	Capital reserve	Exchange reserves	Retained earnings	Proposed final dividend	Total	Minority interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006	219,123	-	(219,112)	-	-	437	61,018	-	61,466	35,013	96,479
Profit for the year	-	-	-	-	-	-	49,440	-	49,440	110	49,550
Exchange difference (net income / (expense) recognized directly to the equity)	-	-	-	-	-	(2,210)	-	-	(2,210)	2,733	523
Total income and expenses recognized during the year	-	-	-	-	-	(2,210)	49,440	-	47,230	2,843	50,073
Acquisition of additional interest of subsidiary from a minority shareholder	-	-	-	-	-	-	-	-	-	(5,193)	(5,193)
Merger reserve arising from reorganization exercise	-	-	216,869	-	-	-	-	-	216,869	-	216,869
Issue of shares by initial public offering	73,041	132,461	-	-	-	-	-	-	205,502	-	205,502
Share issuing expenses	-	(15,734)	-	-	-	-	-	-	(15,734)	-	(15,734)
Final dividend proposed for the year	-	-	-	-	-	-	(4,800)	4,800	-	-	-
Transfer to statutory reserve	-	-	-	6,058	-	-	(6,058)	-	-	-	-
At 31 December 2006 and 1 January 2007	292,164	116,727	(2,243)	6,058	-	(1,773)	99,600	4,800	515,333	32,663	547,996
Profit for the year	-	-	-	-	-	-	184,856	-	184,856	813	185,669
Exchange difference (net income / (expense) recognized directly to the equity)	-	-	-	-	-	(7,647)	-	-	(7,647)	280	(7,367)
Total income and expenses recognized during the year	-	-	-	-	-	(7,647)	184,856	-	177,209	1,093	178,302
Capital contribution made by a minority shareholder	-	-	-	-	-	-	-	-	-	10,000	10,000
Acquisition of additional interest of subsidiary from a minority shareholder	-	-	-	-	-	-	-	-	-	(2,172)	(2,172)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	19,190	19,190
Issue of shares on placement	6,000	36,353	-	-	-	-	-	-	42,353	-	42,353
2006 dividend paid during the year	-	-	-	-	-	-	-	(4,800)	(4,800)	-	(4,800)
Final dividend proposed for the year	-	-	-	-	-	-	(9,178)	9,178	-	-	-
Dividend paid to minority shareholder	-	-	-	-	-	-	(1,552)	-	(1,552)	-	(1,552)
Transfer to capital reserves	-	-	-	(3,838)	3,838	-	-	-	-	-	-
Transfer to statutory reserves	-	-	-	2,037	-	-	(2,037)	-	-	-	-
At 31 December 2007	298,164	153,080	(2,243)	4,257	3,838	(9,420)	271,689	9,178	728,543	60,774	789,317



Company	Share capital	Share premium	Contributed surplus	Retained profits / (Accumulated losses)	Proposed final dividend	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006	-	-	-	-	-	-
Profit for the year	-	-	-	5,437	-	5,437
Total income and expenses recognized during the year	-	-	-	5,437	-	5,437
Reorganization exercise	219,123	-	59,579	-	-	278,702
Issue of shares by initial public offering	73,041	132,461	-	-	-	205,502
Share issuing expenses	-	(15,734)	-	-	-	(15,734)
Final dividend proposed for the year	-	-	-	(4,800)	4,800	-
At 31 December 2006 and 1 January 2007	292,164	116,727	59,579	637	4,800	473,907
Profit for the year	-	-	-	11,035	-	11,035
Total income and expenses recognized during the year	-	-	-	11,035	-	11,035
2006 dividend paid during the year	-	-	-	-	(4,800)	(4,800)
Final dividend proposed for the year	-	-	-	(9,178)	9,178	-
Issue of shares on placement	6,000	36,353	-	-	-	42,353
At 31 December 2007	298,164	153,080	59,579	2,494	9,178	522,495



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

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

Date	Particulars	Number of Ordinary Shares	Amount (RMB'000)
Authorized:			
1 January 2007	Balance forward of HK\$0.6 each	850,000,000	517,374
31 December 2007	Balance of HK\$0.6 each	850,000,000	517,374
Issued and fully paid:			
1 January 2007	Balance forward of HK\$0.6 each at S\$0.81 per placement share	480,000,000	292,164
26 October 2007	Placement of 10,000,000 ordinary shares of HK\$0.6 each at S\$0.81 per placement share	10,000,000	6,000
31 December 2007	Balance of HK\$0.6 each	490,000,000	298,164

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

	As at 31/12/2007	As at 31/12/2006
Total number of issued ordinary shares	490,000,000	480,000,000

There were no treasury shares held as at 31 December 2007 and 31 December 2006.

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

Not applicable

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

The figures have neither been audited nor reviewed by the Company's auditors.

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

Not applicable.

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

Except as disclosed in item 5 below, the accounting policies and methods of computation have been consistent with those adopted by the Group for the preparation of the consolidated financial information for the year ended 31 December 2006.

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

Our Group has adopted all of the new and amended International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") which are first effective on 1 January 2007.

The adoption of these new and amended IFRSs did not result in significant changes in the Group's accounting policies but give rise to additional disclosures. The specific transitional provisions contained in some of these new and amended IFRSs were considered. The adoption of these new and amended IFRSs did not result in significant changes in the Company's accounting policies.

In light of the discussion of the International Financial Reporting Interpretations Committee on the scope of IAS 12, Income Taxes, and after reviewing the Group's accounting policies on land appreciation tax ("LAT") in the People's Republic of China ("PRC"), the directors of the Company decided that it is more appropriate to account for and present LAT as income tax under IAS 12. The effect of changes in the presentation on the consolidated financial statements is summarised below :

(RMB'000)	Increase/(decrease)	
	2007	2006
Consolidated income statement - year ended 31 December		
Cost of sales	(41,567)	(2,937)
Taxation	41,567	2,937
Net effect to profit for the year	-	-
Consolidated balance sheet - as at 31 December		
Other payable	(44,016)	(3,733)
Provision for taxation	44,016	3,733
Net effect to net assets	-	-
Consolidated cash flow statement - year ended 31 December		
(Increase)/Decrease in account and other payables, accruals and receipt in advance	(681)	(2,937)
Tax paid	681	2,937
Net effect to cash flow for the year	-	-

The Group has not early adopted the following IFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of such IFRS will not result in material financial impact to the Group's financial statements:

IAS 1 (Revised 2007)	Presentation of Financial Statements – Comprehensive revision including requiring a statement of comprehensive income ¹
IAS 1 (Revised 2007)	Presentation of Financial Statements – Consequential amendments arising from IAS 32 (revised) ¹
IAS (Amendment) 23	Borrowing Costs – Comprehensive revision to prohibit immediate expensing ¹
IAS 27 (Amended)	Consolidated and Separate Financial Statements ⁴
IAS 28 (Amended)	Investments in Associates – Consequential amendments arising from amendments to IFRS 3 ⁴
IAS 31 (Amended)	Interests in Joint Ventures – Consequential amendments arising from amendments to IFRS 3 ⁴
IAS 32 (Revised)	Financial Instruments : Presentation – Amendments relating to puttable instruments and obligations arising on liquidation ¹
IAS 39 (Amended)	Financial Instruments : Recognition and Measurement – Consequential amendment arising from IAS 32 (revised) ¹
IFRS 2 (Amended)	Share-based payment – Amendment relating to vesting condition and cancellations ¹
IFRS 3 (Revised)	Business Combinations – Comprehensive revision on applying the acquisition method ⁴
IFRS 7 (Amended)	Financial Instruments : Disclosures – Consequential amendments arising from IAS 31 (Revised) ¹
IFRS 8	Operating Segments ¹
IFRIC 2	Members' Shares in Cooperative Entities and Similar Instruments – Consequential amendment arising from IAS 32 (revised) ¹
IFRIC 11	IFRS 2 : Group and Treasury Share Transaction ⁵
IFRIC 12	Service Concession Arrangements ²
IFRIC 13	Customer Loyalty Programmes ³
IFRIC 14	IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ²

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 January 2008

³ Effective for annual periods beginning on or after 1 July 2008

⁴ Effective for annual periods beginning on or after 1 July 2009

⁵ Effective for annual periods beginning on or after 1 March 2007

The directors of the Company anticipate that the adoption of such IFRSs will not result in material financial impact to the Group's financial statements.

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

	Group	
	Year ended 31/12/2007	Year ended 31/12/2006
Earnings per ordinary share (in RMB cents):		
(a) Basic	38.37	12.55
(b) Diluted	N/A	N/A

Note:

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of approximately RMB184,856,000 (2006: RMB49,440,000) divided by the weighted average of 481,808,000 (2006 : 393,863,000) ordinary shares during the year.

Diluted earnings per share for the year has not been presented as there is no dilutive potential share (2006: Nil).

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

	Group		Company	
	As at 31/12/2007	As at 31/12/2006	As at 31/12/2007	As at 31/12/2006
Net asset value per ordinary share (in RMB cents)	161.09	114.17	106.63	98.73

Note:

The number of ordinary shares of the Company as at 31 December 2007 was 490,000,000 (2006: 480,000,000 ordinary shares).

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period report on.

(a) REVIEW OF FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007 ("FY2007") COMPARED TO THE YEAR ENDED 31 DECEMBER 2006 ("FY2006")

Revenue (RMB'000)	Year ended 31/12/2007	Year ended 31/12/2006
Residential	557,456	45,568
Commercial	7,038	96,160
Others including car parks lots	363	9,541
	564,857	151,269

Gross profit (RMB'000)	Year ended 31/12/2007	Year ended 31/12/2006
Residential	227,992	17,792
Commercial	2,475	36,331
Others including car parks lots	120	3,235
	230,587	57,358

Revenue

Group revenue for FY2007 jumped 273.4% to RMB 564.9 million, from RMB 151.3 million in FY2006. This was boosted mainly by the sales of residential units under Phase 1 of the Group's Nanchang Honggu Kaixuan project (南昌紅谷凱旋) ("Nanchang Honggu Kaixuan") in Jiangxi Province that was launched in May 2007. For this Nanchang Honggu Kaixuan, the Group completed the handover of residential gross floor area ("GFA") of around 117,846 sq m by year-end and hence recognised RMB 548.3 million as revenue in FY2007.

Combined with the sales of remaining residential and commercial units of developed projects – Huzhou Liyang Jingyuan Phase 1 (湖州兩陽景苑第一期) ("Huzhou Liyang"), Huzhou Xinya Jiayuan (湖州馨雅家園) ("Huzhou Xinya Jiayuan"), Huzhou Zhili Yazhoucheng Phase 2 (湖州織里亞洲城第二期) ("Huzhou Zhili") and Wuxing District Balidian Multi-trading Market (吳興區八里店社區綜合市場) ("Wuxing Balidian Market"), the Group sold a total GFA of 122,273 sq m of residential properties, 1,153 sq m of commercial properties and 153 sq m of other properties such as car parks in FY2007.

Cost of sales

The Group's cost of sales increased in line with growth in revenue to approximately RMB 334.3 million in FY2007, from RMB 93.9 million in FY2006.

Gross profit and gross profit margin

The Group's gross profit increased significantly, in tandem with the increase in revenue, by approximately RMB 173.2 million or 302.0% to approximately RMB 230.6 million in FY2007, from RMB 57.4 million previously.

Gross profit margin increased to 40.8% in FY2007, compared to 37.9% in FY2006, as the average selling price ("ASP") of properties sold during FY2007 was higher than in the previous year. Sales from Nanchang Honggu Kaixuan lifted overall ASP in FY2007, compared to the lower overall ASP that was derived from sales of Huzhou Liyang, Huzhou Xinya Jiayuan and Wuxing Balidian Market in FY2006.

Other income and gains

Other income and gains surged by more than 3 times to RMB 77.4 million in FY2007, from RMB 24.5 million in FY2006. The substantial increase was due mainly to agency commission and consultancy fee income of approximately RMB 33.8 million, as well as the interest income and gain generated from the Group's investment in short term securities of approximately RMB 6.4 million and RMB 8.5 million respectively.

Selling expenses

Selling expenses rose significantly to RMB 6.6 million in FY2007, from RMB 0.9 million in FY2006 as a result of an increase in salaries and sales commissions by approximately RMB 2.0 million as well as advertising and promotion costs by approximately RMB 3.0 million in FY2007. The higher advertising and promotion expenses were incurred in conjunction with the launch of Nanchang Honggu Kaixuan in May 2007 to drive the pre-sales of this property.

Administrative expenses

Administrative expenses increased slightly to RMB 14.2 million in FY2007, compared to RMB 13.2 million in FY2006. These expenses in FY2007 comprised primarily of audit fee, legal and professional fees, and salaries.

Finance costs

Finance costs amounted to RMB 1.4 million in FY2007 due to in the interest incurred for a short-term borrowings of RMB75 million to finance working capital needs.

Taxation

The effective tax rate for the group is 34.9%. Income tax is provided based on the applicable law and regulations in the respective jurisdictions.

Due to higher profits derived from sales of Nanchang Honggu Kaixuan and other properties, taxation in FY2007 rose considerably to RMB 99.3 million when compared to RMB 17.5 million in FY2006 which was based on profits derived from the sale of the properties for Huzhou Zhili, Huzhou Liyang, Wuxing Balidian Market and Huzhou Xinya Jiayuan.

Profit for the year and Profit Attributable to Equity Holders of the Company

Led by strong top line growth, profit for the year of the Group soared 274.7% to RMB 185.7 million in FY2007, from RMB 49.6 million in FY2006. Similarly, profit attributable to equity holders of the Company also surged by almost 3-fold to reach RMB 184.9 million in FY2007, due mainly to the encouraging response to the launch of Nanchang Honggu Kaixuan.

(b) REVIEW OF FINANCIAL POSITION

During FY2007, the Group has incorporated and/or invested in the following subsidiaries and/or in the PRC Jointly controlled entity:

1. A subsidiary of our Group, Jiangxi Asia City Real Estate Development Co., Ltd., (“Jiangxi Asia City”) had established a joint venture company in the PRC, Jiangmen Pan Hong Kaixuan Real Estate Development Co., Ltd. (江門市汎港凱旋房地產有限公司). Jiangxi Asia City owns 75% interests in this joint venture company which owns a piece of land in Jiangmen City with site area of 27,221 sq m and a planned GFA of approximately 49,000 sq m.
2. Pan Hong Investment Limited, a wholly-owned subsidiary of the Group, had established a 50:50 joint venture company in the PRC, Jiangxi Ganghong Investment Co., Ltd. (江西港洪實業有限公司) (“Jiangxi Ganghong”). Jiangxi Ganghong owns a piece of land in Yichun City with site area of 640,343 sq m and planned GFA of 1.28 million sq m.
3. Enrich H.K. Investments Limited, a wholly-owned subsidiary of the Group, had acquired a 51% equity interest in another joint venture company in the PRC, Leping City Fenghuang Jincheng Holdings Limited (樂平市鳳凰金城實業有限公司) (“Fenghuang Jincheng”). Fenghuang Jincheng owns five parcels of land in Leping City with site area of 326,670 sq m and planned GFA of 420,000 sq m.
4. The Group incorporated a wholly-owned subsidiary, Sino Harbour Ltd (漢港有限公司), which had established a wholly-owned company in the PRC, Fuzhou Pan Hong Kaixuan Real Estate Development Co., Ltd. (撫州市汎港凱旋房地產有限公司) (“Fuzhou Pan Hong Kaixuan”). Fuzhou Pan Hong Kaixuan owns a land parcel, which has a site area of approximately 190,754 sq m and planned GFA of 476,885 sq m in Fuzhou City.

The Group's property, plant and equipment and the leasehold interest in land increased by approximately RMB11.7 million to RMB16.5 million at the end of FY2007, due mainly to the acquisition of an office premise in Hong Kong for a consideration of approximately RMB10.0 million.

The Group's investment properties increased significantly by approximately RMB 45.7 million to RMB 81.0 million due mainly to the transfer of properties held for sales into investment properties and the corresponding revaluation gain arising at the date of transfer. In a strategic move to build a recurring source of income for the longer term, the Group has transferred the commercial units of Wuxing Balidian Market and Huzhou Xinya Jiayuan to its investment properties for the purpose of generating rental income .

As at 31 December 2007, our Group's properties held under development increased significantly by approximately RMB 114.5 million to RMB 405.9 million. This was due mainly to the acquisitions of land during the year in Yichun, Leping, Jiangmen and Fuzhou cities in the PRC. Additionally, there was also an increase in development costs amounting to around RMB 53.9 million mainly due to the new development projects – Hua Cui Ting Yuan, Hangzhou Liyang Yuan, Nanchang Honggu Kaixuan (Phase 2) and Huzhou Liyang Jingyuan (Phase 2).

Properties held for sale also increased by approximately RMB 82.2 million to RMB125.0 million at the end of FY2007, mainly attributable to the completion of car parks and commercial units in relation to Nanchang Honggu Kaixuan in FY2007.

Accounts receivables increased by approximately RMB 5.9 million to RMB 57.0 million as at 31 December 2007 on higher revenue recorded in FY2007.

The Group's deposit, prepayment and other receivables, including current and non-current portion, had increased significantly by approximately RMB 168.1 million to RMB 220.5 million as at 31 December 2007. This was mainly attributable to the prepayment of RMB 90.0 million in relation to the land acquisition in Fuzhou, as well as a pledged other deposit of RMB 80.0 million in order to secure the other loan of RMB75.0 million (equivalent to HK\$75 million).

Pledged bank deposits mainly represented security deposits of RMB 12.8 million which the Group provides to the banks as guarantees for mortgage loan facilities arranged for the purchasers of property units. Such guarantees terminate upon the issue of property ownership certificate by the Group.

Accounts payable decreased significantly by approximately RMB 7.5 million at the end of FY2007 due to the settlement of outstanding amounts owing to contractors. Accruals, advance receipt and other payables increased significantly by approximately RMB 138.1 million to RMB 161.3 million as at 31 December 2007, as a result of a provision of construction costs of approximately RMB 129.0 million for the Nanchang Honggu Kaixuan.

Provision for tax increased was due to the provision for corporation income tax and LAT which was in line with the increased sales during FY2007.

Borrowings, including bank and other loans and shareholder's loan, increased significantly by approximately RMB 61.7 million to RMB 189.5 million as at 31 December 2007 was due to the loans from third parties for the purpose of working capital.

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

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

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

The continuous growth of the PRC economy is expected to drive consumer affluence and standards of living which should stimulate demand for better quality housing. Underpinning the overall buoyant outlook of the PRC's property market are the rising urbanisation in the country as well as the recent implementation of government policies and laws that promote private property ownership.

To ensure healthy and sustainable growth of the property market in the PRC over the longer term, the government has progressively launched new measures to curtail speculative investments and ensure a more balanced supply of residential housing, among others. Nonetheless, the Group believes that its strong financial position, quality reputation and relatively substantial and choice land parcels in the PRC places the Group in a sound position to ride on the anticipated expansion of the property market.

As a testament to the Group's reputation and quality property developments, the Group won several awards and accolades in 2007, including the '4th Annual Nanchang City Best Property Award', 'Most Popular Property in Nanchang', 'Harmonious Habitat of the Year Award' for its Nanchang Honggu Kaixuan development, as well as the 'Reputable Brand of the Year in Jiangxi' and "Professional Property Developer of International Standard' awards.

Growth in land bank in FY2007

During FY2007, the Group increased its land bank in the PRC substantially with the acquisition of choice land parcels in Yichun, Leping and Fuzhou cities in Jiangxi Province, as well as in Jiangmen city in Guangdong province. In total, these acquisitions added approximately a total planned GFA of 2.2 million sqm to its land bank. The Group believes the additions to its land bank will provide a steady pipeline of property developments for the coming years.

Plans for property launches in FY2008

As at end 31 December 2007, the Group has entered into sales and purchase contracts for a total of 1,030 residential units in Nanchang Honggu Kaixuan, of which 989 units have been qualified for hand over to buyers and recognised as revenue in FY2007. The remaining units of Nanchang Honggu Kaixuan will be handed over to buyers in 2008.

The construction of the Nanchang Honggu Kaixuan (Phase 2) is already in progress, with pre-sales expected to take place in batches by the middle of 2008. Nanchang Honggu Kaixuan (Phase 2) will comprise of an office tower, retail space and residential units that yield approximately 216,000 sq m in total planned GFA.

Apart from Nanchang Honggu Kaixuan (Phase 2), the Group is also targeting to unveil two other projects in FY2008 -- Hua Cui Ting Yuan in Huzhou city, as well as Hangzhou Liyang Yuan (Phase 2) in Hangzhou city. While the Group will strive to implement its projects as planned, scheduled property launches are subject to change depending on business and market conditions.

Based on the encouraging response the Group has received for its recent property development and current market climate, the Group expects revenue and earnings for the current financial year to remain robust.

11. Dividend

(a) Current Financial Period Reported On

The Board of Directors proposed to pay a first and final dividend of HK\$0.02 per ordinary share (tax not applicable), amounting to HK\$9,800,000 (equivalent to RMB9,178,000), in respect of FY2007.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

A final dividend of HK\$0.01 per ordinary share (tax not applicable), amounting to HK\$4,800,000 (equivalent to RMB4,800,000), was proposed and paid during the year in respect of FY2006.

(c) Date payable

To be announced later.

(d) Books closure date

To be announced later.

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

Not Applicable

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

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

Properties development is the only business segment of the Group. No geographical segment analysis is presented as there is no revenue and contribution to operating profit is attributable to markets located outside the PRC. Accordingly, no separate business and geographical segment information is prepared.

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

None

15. A breakdown of sales.

(RMB'000)		Year ended 31 12 2007	Year ended 31 12 2006	% increase / (decrease)
(a)	Sales reported for the first half year	4,973	71,562	(93.1%)
(b)	Operating profit after tax before deducting minority interests reported for the first half year	92,242	20,450	351.1%
(c)	Sales reported for the second half year	559,884	79,707	602.4%
(d)	Operating profit after tax before deducting minority interests reported for the second half year	93,427	29,100	221.1%

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

	31 December 2007	31 December 2006
	RMB'000	RMB'000
Total annual dividend	9,178	4,800

BY ORDER OF THE BOARD

Wong Lam Ping
Chairman

28 February 2008

Note: The initial public offering of the Company's shares was sponsored by CIMB-GK Securities Pte. Ltd.