

OFFER INFORMATION STATEMENT DATED 23 OCTOBER 2009

(Lodged with the Monetary Authority of Singapore on 23 October 2009)

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.

A copy of this offer information statement (“**Offer Information Statement**”), has been lodged with the Monetary Authority of Singapore (the “**Authority**”). The Authority assumes no responsibility for the contents of the aforesaid lodged documents. Lodgement of this Offer Information Statement with 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 Warrants (as defined below) and the New Shares (as defined below) being offered, or in respect of which an invitation is made, for investment.

Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing of and quotation for the Warrants (as defined below) and the New Shares (as defined below) on the Official List of the SGX-ST subject to certain conditions, including an adequate spread of holdings for the Warrants to provide for an orderly market in the trading of the Warrants. Pan Hong Property Group Limited (the “**Company**”) may in its absolute discretion waive any of the said conditions in the event that SGX-ST waives compliance of the same. The Warrants and the New Shares will be admitted to the Official List of the SGX-ST and official quotation is expected to commence after all certificates relating thereto have been issued and the notification letters from The Central Depository (Pte) Limited (“**CDP**”) have been despatched.

However, it should be noted that the Warrants may not be listed and quoted on the Official List of SGX-ST if there is an inadequate spread of holdings for the Warrants to provide for an orderly market in the trading of the Warrants. In such event, Warrantheolders will not be able to trade their Warrants on the SGX-ST.

The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed herein. Approval in-principle granted by the SGX-ST for admission to the Official List of the SGX-ST and the dealing in, listing of and quotation for, the Warrants and the New Shares on the Official List of the SGX-ST are in no way reflective of, and are not to be taken as an indication of the merits of, the Company, its subsidiaries, the Warrants Issue (as defined below), the Warrants or the New Shares.

No Warrants shall be allotted or allocated on the basis of this Offer Information Statement later than six months after the date of lodgement of this Offer Information Statement. Your attention is drawn to the section on “Risk Factors” of this Offer Information Statement which you should review carefully.



汎港地產集團
PAN HONG PROPERTY GROUP

PAN HONG PROPERTY GROUP LIMITED

(Incorporated in Bermuda on 20 December 2005)

(Registration No.: 37749)

WARRANTS ISSUE (THE “WARRANTS ISSUE”) OF UP TO 155,548,208 FREE WARRANTS (THE “WARRANTS”), EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW ORDINARY SHARE IN THE CAPITAL OF THE COMPANY (“NEW SHARE”) AT AN EXERCISE PRICE OF S\$0.66 FOR EACH NEW SHARE, ON THE BASIS OF THREE (3) WARRANTS FOR EVERY TEN (10) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY THE ENTITLED SHAREHOLDERS (AS DEFINED HEREIN) AS AT THE BOOKS CLOSURE DATE (AS DEFINED HEREIN), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED.

Manager of the Warrants Issue



CIMB Bank Berhad, Singapore Branch (13491-P)

(Incorporated in Malaysia)

Capitalised terms used below which are not otherwise defined herein shall have the same meanings as ascribed to them under the “**Definitions**” section of this Offer Information Statement.

The existing Shares are quoted on the Official List of the SGX-ST.

No person has been authorised to give any information or to make any representations, other than those contained in this Offer Information Statement, in connection with the Warrants Issue or the issue of the Warrants or the New Shares and, if given or made, such information or representations must not be relied upon as having been authorised by the Company or the Manager. Save as expressly stated in this Offer Information Statement, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Group. Neither the lodgement of this Offer Information Statement nor the issue of the Warrants or the New Shares shall, under any circumstances, constitute a continuing representation, or give rise to any implication, that there has been no change in the affairs of the Group, or any of the information contained herein since the date hereof. Where such changes occur after the date hereof and are material, or are required to be disclosed by law and/or the SGX-ST, the Company may make an announcement of the same to the SGX-ST and, if required, lodge a supplementary or replacement document with the Authority. All Entitled Shareholders should take note of any such announcement and, upon the release of such announcement or lodgement of such supplementary or replacement document, as the case may be, shall be deemed to have notice of such changes.

Neither the Company nor the Manager is making any representation to any person regarding the legality of the Warrants Issue, or an investment in the New Shares and/or the Shares, by such person under any investment or any other laws or regulations. No information in this Offer Information Statement should be considered to be business, legal or tax advice. Each prospective investor should consult his own professional or other adviser for business, legal or tax advice regarding the Warrants Issue, or an investment in the New Shares and/or the Shares.

The Manager makes no representation, warranty or recommendation whatsoever as to the merits of the Warrants Issue, the Warrants, the New Shares, the Company, the Group or any other matter related thereto or in connection therewith. Nothing in this Offer Information Statement shall be construed as a recommendation to accept or purchase the Warrants and the New Shares. Prospective subscribers of the Warrants should rely on their own investigation of the financial condition and affairs, appraisal and determination of the merits of investing in the Company and the Group and shall be deemed to have done so.

This Offer Information Statement has been prepared solely for the purpose of the Warrants Issue and may not be relied upon by any person other than Entitled Shareholders or for any other purpose.

This Offer Information Statement may not be used for the purpose of, and does not constitute an offer, invitation or solicitation to anyone in any jurisdiction or under any circumstances in which such offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation.

The distribution of this Offer Information Statement may be prohibited or restricted by law in certain jurisdictions under the relevant securities laws of those jurisdictions. Shareholders or any other person having possession of this Offer Information Statement are advised to inform themselves of and observe such prohibitions and restrictions.

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DEFINITIONS

For the purposes of this Offer Information Statement, the following terms shall, unless the context otherwise requires or unless otherwise stated, have the following meanings:-

Companies within the Group

<i>"Company"</i>	:	Pan Hong Property Group Limited
<i>"Group"</i>	:	The Company, its subsidiaries and associated companies collectively and "Group Company" means any one of them
<i>"Huzhou Hongjin"</i>	:	Huzhou Hongjin Market Construction and Development Co., Ltd.
<i>"Jiahai Company"</i>	:	Pinghu Jiahai Warehousing Limited
<i>"PHIL"</i>	:	Pan Hong Investment Limited

Other Companies, Organisations and Agencies

<i>"Authority" or "MAS"</i>	:	The Monetary Authority of Singapore
<i>"CDP"</i>	:	The Central Depository (Pte) Limited
<i>"Manager" or "Manager of the Warrants Issue"</i>	:	CIMB Bank Berhad, Singapore Branch 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623
<i>"SGX-ST"</i>	:	Singapore Exchange Securities Trading Limited
<i>"Share Registrar"</i>	:	B.A.C.S. Private Limited 63 Cantonment Road Singapore 089758
<i>"Warrant Agent"</i>	:	B.A.C.S. Private Limited 63 Cantonment Road Singapore 089758

General

<i>"Board of Directors" or "Board"</i>	:	Board of Directors of the Company
<i>"Books Closure Date"</i>	:	5.00 p.m. on 23 October 2009, being the time and date at and on which the Register of Members and the Transfer Books of the Company were closed to determine the entitlement of Entitled Scripholders under the Warrants Issue and, in the case of Entitled Depositors, at and on which their entitlement under the Warrants Issue are determined
<i>"Code"</i>	:	The Singapore Code on Take-overs and Mergers
<i>"Companies Act"</i>	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
<i>"Deed Poll"</i>	:	The deed poll dated 23 October 2009 executed by the Company for the purpose of constituting the Warrants and containing, <i>inter alia</i> , provisions for the protection of the rights and interests of the Warranholders

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<i>“Directors”</i>	:	Directors of the Company as at the date of this Offer Information Statement
<i>“Entitled Depositors”</i>	:	Shareholders with Shares standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least five (5) Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents
<i>“Entitled Scripholders”</i>	:	Shareholders whose share certificates are not deposited with CDP and persons who have tendered to the Share Registrar valid transfer of their Shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Share Registrar are in Singapore as at the Books Closure Date or who have, at least five (5) Market Days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents
<i>“Entitled Shareholders”</i>	:	Entitled Depositors and Entitled Scripholders
<i>“Exercise Date”</i>	:	The day on which the Warrants may be exercised, being any Market Day during the Exercise Period
<i>“Exercise Period”</i>	:	The period commencing on and including the date of issue of the Warrants and expiring on the date immediately preceding the third (3 rd) anniversary of the date of issue of the Warrants, subject to the terms and conditions of the Warrants as set out in the Deed Poll and such period shall not be extendable
<i>“Exercise Price”</i>	:	The price, being S\$0.66 payable in cash, in respect of each New Share for which Warranholders may subscribe upon exercise of a Warrant, subject to adjustments under certain circumstances as may for the time being be applicable in accordance with the Deed Poll
<i>“Expiry Date”</i>	:	The last day on which the Warrants may be exercised during the Exercise Period
<i>“Foreign Shareholders”</i>	:	Shareholders whose registered addresses are outside Singapore as at the Books Closure Date and who had not, at least five (5) Market Days prior to the Books Closure Date, provided CDP or the Company, as the case may be, addresses in Singapore for the service of notices or documents
<i>“FY”</i>	:	Financial year ended or ending 31 March, as the case may be, unless otherwise stated
<i>“HY”</i>	:	Half year ended or ending 30 September, as the case may be
<i>“Latest Practicable Date”</i>	:	12 October 2009, being the latest practicable date preceding the date of lodgement of this Offer Information Statement
<i>“Listing Manual”</i>	:	The listing manual issued by the SGX-ST, as may be amended, supplemented or revised from time to time
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“New Shares”</i>	:	The new Shares to be issued by the Company, credited as fully paid, upon the exercise of the Warrants, including, where the context admits,

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	such new Shares arising from the exercise of any additional Warrants as may be required or permitted to be issued in accordance with the terms of the Warrants as set out in the Deed Poll
“n.a.”	: Not applicable
“Offer Information Statement”	: This document including (where the context requires) all other accompanying documents, including any supplementary or replacement documents which may be issued by the Company and lodged with the Authority in connection with the Warrants Issue
“PRC”	: People’s Republic of China
“Record Date”	: In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company), on which Shareholders must be registered or the Securities Accounts of Shareholders must be credited with Shares, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
“Securities Account”	: Securities account maintained by a Depositor with CDP but does not include a securities sub-account
“SFA”	: Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
“Shareholders”	: Registered holders of Shares in the register of Members of the Company or, where CDP is the registered holder, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the Depositors who have Shares entered against their names in the Depository Register. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts
“Shares”	: Ordinary shares in the capital of the Company
“Substantial Shareholders”	: A substantial shareholder of the Company as defined under Section 81 of the Companies Act
“Warrantholder”	: In relation to a Warrant, a person for the time being registered in the Register of Warrantholders as the holder or joint holder of that Warrant, except that where the registered holder is CDP and the context so admits, the Depositor whose Securities Account(s) is credited with such Warrant
“Warrants”	: Up to 155,548,208 warrants in registered form to be issued by the Company pursuant to the Warrants Issue and (where the context so admits) such additional warrants as may be required or permitted to be issued by the Company pursuant to the terms of the Warrants set out in the Deed Poll (any additional warrants to rank <i>pari passu</i> with the Warrants and for all purposes to form part of the same series of Warrants constituted by the Deed Poll), each Warrant entitling the Warrantholder to subscribe for one (1) New Share at the Exercise Price on the Exercise Date, subject to the terms of the Warrants as set out in the Deed Poll

Currencies, Units and Others

“HK\$”	: Hong Kong Dollars
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“RMB”	:	PRC Renminbi
“S\$” and “cents”	:	Singapore dollars and cents, respectively
“%” or “per cent.”	:	Per centum or percentage

The term “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them in Section 130A of the Companies Act.

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

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, where applicable, include corporation.

Any reference to the time of day in this Offer Information Statement shall be a reference to Singapore time unless otherwise stated. Any reference to a date and/or time in this Offer Information Statement shall include such other date and/or time as may be announced from time to time by or on behalf of the Company.

Any reference in this Offer Information Statement to any enactment is a reference to that enactment for the time being amended or re-enacted. Any term defined under the Companies Act, the SFA or the Listing Manual or such statutory modification thereof and used in this Offer Information Statement shall, where applicable, have the meaning ascribed to it under the Companies Act, SFA, or the Listing Manual or such statutory modification thereof, as the case may be, unless otherwise provided.

Any discrepancy in figures included in this Offer Information Statement between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Offer Information Statement may not be an arithmetic aggregation of the figures that precede them.

References in this Offer Information Statement to “we”, “our” and “us” refer to the Company and its subsidiaries.

ELIGIBILITY OF SHAREHOLDERS TO PARTICIPATE IN THE WARRANTS ISSUE

(a) **ENTITLED SHAREHOLDERS**

Entitled Shareholders are entitled to participate in the Warrants Issue.

(b) **FOREIGN SHAREHOLDERS**

This Offer Information Statement relating to the Warrants Issue has not been and will not be registered or lodged in any jurisdiction other than in Singapore. The distribution of this Offer Information Statement may be prohibited or restricted (either absolutely or unless relevant securities requirements, whether legal or administrative, are complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, this Offer Information Statement has not been and will not be despatched to Foreign Shareholders.

Accordingly, Foreign Shareholders will not be entitled to participate in the Warrants Issue.

Notwithstanding the above, Shareholders and any other person having possession of this Offer Information Statement are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside Singapore receiving this Offer Information Statement may treat the same as an offer, invitation or solicitation to subscribe for any Warrants unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other legal requirements in those territories.

Fractional entitlements to the Warrants will be disregarded in arriving at Shareholders' allotments and will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

EXPECTED TIMETABLE OF KEY EVENTS

Books Closure Date	:	23 October 2009 at 5.00 p.m.
Expected date for issuance of Warrants	:	28 October 2009
Expected date for commencement of trading of Warrants on the SGX-ST (subject to there being an adequate spread of holdings of the Warrants to provide for an orderly market in the trading of the Warrants)	:	30 October 2009

At the Latest Practicable Date, the Company does not expect the timetable to be modified. However, the Company may, upon consultation with the Manager and with the approval of the SGX-ST, modify the timetable subject to any limitations under any applicable laws. In that event, the Company will publicly announce the same through a SGXNET announcement to be posted on the Internet at the SGX-ST's website <http://www.sgx.com>.

TRADING

1. LISTING AND QUOTATION OF WARRANTS

In-principle approval has been obtained from the SGX-ST for the listing of and quotation for the Warrants and New Shares on the Official List of the SGX-ST subject to, *inter alia*, there being a sufficient spread of holdings for the Warrants to provide for an orderly market in the trading of the Warrants. Under Rule 826 of the Listing Manual, it is provided that as a guide, the SGX-ST expects at least 100 Warrantholders for a class of company warrants. **In the event that permission is not granted by the SGX-ST for the listing of and quotation for the Warrants due to an insufficient spread of holdings of the Warrants to provide for an orderly market in the trading of the Warrants, the Company shall nevertheless proceed and complete the Warrants Issue. Accordingly, in such an event, Warrantholders will not be able to trade their Warrants on the SGX-ST. However, if a Warrantholder were to exercise his Warrants in accordance with the Deed Poll, the New Shares arising therefrom will be listed and quoted on the Official List of the SGX-ST.**

Upon listing and quotation on the Official List of SGX-ST, the Warrants and the New Shares will be traded under the book-entry (scripless) settlement system. All dealings in, and transactions (including transfers) of the Warrants and the New Shares effected through the SGX-ST and/or CDP shall be made in accordance with CDP's "**Terms and Conditions for Operation of Securities Accounts with CDP**", as the same may be amended from time to time. Copies of the above are available from CDP.

2. ARRANGEMENTS FOR SCRIPLESS TRADING

Entitled Scripholders who wish to trade the Warrants issued to them on SGX-ST under the book entry (scripless) settlement system, should open and maintain Securities Accounts with CDP in their own names if they do not already maintain such Securities Accounts in order that the number of Warrants may be credited by CDP into their Securities Accounts.

A holder of physical certificate(s) or an Entitled Scripholder who has not deposited his certificate(s) with CDP but wishes to trade on the SGX-ST, must deposit his certificate(s) with CDP, together with the duly executed instrument(s) of transfer in favour of CDP, and have his Securities Account credited with the number of Warrants or existing Shares, as the case may be, before he can effect the desired trade.

3. TRADING OF ODD LOTS

All fractional entitlements to the Warrants have been disregarded in arriving at the entitlements of the Entitled Shareholders and will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. Shareholders should note that the Warrants are quoted on the SGX-ST in board lot sizes of 1,000 Warrants. Following the Warrants Issue, Shareholders who hold odd lots of the Warrants (i.e. less than 1,000 Warrants) and who wish to trade in odd lots on the SGX-ST should note that the Unit Share Market of the SGX-ST has been set up to allow trading of odd lots.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements contained in this Offer Information Statement, statements made in press releases and oral statements that may be made by the Company or its officers, Directors or employees acting on its behalf, that are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by words that have a bias towards the future or, are, forward-looking such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “will” and “would” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Group’s expected financial position, business strategy, plans and future prospects of the Group’s industry are forward-looking statements. These forward-looking statements, including statements as to the Group’s revenue and profitability, prospects, future plans and other matters discussed in this Offer Information Statement regarding matters that are not historical facts, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Group’s actual, future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements.

Given the risks and uncertainties that may cause the Group’s actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Information Statement, undue reliance must not be placed on these statements. The Group’s actual results may differ materially from those anticipated in these forward-looking statements. Neither the Company, the Manager nor any other person represents or warrants that the Group’s actual future results, performance or achievements will be as discussed in those statements.

Further, the Company and the Manager 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 for any reason, even if new information becomes available or other events occur in the future. However, the Company may make an announcement to the SGX-ST and, if required, lodge a supplementary or replacement document with the Authority in the event, *inter alia*, that it becomes aware of a new development, event or circumstance that has arisen since the lodgement of this Offer Information Statement with the Authority, and that is materially adverse from the point of view of an investor or required to be disclosed pursuant to law and/or the SGX-ST. The Company is also subject to the provisions of the Listing Manual regarding corporate disclosure.

TAKE-OVER LIMITS

The Code regulates the acquisition of ordinary shares of public companies including the Company. Unless exempted, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30% or more of the voting rights in the Company or if such person holds, either on his own or together with parties acting in concert with him, between 30% to 50% (both inclusive) of the voting rights in the Company, and acquires additional Shares representing more than 1% in the Company in any six-month period, must extend a Take-over Offer for the remaining Shares in the Company in accordance with the provisions of the Code.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Code as a result of any acquisition and exercise of Warrants pursuant to the Warrants Issue should consult the Securities Industry Council and/or their professional advisers immediately.

**SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS)
(SHARES AND DEBENTURES) REGULATIONS 2005**

PART II: IDENTITY OF DIRECTORS, ADVISERS AND AGENTS

Directors

1. Provide the names and addresses of each of the directors or equivalent persons of the relevant entity.

Name of Directors	Address	Position
Wong Lam Ping	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	Flat C-D, 33/F, Laguna Grande-Tower 18, Laguna Verde, Phase 4,8 Laguna Verde Ave., Hunghom, Kowloon, Hong Kong	Deputy Chairman and Executive Director
Shi Feng	Room 403, 4 th Building, HC Community, Hunan Construction Engineering Group. No. 788 First Segment of Furong South Road, Tianxin District, Changsha, Hunan, PRC	Executive Director
Wang Cuiping	No. 2, Block 23, 2 Wo Ye Southern Road, Hai Bo Wan Zone, Wu Hai City, Inner Mongolia, PRC	Executive Director
Zheng Yunyan	Room 8B, Block D, Yuanzhong Garden, Futian District, Shenzhen, PRC	Executive Director
Chan Kin Sang	Flat A, 23rd Floor, Block 8, Cavendish Heights, 33 Perkins Road, Hong Kong	Non-Independent Non-executive Director
Sim Wee Leong	18A Charlton Road, Singapore 539586	Lead Independent Non-executive Director
Dr Choo Kian Koon	96 Sunset Way, Singapore 597123	Independent Non-executive Director
Dr Zheng Haibin	Flat F, 6/F, Block 30, Park Island, Mawan, Hong Kong	Independent Non-executive Director

Advisers

2. Provide the names and addresses of –
(a) the issue manager to the offer, if any;
(b) the underwriter to the offer, if any; and
(c) the legal adviser for or in relation to the offer, if any.

Manager	CIMB Bank Berhad, Singapore Branch 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623
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**SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS)
(SHARES AND DEBENTURES) REGULATIONS 2005**

Underwriter	Not applicable as the Warrants are issued free
Legal Adviser	Wee Woon Hong & Associates LLC 30 Raffles Place #19-04 Chevron House Singapore 048622

Registrars and Agents

3. Provide the names and addresses of the relevant entity's registrars, transfer agents and receiving bankers for the securities being offered, where applicable.

Share Registrar and Share Transfer Office	B.A.C.S. Private Limited 63 Cantonment Road Singapore 089758 Tel: (65) 6593 4848
Warrant Agent	B.A.C.S. Private Limited 63 Cantonment Road Singapore 089758 Tel: (65) 6593 4848
Transfer Agent	Not applicable
Receiving Banker	Not applicable

**SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS)
(SHARES AND DEBENTURES) REGULATIONS 2005**

PART III: OFFER STATISTICS AND TIMETABLE

Offer Statistics

1. For each method of offer, state the number of the securities being offered.

Based on the existing issued share capital of the Company of 513,439,000 Shares (excluding 361,000 treasury shares) as at the Latest Practicable Date, 154,031,700 free Warrants will be issued to the Entitled Shareholders.

Assuming 5,055,024 consideration shares pursuant to the acquisition of the entire interest in Jiahai Company as announced on 30 June 2009 are issued as at the Books Closure Date, up to 155,548,208 free Warrants will be issued to the Entitled Shareholders.

Each Warrant carries the right to subscribe for one (1) New Share at the Exercise Price of S\$0.66 per Warrant. The Warrants will be allotted to the Entitled Shareholders on the basis of three (3) Warrants for every ten (10) existing Shares held by the Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.

Method and Timetable

2. Provide the information referred to in paragraphs 3 to 7 of this Part to the extent applicable to –
(a) the offer procedure; and
(b) where there is more than one group of targeted potential investors and the offer procedure is different for each group, the offer procedure for each group of targeted potential investors.

See below.

3. State the time at, date on, and period during which the offer will be kept open, and the name and address of the person to whom the purchase or subscription applications are to be submitted. If the exact time, date or period is not known on the date of lodgement of the offer information statement, describe the arrangements for announcing the definitive time, date or period. State the circumstances under which the offer period may be extended or shortened, and the duration by which the period may be extended or shortened. Describe the manner in which any extension or early closure of the offer period shall be made public.

Details of the offer procedure for the Warrants Issue are set out below:-

Basis of Allotment : The Warrants Issue is made to Entitled Shareholders on the basis of three (3) free Warrants for every ten (10) existing Shares held by, or standing to the credit of the Securities Accounts of Entitled Shareholders, as the case may be, as at the Books Closure Date, fractional entitlements to be disregarded.

Circumstances under which the offer period may be modified : At the Latest Practicable Date, the Company does not expect the timetable under the section entitled “**Expected Timetable of Key Events**” of this Offer Information Statement to be modified. However, the Company may, upon consultation with the Manager and with the approval of the SGX-ST, modify the timetable subject to any limitations under any applicable laws. In that event, the Company will publicly announce the same through a SGXNET announcement to be posted on the Internet at the SGX-ST’s website <http://www.sgx.com>.

**SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS)
(SHARES AND DEBENTURES) REGULATIONS 2005**

- 4. State the method and time limit for paying up for the securities and, where payment is to be partial, the manner in which, and dates on which, amounts due are to be paid.**

The Warrants are issued free to Shareholders with no obligation on their part to exercise the Warrants. The terms and conditions of the Warrants Issue, including method of payment of exercise price, are found in Appendix I to this Offer Information Statement.

- 5. State, where applicable, the methods of and time limits for-**
(a) the delivery of the documents evidencing title to the securities being offered (including temporary documents of title, if applicable) to subscribers or purchasers; and
(b) the book-entry transfers of the securities being offered in favour of subscribers or purchasers.

The Warrants will be allotted to Entitled Shareholders by crediting the allotments to Entitled Depositors or through the despatch of warrants certificate to Entitled Scripholders.

In the case of Entitled Scripholders, the warrant certificate(s) representing such number of Warrants will be sent by registered post, at their own risk, to their mailing addresses in Singapore as maintained with the Share Registrar.

The Company will announce the date on which (a) the certificates for the Warrants are despatched, and (b) the Warrants are credited into the relevant Securities Accounts (as the case may be) through a SGXNET announcement to be posted on the internet at the SGX-ST website at <http://www.sgx.com>.

- 6. In the case of any pre-emptive rights to subscribe for or purchase the securities being offered, state the procedure for the exercise of any right of pre-emption, the negotiability of such rights and the treatment of such rights which are not exercised.**

Not applicable.

- 7. Provide a full description of the manner in which results of the allotment or allocation of the securities are to be made public and, where appropriate, the manner for refunding excess amounts paid by applicants (including whether interest will be paid).**

The Warrants are issued free on the basis of three (3) Warrants for every ten (10) existing ordinary Shares held by the Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded. There will not be excess applications.

Further information on the terms and conditions of the Warrants is set out in **Appendix I** of this Offer Information Statement.

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PART IV: KEY INFORMATION

Use of Proceeds from Offer and Expenses incurred

-
- 1. In the same section, provide the information set out in paragraphs 2 to 7 of this Part.**
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See below.

-
- 2. Disclose the estimated amount of the proceeds from the offer (net of the estimated amount of expenses incurred in connection with the offer) (referred to in this paragraph and paragraph 3 of this Part as the net proceeds). Where only a part of the net proceeds will go to the relevant entity, indicate the amount of the net proceeds that will be raised by the relevant entity. If none of the proceeds will go to the relevant entity, provide a statement of that fact.**
-

As the Warrants are issued free, there will be no proceeds from the issue of the Warrants. Assuming that the Warrants are fully exercised and New Shares are issued, the estimated gross proceeds will amount to approximately S\$102.66 million, while the estimated net proceeds (after deducting expenses of approximately S\$0.12 million) will amount to approximately S\$102.54 million (“**New Shares Proceeds**”).

-
- 3. Disclose how the net proceeds raised by the relevant entity from the offer will be allocated to each principal intended use. If the anticipated proceeds will not be sufficient to fund all of the intended uses, disclose the order of priority of such uses, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilisation for the proposed uses. Where specific uses are not known for any portion of the proceeds, disclose the general uses for which the proceeds are proposed to be applied. Where the offer is not fully underwritten on a firm commitment basis, state the minimum amount which, in the reasonable opinion of the directors or equivalent persons of the relevant entity, must be raised by the offer of securities.**
-

The Company intends to utilise the New Shares Proceeds for expansion of the Company’s property portfolio and/or general working capital purposes.

Pending the deployment of the New Shares Proceeds, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, as the Directors may deem appropriate in the interests of the Group.

As the Warrants will be offered free to all the Entitled Shareholders, in the reasonable opinion of the Directors, there is no minimum amount that must be raised by the Warrants Issue. The amount of proceeds to be raised from the Warrants Issue is subject to the exercise of the Warrants by Entitled Shareholders. There is no assurance that all the Warrants issued would be exercised in full.

-
- 4. For each dollar of the proceeds from the offer that will be raised by the relevant entity, state the estimated amount that will be allocated to each principal intended use and the estimated amount that will be used to pay for expenses incurred in connection with the offer.**
-

As the Warrants are issued free, there will be no proceeds from the Warrants Issue.

As the Warrants are issued free to Entitled Shareholders with no obligation on their part to exercise the Warrants and the exercise period for the Warrants is 36 months from the date of issue of the Warrants, the amount of proceeds arising from the issue of the New Shares and the time of receipt of such proceeds cannot be ascertained as at the date of this Offer Information Statement.

The actual amount of proceeds received by the Company from the exercise of the Warrants will depend on when and the extent to which such Warrants are exercised. As and when the Warrants are exercised, the proceeds arising from the issue of the New Shares will be used for the expansion of the Company’s property portfolio and/or general working capital purposes.

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5. If any of the proceeds to be raised by the relevant entity will be used, directly or indirectly, to acquire or refinance the acquisition of an asset other than in the ordinary course of business, briefly describe the asset and state its purchase price. If the asset has been or will be acquired from an interested person of the relevant entity, identify the interested person and state how the cost to the relevant entity is or will be determined.

Not applicable.

6. If any of the proceeds to be raised by the relevant entity will be used to finance or refinance the acquisition of another business, briefly describe the business and give information on the status of the acquisition.

Not applicable.

7. If any material part of the proceeds to be raised by the relevant entity will be used to discharge, reduce or retire the indebtedness of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, of the group, describe the maturity of such indebtedness and, for indebtedness incurred within the past year, the uses to which the proceeds giving rise to such indebtedness were put.

Not applicable.

8. In the section containing the information referred to in paragraphs 2 to 7 of this Part or in an adjoining section, disclose the amount of discount or commission agreed upon between the underwriters or other placement or selling agents in relation to the offer and the person making the offer. If it is not possible to state the amount of discount or commission, the method by which it is to be determined must be explained.

There are no underwriters or other placement or selling agents appointed pursuant to the Warrants Issue.

Information on the Relevant Entity

- 9a. The address and telephone and facsimile numbers of the relevant entity's registered office and principal place of business (if different from those of its registered office);

The address and telephone and facsimile number of the Company's registered office and principal place of business are as follows:-

Registered Office	:	Clarendon House 2 Church Street Hamilton, HM 11 Bermuda
Principal Place of Business	:	Room 1214 & 1215, Tower B Hunghom Commercial Centre 37-39 Ma Tau Wai Road Hunghom, Kowloon Hong Kong
Telephone	:	852 2363 1300
Facsimile	:	852 2764 2160

- 9b. The nature of the operations and principal activities of the relevant entity or, if it is the holding company or holding entity of a group, of the group;

The Group is a property developer of quality residential and commercial properties in PRC. Their strategy is to focus its property development projects in developing cities in PRC such as Hangzhou and

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Huzhou cities in Zhejiang Province and Nanchang City in Jiangxi Province. The Group strives to develop quality residential and commercial developments, catering to the middle to upper-middle income level residents in each city.

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

As at the date of this Offer Information Statement, the subsidiaries of the Company and their principal activities are as follows:-

Name of Subsidiary	Country of Incorporation	Equity Interest (%)	Principal Activities
Directly held:			
Modernland Developments Limited	British Virgin Islands ("BVI")	100%	Investment holding
Enrich H.K. Investments Limited	Hong Kong	100%	Investment holding
Far East Construction Limited	Hong Kong	100%	Investment holding
Loerie Investments Limited	BVI	100%	Investment holding
Ho Hong (HK) Management Limited	Hong Kong	100%	Investment holding
Sino Harbour Limited	Hong Kong	100%	Investment holding
Indirectly held:			
Fuzhou Pan Hong Kai Xuan Property Development Co., Ltd	PRC	100%	Property development
Hangzhou Liyang Housing and Landing Development Co., Ltd	PRC	100%	Property development & investment holding
Huzhou Real Estate Development Co., Ltd	PRC	70%	Property development
Huzhou Asia City Real Estate Development Co., Ltd	PRC	100%	Property development & investment holding
Huzhou Jiangnan Hailian Construction Co., Ltd	PRC	65%	Property development
Huzhou Liyang Housing and Landing Development Co., Ltd	PRC	100%	Property development
Huzhou Luzhou Housing and Landing Development Co., Ltd	PRC	100%	Property development

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Huzhou Hongjin Market Construction & Development Co., Ltd	PRC	100%	Property development & investment
Jiangxi Asia City Real Estate Development Co., Ltd.	PRC	100%	Property development
Jiangmen Pan Hong Property Co., Ltd.	PRC	75%	Property development
Leping City Feng Huang Jincheng Industry Co., Ltd.	PRC	51%	Property development
Pan Hong Investment Limited	Hong Kong	100%	Investment holding
Wiseidea Investments Limited	BVI	100%	Investment holding
Modern China Holdings Limited	Hong Kong	100%	Investment holding
Guangzhou Port Investment Limited	PRC	100%	Investment holding
Pinghu Jiahai Warehousing Limited	PRC	100%	Build and operate warehouse facilities

-
- 9c. The general development of the business from the beginning of the period comprising the 3 most recent completed financial years to the latest practicable date, indicating any material change in the affairs of the relevant entity or the group, as the case may be, since –**
- (i) the end of the most recent completed financial year for which financial statements of the relevant entity have been published; or**
- (ii) the end of any subsequent period covered by interim financial statements, if interim financial statements have been published;**
-

Key Developments from 1 January 2006 to 31 December 2006

In September 2006, the Company was admitted to the Official List of the SGX-ST.

In October 2006, the Group entered into a letter of intent to lease a floor space of approximately 3,234 sq m to a subsidiary of the Wang On Group.

In December 2006, the Group's wholly-owned BVI subsidiary, Loerie Investments Limited, entered into a sale and purchase agreement with Mr Liu Hong Shu (the "Vendor") to acquire 90% of the entire issued share capital of Ever Sure Industries Limited ("Ever Sure") from the Vendor. This acquisition provided the Group with land parcels in Beihai City, Guangxi Province and increased its planned gross floor area from approximately 818,500 square metres to 1,199,500 square metres.

Key Developments from 1 January 2007 to 31 December 2007

In March 2007, the Group acquired two land parcels in two cities located in Jiangxi Province, namely through a 51% interest in land situated in Leping City and a 50% interest in land in Yichun City (Jiangxi Province). The aggregate consideration for the respective interests in land parcels at Leping and Yichun cities was approximately RMB128.9 million. These two property development projects are expected to yield planned gross floor area of around 1.73 million square metres in total.

In May 2007, the Group launched the pre-sales of its residential-cum-commercial property project, Nanchang Honggu Kaixuan Phase 1 in Nanchang city, Jiangxi Province.

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In August 2007, the Group acquired a 75% interest in a land parcel in Jiangmen City (Guangdong Province) for property development. The aggregate cost of this land parcel is RMB38.1 million and the expected planned gross floor area of this development is approximately 49,000 square metres.

In September 2007, the Company announced its intention to commence legal proceedings in Hong Kong against the Vendor of Ever Sure as a result of the Vendor's failure to fulfill his obligation to complete the acquisition of Ever Sure on 31 August 2007.

In September 2007, the Group's wholly-owned subsidiary, Pan Hong Investment Limited, acquired the remaining 3.46% of the paid-up capital in Huzhou Luzhou Housing and Landing Development Co. Ltd ("Huzhou Luzhou") from an independent third party for a cash consideration of RMB2.19 million. With this acquisition, Huzhou Luzhou is now a wholly-owned subsidiary of the Group.

In October 2007, the Company entered into a memorandum of understanding with Hwa Hong Corporation Limited, forging a strategic alliance to jointly develop properties in PRC. The proposed alliance will enable both parties to tap on their combined financial strengths to develop larger scale property projects in PRC. The Company also entered into a placement agreement to issue 10 million new ordinary shares. The net proceeds raised of around S\$8 million had since been used for part payment of the Group's acquisition of a land parcel in Fuzhou City.

In November 2007, the Group announced that it has obtained approval from the government to increase the planned gross floor area of the project at Yichun city to 1.38 million square metres, from 1.28 million square metres previously.

In November 2007, the Group acquired land parcel in Fuzhou City (Jiangxi Province) for property development for a purchase consideration of RMB200 million. This development is expected to yield planned gross floor area of 476,000 square metres.

In the last quarter of 2007, the Group commenced the delivery of sold residential units at Nanchang Honggu Kaixuan Phase 1, which resulted in record revenue and earnings in the financial year ended 31 December 2007. Around 88% of the residential units launched for sale at Nanchang Honggu Kaixuan Phase 1 were sold and delivered as at 31 December 2007. The Group's land bank at the end of 2007 also increased significantly over 31 December 2006.

Key Developments from 1 January 2008 to 31 March 2009

In February 2008, Jiangmen Pan Hong Kaixuan Real Estate Development Co. Ltd ("Jiangmen Pan Hong Kaixuan") with a registered capital of RMB10 million, was incorporated in the PRC by Jiangxi Asia City, a wholly-owned subsidiary of the Company. Jiangxi Asia City has a 75% shareholding in the capital of Jiangmen Pan Hong Kaixuan while the remaining 25% is held by a third party.

In February 2008, Pan Hong Investment Limited, a wholly-owned subsidiary of the Company and Jiangxi Hongkelong Group Investment Co., Ltd set up a joint venture company, Jiangxi Ganghong Industrial Co. Ltd.

In February 2008, Fuzhou Pan Hong Kaixuan with a registered capital of RMB450 million was incorporated in the PRC by Sino Harbour Ltd, a wholly-owned subsidiary of the Company.

In May 2008, the Group announced a change of its financial year from 31 December to 31 March, after taking into consideration the availability of resources, deadlines for statutory reporting requirements and audit resources among other factors. The change of financial year end is to enable better management of the Group's internal processes and smoother flow of its operations.

In May 2008, the Group successfully secured three term loans with major banks in the PRC despite the credit-tightening situation in the country. The Group obtained loans totaling RMB258 million which were secured against its interests in land parcels in Nanchang, Hangzhou and Huzhou cities. The bank loans were earmarked for the construction costs in relation to the property development projects at the aforesaid cities.

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In July 2008, the Group launched the pre-sales of the first batch of residential units at Nanchang Honggu Kaixuan Phase 2. As announced in August 2008, the take-up rate was slow due to poor market sentiments in the PRC's property sector.

In November 2008, the Group issued a profit guidance for the financial quarter ended 30 September 2008, as it expected to report an operating loss amid the significant slowdown in the PRC's property market and in view of its plans to defer the launch of the remaining residential units of Nanchang Honggu Kaixuan Phase 2, as well as three other projects in Huzhou and Hangzhou cities, namely Huzhou Liyang Jingyuan Phase 2, Hangzhou Liyang Yuan and Hua Cui Ting Yuan Phase 1. Accordingly, the Group had also slowed down the construction progress of these projects to keep pace with the launch plans.

In December 2008, the Group launched the pre-sales of the residential units of its residential-cum-commercial property project in Huzhou city, Huzhou Liyang Jingyuan Phase 2.

In January 2009, the Group launched the pre-sales of the residential units at its property development in Hangzhou city, Hangzhou Liyang Yuan.

In January 2009, the Group announced that its management took the lead to lower the Group's cost structure through a salary reduction exercise. The Executive Chairman forgone his salary for three months from January to March 2009 and the management team also agreed to reductions ranging from 10% to 20% with respect to their annual salaries for the year 2008.

Key Developments from 1 April 2009 till the Latest Practicable Date

In April 2009, the Company announced it had reached an out of court settlement in relation to the legal proceedings against the Vendor of Ever Sure. Under the settlement, the Vendor agreed to pay a sum of HK\$32,206,850, which represents a refund of HK\$30.0 million plus interest at 3% per annum from 15 December 2006 until 16 March 2009, as well as a further sum of HK\$27.5 million as ex gratia payment within 12 months from 8 May 2009. The Court approved the settlement terms in May 2009 and the sum of HK\$32,206,850 was released to the Group in June 2009. The Company shall be entitled to either continue with its legal claim or to pursue the Vendor for the ex gratia payment should the Vendor fail to pay the aforesaid sum of HK\$27.5 million in full.

In April 2009, the Group raised its equity interest in the capital of Huzhou Jiangnan Hailian Construction Co., Ltd. from 65% to 80% through Pan Hong Investment Limited, a wholly-owned subsidiary of the Group, by subscribing for an additional 15% stake for a total cash consideration of RMB9.6 million.

In May 2009, the Group reported its financial results for the 15 months ended 31 March 2009 (FP2009) and also announced that the pre-sales value of the three projects launched in FP2009 had risen significantly to RMB503.6 million, from RMB157.5 million three months earlier. The Group raised the number of residential units for sale at Nanchang Honggu Kaixuan Phase 2 from 270 to 649 units to capitalise on the revival in property market. As these pre-sales cannot be recognised as revenue until the completion of handover of the property to buyers, the pre-sales were not reflected in the Group's revenue of RMB39.9 million for FP2009.

In June 2009, the Group launched the pre-sales of the first batch of residential units at its townhouse development in Huzhou city, Hua Cui Ting Yuan Phase 1. The Group subsequently released a second batch of residential units for sale in August 2009.

In June 2009, the Company announced that it would be seeking the approval of its shareholders for the proposed adoption of a Share Purchase Mandate. The resolution to adopt the Share Purchase Mandate was passed at a Special General Meeting on 22 July 2009.

In June 2009, the Company through its wholly-owned subsidiaries, PHIL and Huzhou Hongjin entered into agreements to acquire the entire interest in Jiahai Company for an aggregate consideration of RMB10 million.

In July 2009, Jiahai Company acquired the land use rights for land parcels in Pinghu City, Dushan Port, Haihe Road South Block for approximately RMB47.5 million. These land parcels, with a site area of

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around 226,101.5 square metres, are intended to be used for the development of warehousing/storage facilities for petroleum and petrochemical products.

In July 2009, the Company won the tender for a land parcel in Huzhou city for a consideration of approximately RMB221.3 million. The land parcel, which will be used for the development of residential and commercial properties, is estimated to have a total planned gross floor area of 216,000 square metres.

In August 2009, the Company entered into a placement agreement whereby it issued 23,800,000 new ordinary shares in the capital of the Company at a placement price of S\$0.50 for each placement share to BOCOM International Group, which is the investment banking and securities arm of Bank of Communications Co., Ltd. The estimated net proceeds from the placement after deducting estimated expenses pertaining to the placement will be approximately S\$11.76 million.

In September 2009, the Group reported that the accumulated pre-sales value of its four projects which were launched in FP2009 and June 2009 had risen to RMB785.2 million on aggregate at the end of August 2009.

In September 2009, the Company announced the Warrants Issue.

In October 2009, the Group reported that the accumulated pre-sales value of its four projects which were launched in FP2009 and June 2009 had risen to RMB848.1 million on aggregate at the end of September 2009.

Developments after Latest Practicable Date

On 20 October 2009, the Company announced (i) the completion of the acquisition by subsidiaries of the entire equity interest in Jiahai Company via the acquisition of Modern China Holdings Limited and Guangzhou Port Investment Limited; and (ii) the allotment of 5,055,024 new Shares to Madam Chung Fo Chi, Mr Wu Rong Kai and Mr Wong Lam Ping in the proportion of 30%, 30% and 40% respectively in satisfaction of the purchase consideration of RMB10 million.

9d. The equity capital and the loan capital of the relevant entity as at the latest practicable date, showing –
(i) in the case of the equity capital, the issued capital; or
(ii) in the case of the loan capital, the total amount of the debentures issued and outstanding, together with the rate of interest payable thereon;

The equity capital of the Company as at the Latest Practicable Date is as follows:-

	Number of Shares	RMB
Equity share capital	: 513,439,000 ⁽¹⁾	310,770,000
Loan capital	: Not applicable	Not applicable

Assuming 5,055,024 consideration shares pursuant to the acquisition of the entire interest in Jiahai Company as announced on 30 June 2009 are issued as at the Books Closure Date, the Company's issued share capital will be RMB313,449,000 comprising 518,494,024 Shares ⁽¹⁾.

Note:-

(1) Excluding 361,000 treasury shares held by the Company.

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- 9e. Where –**
- (i) **the relevant entity is a corporation, the number of shares of the relevant entity owned by each substantial shareholder as at the latest practicable date; or**
- (ii) **the relevant entity is not a corporation, the amount of equity interests in the relevant entity owned by each substantial interest-holder as at the latest practicable date;**

Based on information in the Register of Substantial Shareholders maintained by the Company under Section 88 of the Companies Act as at the Latest Practicable Date, the Substantial Shareholders of the Company and the number of Shares in which they have an interest are as follows:-

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽³⁾	Number of Shares	% ⁽³⁾
Extra Good Enterprises Ltd ⁽¹⁾	288,000,000	56.09	-	-
Wong Lam Ping ⁽²⁾	18,321,184	3.57	302,443,300	58.91
Chan Heung Ling ⁽²⁾	14,443,300	2.81	306,321,184	59.66

Notes:-

- (1) The entire issued share capital of Extra Good Enterprises Ltd is held as to 52.0% and 48.8% by Mr Wong Lam Ping and Ms Chan Heung Ling, respectively. As such, they are both deemed to be interested in the Shares held by Extra Good Enterprises Ltd.
- (2) Mr Wong Lam Ping and Ms Chan Heung Ling are husband and wife. As such, they are deemed to be interested in the Shares held by each other.
- (3) Based on 513,439,000 issued shares (excluding the 361,000 treasury shares which carry no voting rights) as at the Latest Practicable Date.

- 9f. Any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgement of the offer information statement, a material effect on the financial position or profitability of the relevant entity or, where the relevant entity is a holding company or holding entity of a group, of the group;**

As announced on 3 September 2007, Loerie Investments Limited (“Loerie”), a wholly owned subsidiary of the Company, initiated legal proceedings against Mr Liu Hong Shu (the “Vendor”) for breach of contract of a sale and purchase agreement between Loerie and the Vendor relating to the acquisition of a 90% interest in Ever Sure Industries Limited (the “Acquisition”). The parties reached an out of court settlement on 3 April 2009 and the terms of the settlement were set out in a court order approved by the Court in the legal proceedings (the “Settlement Order”). The Settlement Order was approved by the Court on 8 May 2009, pursuant to which:-

- (a) the Vendor had paid the sum of HK\$32,026,850 into the Court on 15 May 2009, being the full refund of the deposit and part payment of the purchase consideration paid by Loerie in connection with the Acquisition, with interest at 3% per annum from 15 December 2006 until 16 March 2009; and
- (b) the Vendor shall also pay a further sum of HK\$27.5 million into Court within 12 months from 8 May 2009 as ex-gratia payment to Loerie.

Upon receipt of the notice from Loerie that it has complied with certain agreed settlement terms, the Vendor has consented to the release of the total sum of HK\$32,026,850 to Loerie by the Court.

Save as disclosed above, the Directors are not aware of any material litigation, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgement of this Offer Information Statement, a material effect on the financial position or profitability of the Group.

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- 9g. Where any securities or equity interests of the relevant entity have been issued within the 12 months immediately preceding the latest practicable date –**
- (i) if the securities or equity interests have been issued for cash, state the prices at which the securities have been issued and the number of securities or equity interests issued at each price; or**
 - (ii) if the securities or equity interests have been issued for services, state the nature and value of the services and give the name and address of the person who received the securities or equity interests; and**
-

On 24 August 2009, the Company issued 23,800,000 new ordinary shares at an issue price of S\$0.50 each to BOCOM International group.

Save as disclosed above, the Company has not issued any securities or equity interests for cash nor for services within the 12 months immediately preceding the Latest Practicable Date.

- 9h. A summary of each material contract, other than a contract entered into in the ordinary course of business, to which the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any member of the group is a party, for the period of 2 years immediately preceding the date of lodgement of the offer information statement, including the parties to the contract, the date and general nature of the contract, and the amount of any consideration passing to or from the relevant entity or any other member of the group, as the case may be.**
-

Save as disclosed below, neither the Company nor any of its Subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) during the two years preceding the date of lodgement of this Offer Information Statement:

- (i) the Share Transfer Agreement dated 28 June 2009 between PHIL, Huzhou Hongjin, Mr Wu Kai Ming, Madam Chung Fo Chi, Mr Wu Rong Kai and Mr Wong Lam Ping transferring the entire equity interests in Jiahai Company to PHIL and Huzhou Hongjin for an aggregate consideration of RMB10 million; and
- (ii) the Placement Agreement dated 17 August 2009 between the Company and CIMB-GK Securities Pte. Ltd in relation to the placement of 23,800,000 ordinary shares in the Company.

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PART V: OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Operating Results

1. Provide selected data from –
- (a) the audited income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, the audited consolidated income statement of the relevant entity or the audited combined income statement of the group, for each financial year (being one of the 3 most recent completed financial years) for which that statement has been published; and
- (b) any interim income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any interim consolidated income statement of the relevant entity or interim combined income statement of the group, for any subsequent period for which that statement has been published

See below.

2. The data referred to in paragraph 1 of this Part shall include the line items in the audited income statement, audited consolidated income statement, audited combined income statement, interim income statement, interim consolidated income statement or interim combined income statement, as the case may be, and shall in addition include the following items:
- (a) dividends declared per share in both the currency of the financial statements and the Singapore currency, including the formula used for any adjustment to dividends declared;
- (b) earnings or loss per share; and
- (c) earnings or loss per share, after any adjustment to reflect the sale of new securities.

The audited consolidated profit and loss statements of the Group for the last two financial years ended 31 December 2006 ("FY2006"), 31 December 2007 ("FY2007"), 15 months ended 31 March 2009 ("FP2009") and the last two financial periods ended 30 June 2008 ("2Q2009") and 30 June 2009 ("1Q2010") are set out below:

	Year ended 31 December 2006 RMB'000 (Audited)	Year ended 31 December 2007 RMB'000 (Audited)	15 months ended 31 March 2009 RMB'000 (Audited)	3 months ended 30 June 2008 RMB'000 (Unaudited)	3 months ended 30 June 2009 RMB'000 (Unaudited)
Revenue	151,269	564,857	39,859	17,547	23,837
Cost of sales	(93,911)	(334,270)	(23,154)	(9,927)	(17,647)
Gross profit	57,358	230,587	16,705	7,620	6,190
Other income and gains	24,495	77,407	22,837	3,214	13,482
Selling expenses	(909)	(6,577)	(9,394)	(1,452)	(2,552)
Administrative expenses	(13,188)	(14,164)	(20,867)	(3,200)	(4,218)
Other operating expenses	(613)	(547)	(42,964)	(703)	(23)
Operating (loss)/profit	67,143	286,706	(33,683)	5,479	12,879
Finance costs	-	(1,412)	(6,949)	(997)	(1,611)
Share of loss of associates	(76)	-	-	-	-

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	Year ended 31 December 2006 RMB'000 (Audited)	Year ended 31 December 2007 RMB'000 (Audited)	15 months ended 31 March 2009 RMB'000 (Audited)	3 months ended 30 June 2008 RMB'000 (Unaudited)	3 months ended 30 June 2009 RMB'000 (Unaudited)
Share of loss of jointly controlled entity	-	(298)	(876)	(256)	(280)
(Loss)/profit before income tax	67,067	284,996	(41,508)	4,226	10,988
Income tax credit/(expense)	(17,517)	(99,327)	4,289	(389)	(763)
(Loss)/profit for the period/year	49,550	185,669	(37,219)	3,837	10,225
Attributable to:					
Equity holders of the Company	49,440	184,856	(36,985)	3,757	10,235
Minority interests	110	813	(234)	80	(10)
	49,550	185,669	(37,219)	3,837	10,225
Dividends per share (in RMB cents)	1.00	1.87	-	-	-
(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company during the period/year (in RMB cents):					
- Basic	12.55	38.37	(7.55)	0.77	2.09
- Diluted	n.a.	n.a.	n.a.	n.a.	n.a.
(Loss)/earnings per Share after adjusting for the issue of the New Shares * (in RMB cents):					
- Basic	9.00	29.00	(5.73)	0.58	1.59
- Diluted	n.a.	n.a.	n.a.	n.a.	n.a.

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Note:

- * The basic EPS as adjusted for the Warrants Issue was computed based on the weighted average number of Shares in issue during FY2006, FY2007, FP2009, 2Q2009 and 1Q2010, and (i) assuming that the maximum of 155,548,208 Warrants are fully exercised into New Shares at the beginning of each relevant financial period; (ii) do not take into account the effects of the use of proceeds from the exercise of the Warrants (if any) on the earnings of the Group; (iii) on the basis that no adjustment has been made for any change in the weighted average number of Shares in issue during FY2006, FY2007, FP2009, 2Q2009 and 1Q2010; and (iv) does not take into account the 5,055,024 consideration shares pursuant to the acquisition of the entire interest in Jiahai Company as announced on 30 June 2009.

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- 3. In respect of –**
- (a) each financial year (being one of the 3 most recent completed financial years) for which financial statements have been published; and**
- (b) any subsequent period for which interim financial statements have been published, provide information regarding any significant factor, including any unusual or infrequent event or new development, which materially affected profit or loss before tax of the relevant entity or, if it is the holding company or holding entity of a group, of the group, and indicate the extent to which such profit or loss before tax of the relevant entity or the group, as the case may be, was so affected. Describe any other significant component of revenue or expenditure necessary to understand the profit or loss before tax for each of these financial periods.**
-

A summary of the operations, business and financial performance of the Group for FY2006, FY2007, FP2009 and 1Q2010 is as follows:

Performance review for FY2007 (1 January 2007 to 31 December 2007) compared to FY2006 (1 January 2006 to 31 December 2006)

Group revenue for FY2007 jumped 273.4% to RMB564.9 million, from RMB151.3 million in FY2006. This was boosted mainly by the sale and delivery of residential units under Phase 1 of the Group's Nanchang Honggu Kaixuan project in Jiangxi Province that was launched for sale in May 2007. For this Nanchang Honggu Kaixuan Phase 1 project, the Group completed the handover of 989 residential units by year-end and hence recognised RMB548.3 million as revenue in FY2007. Sales of remaining residential and commercial units of other completed projects - Huzhou Liyang Jingyuan Phase 1, Huzhou Xinya Jiayuan, Huzhou Zhili Yazhoucheng Phase 2 and Wuxing District Balidian Market - contributed RMB16.6 million to Group revenue in FY2007.

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 Phase 1 lifted overall ASP in FY2007.

Other income and gains increased to RMB77.4 million in FY2007, from RMB24.5 million in FY2006. The increase was due mainly to higher agency commission and consultancy fee income, interest income and gain generated from the Group's investment in short term securities.

Selling expenses rose significantly to RMB6.6 million in FY2007, from RMB0.9 million in FY2006 as a result of an increase in salaries and sales commissions as well as advertising and promotion costs which were related primarily to the pre-sales launch of Nanchang Honggu Kaixuan Phase 1 in May 2007. Administrative expenses increased slightly to RMB14.2 million in FY2007. These expenses comprised primarily of audit fee, legal and professional fees, and salaries.

Finance costs amounted to RMB1.4 million in FY2007 due to the interest incurred for a short-term borrowing of RMB75 million to finance working capital needs. Taxation in FY2007 rose to RMB99.3 million due mainly to higher profits derived from sales of Nanchang Honggu Kaixuan Phase 1 and other properties as compared to FY2006.

Led by strong top line growth, profit for the year of the Group soared 274.7% to RMB185.7 million in FY2007, from RMB49.6 million in FY2006.

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Performance review for FP2009 (1 January 2008 to 31 March 2009) compared to FY2007 (1 January 2007 to 31 December 2007)

Group revenue for FP2009 was RMB39.9 million compared to RMB564.9 million in FY2007. The substantially lower revenue in FP2009 was due primarily to the lower number of residential units available for sale at Nanchang Honggu Kaixuan Phase 1. In FY2007, the Group sold and completed the handover of 989 residential units, while it sold and delivered a further 57 residential units in FP2009 which generated revenue of RMB35.7 million. At the end of FP2009, around 92.8% of the total 1,127 residential units at Nanchang Honggu Kaixuan Phase 1 were sold. The remaining revenue of RMB4.2 million in FP2009 came primarily from sales of the outstanding residential units and other properties of Huzhou Liyang Jingyuan Phase 1 and Huzhou Zhili Yazhoucheng Phase 2. The Group launched the pre-sales of three new property projects between July 2008 and January 2009. However, sales from these new projects can only be recognised as revenue upon the handover of the sold units.

In FP2009, the Group achieved a healthy gross profit margin of 41.9% which was slightly higher than 40.8% in FY2007. This could be attributable to the Group's ability to maintain the average selling prices of its projects amid the softer property market conditions in the PRC.

The Group's other income and gains in FP2009 decreased to RMB22.8 million from RMB77.4 million in FY2007, due mainly to lower agency fees and commission, and lower net fair value gain of investments in financial assets.

The Group's selling expenses in FP2009 amounted to RMB9.4 million, compared to RMB6.6 million in FY2007, as a result of higher sales agency fees and advertising / promotional expenses in respect of the Group's property presale launches during FP2009 as well as for a new property development, Hua Cui Ting Yuan. Administrative expenses in FP2009 increased 47.3% to RMB20.9 million, attributable to the longer reporting period in FP2009 which covered 15 months as compared to 12 months in FY2007, as well as legal costs.

In FP2009, the Group recorded other operating expenses of RMB43.0 million as a result of impairment provisions for its properties against the backdrop of weakened property market conditions in the PRC during FP2009. The Group made impairment provisions for its investment properties, goodwill, as well as the net book value of the car park lots at Nanchang Honggu Kaixuan Phase 1.

Finance costs in FP2009 increased to RMB6.9 million due primarily to an increase in borrowings to finance the development of various property projects. The Group recorded an income tax credit of RMB4.3 million in FP2009.

As a result of the above factors, the Group reported a loss after tax of RMB37.2 million for FP2009, against a profit of RMB185.7 million in FY2007.

Performance review for 1Q2010 (1 April 2009 to 30 June 2009) compared to 2Q2009 (1 April 2008 to 30 June 2008)

Group revenue for 1Q2010 rose 35.8% to RMB23.8 million, driven primarily by continuing sales of the remaining residential units and car parks at Nanchang Honggu Kaixuan Phase 1. In 1Q2010, the Group sold and delivered 35 residential units and 82 car park lots of Nanchang Honggu Kaixuan Phase 1. These properties generated total revenue of RMB19.4 million. At the end of 1Q2010, around 95.9% of the total 1,127 residential units at Nanchang Honggu Kaixuan Phase 1 were sold and delivered. The remaining revenue of RMB4.3 million in 1Q2010 came primarily from sales of the outstanding residential units of Huzhou Liyang Jingyuan Phase 1. The Group launched the pre-sales of four new property projects between July 2008 and June 2009. However, sales from these new projects can only be recognised as revenue upon the handover of the sold units.

The Group's gross profit margin declined to 26.0% in 1Q2010, from 43.4% in the same period last year, due primarily to the sales of car park lots at Nanchang Honggu Kaixuan Phase 1. Excluding sales of the car park lots, the Group maintained a healthy gross profit margin of approximately 41.2% for the residential properties sold in 1Q2010.

Other income and gains in 1Q2010 increased by 319.5% to RMB13.5 million, boosted by consultancy fee income, net fair value gain of investments in financial assets, as well as interest income from other

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receivables and deposits. During 1Q2010, the Group received interest income amounting to HK\$2.0 million for the deposit in relation to the acquisition of shareholding in Ever Sure Industries Limited ("Ever Sure"). The deposit paid to Ever Sure had since been recovered in full.

The Group's selling expenses in 1Q2010 increased slightly to RMB2.6 million, compared with RMB1.5 million in 2Q2009, due mainly to higher promotional and advertisement expenses for the ongoing property pre-sales. Administrative expenses in 1Q2010 increased by RMB1.0 million to RMB4.2 million, attributable mainly to legal cost.

Finance costs in 1Q2010 were RMB1.6 million compared to RMB1.0 million in the same period last year. Income tax expenses for the quarter under review amounted to RMB0.8 million.

Driven mainly by the substantial increase in other income and gains, the Group posted a profit after tax of RMB10.2 million in 1Q2010, up 166.5% from RMB3.8 million in the corresponding period last year.

Financial Position

4. Provide selected data from the balance sheet of the relevant entity or, if it is the holding company or holding entity of a group, the group as at the end of –
- (a) the most recent completed financial year for which audited financial statements have been published; or
- (b) if interim financial statements have been published for any subsequent period, that period.

See below.

5. The data referred to in paragraph 4 of this Part shall include the line items in the audited or interim balance sheet of the relevant entity or the group, as the case may be, and shall in addition include the following items:
- (a) number of shares after any adjustment to reflect the sale of new securities;
- (b) net assets or liabilities per share; and
- (c) net assets or liabilities per share after any adjustment to reflect the sale of new securities.

The audited consolidated balance sheet and the unaudited consolidated balance sheet of the Group as at 31 March 2009 and as at 30 June 2009 respectively are as follows:

RMB'000	As at 31 March 2009 Audited	As at 30 June 2009 Unaudited
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	8,204	8,138
Investment properties	67,209	71,395
Leasehold interest in land	7,067	7,067
Goodwill	-	124
Interest in a jointly controlled entity	91,080	130,795
Deferred tax assets	10,300	10,300
	183,860	227,819
Current assets		
Properties held under development	730,472	796,279
Properties held for sale	114,685	91,617
Account receivables	13,363	15,503
Deposits paid, prepayments and other receivables	209,439	214,422

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Amounts due from related parties	14,978	814
Financial assets at fair value through profit or loss	8,468	9,547
Pledged bank deposits	105,045	111,546
Cash and bank balances	120,414	273,547
	1,316,864	1,513,275
Current liabilities		
Account payables	2,478	1,949
Accruals, receipts in advance and other payables	305,322	582,921
Provision for tax	91,364	84,093
Amounts due to related parties	684	737
Bank and other loans	244,599	214,454
	644,447	884,154
Net current assets	672,417	629,121
Total assets less current liabilities	856,277	856,940
Non-current liabilities		
Bank and other loans	105,121	105,033
Deferred tax liabilities	6,065	6,065
	111,186	111,098
Net assets	745,091	745,842
EQUITY		
Equity attributable to the Company's equity holders		
Share capital	298,164	298,164
Reserves	386,387	396,634
	684,551	694,798
Minority Interests	60,540	51,044
Total equity	745,091	745,842
Net assets per Share (cents)	152.06	152.21
Number of Shares after the Warrants Issue (assuming none of the Warrants are exercised)	490,000,000	490,000,000
Net assets value per Share adjusted for the Warrants Issue (cents) (assuming none of the Warrants are exercised)	152.06	152.21
Number of Shares after the Warrants Issue (assuming all the Warrants are exercised at the end of each of the respective financial year/period) ⁽¹⁾	645,548,208	645,548,208
Net assets value per Share adjusted for the Warrants Issue (cents) (assuming all the Warrants are exercised at the end of each of the respective financial year/period) ⁽¹⁾	115.42	115.54

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Note:

- (1) The net asset value per Share as adjusted for the Warrants Issue was computed based on the number of Shares in issue as at the end of each of the respective financial year/period and assuming that (i) the maximum of 155,548,208 Warrants are subscribed for and exercised at the end of each of the respective financial year/period; (ii) no adjustment has been made for any change in the number of Shares in issue after the end of the relevant financial year/period; and (iii) does not take into account the 5,055,024 consideration shares pursuant to the acquisition of the entire interest in Jiahai Company as announced on 30 June 2009.

Liquidity and Capital Resources

- 6. Provide an evaluation of the material sources and amounts of cash flows from operating, investing and financing activities in respect of –**
(a) the most recent completed financial year for which financial statements have been published; and
(b) if interim financial statements have been published for any subsequent period, that period.

The audited consolidated cash flow statements for the Group for FP2009 and unaudited consolidated cash flow statements for the Group for 1Q2010 are as follows:

RMB'000	15 months ended 31 March 2009	3 months ended 30 June 2009
	(Audited)	(Unaudited)
Cash flows from operating activities		
(Loss)/profit before income tax	(41,508)	10,988
Adjustments for:		
Interest income	(10,782)	(3,308)
Interest expense	6,949	1,611
Depreciation	1,154	107
Amortisation of leasehold interest in land	181	-
Loss on disposal of property, plant and equipment	44	-
Share of loss of a jointly controlled entity	876	280
Fair value adjustment on investment properties	16,172	-
Net fair value gain of financial assets at fair value through profit or loss	-	(1,116)
Write down of properties held for sales to net realisable value	19,811	-
Impairment losses of goodwill	6,030	-
Operating (loss)/profit before working capital changes	(1,073)	8,562
Increase in properties held under development and properties held for sale	(320,945)	(43,262)
Decrease/(Increase) in account and other receivables, prepayments and deposits paid	30,917	(6,055)
(Increase)/Decrease in amounts due from a related parties	(14,440)	14,164
Increase in account and other payables, accruals and receipts in advance	146,558	275,610
Increase in amount due to related parties	593	53
Decrease/(increase) in pledged bank deposits	3,360	(6,501)
Cash (used in)/generated from operations	(155,030)	242,571
Interest received	5,125	2,240
Income taxes paid	(15,125)	(7,791)

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Net cash (used in)/generated from operating activities	(165,030)	237,020
Cash flows from investing activities		
Purchases of property, plant and equipment	(2,216)	(93)
Proceeds from disposal of property, plant and equipment	582	-
Additions to investment properties	(2,368)	-
Acquisition of additional interest in subsidiary from a minority shareholder	-	(9,610)
Advance to a jointly controlled entity	(40,000)	(40,000)
(Disposal)/purchases of financial assets at fair value through profit and loss	(7,324)	37
Net cash used in investing activities	(51,326)	(49,666)
Cash flows from financing activities		
Dividend paid	(9,178)	-
New borrowings	283,580	-
Repayment of borrowings	(105,563)	(30,216)
Interest paid	(19,770)	(4,008)
Decrease in pledged other deposits	36,000	-
Net cash generated from/(used in) financing activities	185,069	(34,224)
Net (decrease)/increase in cash and cash equivalents	(31,287)	153,130
Effect of foreign exchange difference	3,395	3
Cash and cash equivalents at beginning of period	243,906	120,414
Cash and cash equivalents at end of period	216,014	273,547

Review of cash flow for 15 months ended 31 March 2009 (1 January 2008 to 31 March 2009)

The Group recorded negative cash flow of RMB165.0 million from its operating activities. This was due largely to payments for the construction costs incurred in respect of its properties under development. The receipts in advance from the presales of residential units at its property projects partially offset the cash used in properties under development. Net cash used in investing activities for the period ended 31 March 2009 amounted to RMB51.3 million due primarily to a fund transfer through short-term loan arrangement to Jiangxi Ganghong Industrial Co. Ltd to finance land purchase cost and working capital requirements. The Group generated net cash of RMB185.1 million from financing activities as a result of a net increase in borrowings in the financial period. During the financial period, the Group secured new bank loans for the development of its projects in Huzhou and Nanchang cities, as well as borrowings to finance its working capital.

The operating, investing and financing activities led to a net decrease in cash and cash equivalents of approximately RMB31.3 million during FP2009. At the end of March 2009, the Group had cash and cash equivalents of RMB216.0 million, comprising cash and bank balances of RMB120.4 million and time deposits with maturity of less than three months of RMB95.6 million.

Review of cash flow for 3 months ended 30 June 2009 (1 April 2009 to 30 June 2009)

The Group generated net cash of RMB237.0 million from operating activities, due primarily to the increase in advance receipts from the presales of residential units of its property projects. Net cash used in investing activities for the period ended 30 June 2009 amounted to RMB50.0 million, attributed mainly to the fund transfer to Jiangxi Ganghong. Net cash used in financing activities was RMB34.2 million, due to the repayment of borrowings. During 1Q2010, the Group recorded a net increase in

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cash and cash equivalents of RMB153.1 million. As at 30 June 2009, the Group had healthy cash and cash equivalents of RMB273.5 million.

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- 7. Provide a statement by the directors or equivalent persons of the relevant entity as to whether, in their reasonable opinion, the working capital available to the relevant entity or, if it is the holding company or holding entity of a group, to the group, as at the date of lodgement of the offer information statement, is sufficient for present requirements and, if insufficient, how the additional working capital considered by the directors or equivalent persons to be necessary is proposed to be provided.**
-

The Directors are of the opinion that, barring any unforeseen circumstances and after taking into consideration the Group's internal resources and credit facilities, the Group has sufficient working capital for its present working capital requirements as at the date of lodgement of this Offer Information Statement.

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- 8. If the relevant entity or any other entity in the group is in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the relevant entity's financial position and results or business operations, or the investments by holders of securities in the relevant entity, provide –**
- (a) a statement of that fact;**
 - (b) details of the credit arrangement or bank loan; and**
 - (c) any action taken or to be taken by the relevant entity or other entity in the group, as the case may be, to rectify the situation (including the status of any restructuring negotiations or agreement), if applicable).**
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To the best of the Directors' knowledge, the Directors are not aware of any breach by any entity in the Group of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the Company's or the Group's financial position and results or business operations, or the investments by holders of securities in the Company.

Trend Information and Profit Forecast or Profit Estimate

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- 9. Discuss, for at least the current financial year, the business and financial prospects of the relevant entity or, if it is the holding company or holding entity of a group, the group, as well as any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in the offer information statement to be not necessarily indicative of the future operating results or financial condition. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect.**
-

Save as disclosed below, as at the Latest Practicable Date, there have been no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Offer Information Statement to be not necessarily indicative of the future operating results or financial condition.

Current year prospects and trend Information

Industry Review

According to the National Bureau of Statistics, property sales in China by GFA rose 31.7% to 341.09 million sq m on aggregate in the first six months of 2009, compared to the same period last year.

Total property sales value in the January-to-June period jumped 53.0% to RMB1,580 billion. The property prices in China's 70 major cities in the month of June 2009 rose 0.2% year-on-year, and were 0.8% higher when compared against prices in May 2009.

Following the recovery in the property market during the first half of 2009, which resulted in sharp price increases for prime locations in some first-tier cities, local authorities in certain cities of China have

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started tightening bank lending policy for second-home mortgage by raising the percentage of downpayment required and mortgage rates. Industry players believe that this recent move is aimed at ensuring sustainable growth and to moderate the rate of price increases, and the government remains supportive of the property market. Based on the statistics up to June 2009, property sales volume has shown good year-on-year growth and is generally expected to remain resilient in the second half of 2009.

The Group does not expect tighter lending policy to have a major effect on the property market in the longer term due to the recovering global economy. In addition, the Group believes that the authorities are unlikely to introduce excessively strict policies before a full economic recovery takes place as the property sector plays an important role in stimulating domestic consumption. Moreover, consumer inflation is also expected to rise in tandem with the economic recovery. As such, the Group maintains a cautiously optimistic outlook for the property market.

Given the rise in recent property sales, growth in real estate investments and increase in recent land sales, the Group is of the view that sales transactions in the property industry may continue to rise gradually with minor fluctuations and at a narrowing pace of growth in the second half of 2009. Nevertheless, the China property market continues to be subject to the macro-economic situation, government policies, housing supply situation, among other factors.

Company Update

Property Pre-sales

The Group presently has launched pre-sales of four projects in Nanchang, Huzhou and Hangzhou cities. The latest project launched on 14 June 2009 was the Phase 1 of the Hua Cui Ting Yuan project, which is a Chinese-style townhouse development situated near the Taihu Lake resort in Huzhou city. The average selling price of the residential units at Hua Cui Ting Yuan Phase 1 has risen gradually since the launch of the first batch of 30 units. The Group intends to align its sales strategy for its Hua Cui Ting Yuan project with the progress of the current developments at the Taihu Lake resort.

Company Strategies / Plans

- (i) Construction plans
 - The Group plans to commence construction of its new projects in Yichun, Fuzhou and Huzhou, Jiangmen cities in FY2010.
 - The Group may also start construction of the second phase of Hua Cui Ting Yuan project towards the end of FY2010 or FY2011.
- (ii) Strengthen brand to enhance market position amid increasingly competitive landscape
 - The Group's aim is to strengthen its brand and reputation in second and third-tier cities.
 - The Group believes there is potential to replicate Hua Cui Ting Yuan townhouse concept in other locations which would differentiate the Group from its competitors.
- (iii) Continue to seek suitable and attractive land acquisition opportunities for property development, with a primary focus on second and third-tier cities.
- (iv) Expand portfolio of investment properties to build more stable revenue streams in the long term
 - The Group will assess the investment potential of commercial properties at Nanchang Honggu Kaixuan, Huzhou Liyang Jingyuan Phase 2, and Hangzhou Liyang Yuan, to determine whether to sell or retain the properties for rental income.
 - The Group will also apply the same consideration to commercial properties of future developments, such as the Fuzhou project.

The Group will continue to maintain a steady and prudent approach in its business expansion and financial management, while keeping a close watch on consumer sentiment and any market changes. Based on the accumulated pre-sales achieved to-date and the current construction schedule of the respective properties, and barring any unforeseen circumstances, the Group remains positive of its performance in FY2010.

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Risk Factors

The Group is subject to revenue and profit volatility as a result of its policy of revenue recognition and fair value adjustments on investment properties

The Group's revenue and accordingly, profits, from its property development business are dependent on the number, value and duration of the projects that the Group undertakes. The Group's 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 its 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 the Group may have pre-sold these units during the period of construction, based on the Group's revenue recognition policy, the Group will not recognise such proceeds received from such pre-sales as revenue, and accordingly profit, during the relevant financial period. Accordingly, the Group may be subject to significant revenue and profit volatility in any financial reporting period, depending on the duration required to complete its respective projects.

Further, in the event that the Group holds investment properties, the Group may carry them at their respective fair values, being determined annually by external professional valuers. Such accounting policy adopted may result in the Group 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 the Group's investment properties or if it sells any of its investment properties at a value significantly lower than its carrying value in the balance sheet, the Group's financial performance for that relevant period will be adversely affected.

The Group's property development projects require substantial capital outlay

The Group is engaged in the property development of residential and commercial properties in various cities in the PRC, including Hangzhou and Huzhou cities 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 the Group's ability to complete its property developments is the adequacy of funding for the development project.

The Group's property development projects are typically funded through internal funds, borrowings and pre-sales proceeds. The Group typically commences pre-selling of the property units in its development projects upon receipt of the "Permit for Pre-Completion Sale of Commodity Buildings" ("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 the Group is unable to achieve its targeted level of pre-sales of its property development projects or if the Group is unable to pre-sell its property units as a result of delays or failure in obtaining the pre-sale permits and the Group does not have sufficient internal funds or pre-sales proceeds or is unable to obtain sufficient borrowings, the Group may experience negative operating cash flow and/or may be unable to fund ongoing and future development projects. The Group has experienced negative operating cash flow in FY2006 and FP2009 and although the Group has obtained financing support in the past to fund its development projects, there is no assurance that the Group will be able to continue to obtain such support in the future. In such an event, the Group's cash flow, results of operations and financial position will be adversely affected. In addition, the Group may require additional borrowings to fund its future development projects. Accordingly, the Group's interest costs may increase. Although the Group does not expect a material increase in interest costs as a proportion of its profits, there is no assurance that such an event will not occur. Accordingly, the Group's cashflow, results of operations and financial position may be adversely affected.

The Group may fail to acquire land use rights for future developments

The Group believes that it needs to continue identifying land suited for property development in order to maintain and/or grow our property development business. The Group 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

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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 the Group is unable to secure appropriate land for property development and at a reasonable cost or if it does not have sufficient financial resources to acquire appropriate land, its business and financial performance will be adversely affected. There is also no assurance that the Group can successfully secure any land reserve in future. The Group's failure to increase its land reserve will adversely affect its future operations and profitability.

The Group's unsold property development units will affect its financial performance

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

The Group's land use rights may be forfeited if it breaches 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", 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 the Group is affected by circumstances which would cause it to breach the terms of the land grant contract for certain properties and the government forfeits the Group's land use rights for those properties, the Group's results of operations and prospects will be adversely affected.

The Group is subject to property development risks

The property development projects that the Group undertakes typically require substantial cash outlay during the construction phase. The Group's 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 the Group's development projects and may result in cost overruns as well as revenue foregone. While any cost overruns are usually borne by the Group's contractors, and are governed by the terms of the contracts entered into between the Group and its contractors, if the Group's contractors are unable to bear the cost overruns, the Group may be liable for such cost overruns. In such an event and if the Group is unable to pass the cost overruns to its customers, its profitability will be affected. In addition, the Group may incur cost overruns for its projects after it has 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, the Group's profitability for those financial periods when the remaining units are sold may be adversely affected.

The Group may also be exposed to delays arising from the inability of contractors engaged by it to complete the construction work for its property development projects and it may not have any recourse against such contractors. Therefore, any delays in project completion may expose the Group to potential

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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, the Group's results of operations and financial condition will be adversely affected.

In addition, the Group's 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, the Group's 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 the Group's project capabilities would be adversely affected, and this could delay the completion of the Group's property developments or result in additional expenditure thereby adversely affecting its financial performance.

The Group's performance depends on its ability to identify and complete profitable property development projects

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

The Group believes that good project management is critical to the success of its projects. Depending on the nature of the project, the Group carries 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 its property development projects may result in delays and cost overruns which may have an adverse impact on the Group's financial position and our results of operations.

The Group is dependent on the climate of the property market in the PRC cities where it has property development projects

Currently, the Group's current and future property development projects are situated primarily in Jiangxi and Zhejiang provinces of the PRC. The Group's property developments and future projects span Hangzhou, Huzhou, Nanchang, Fuzhou, Yichun, Leping and Jiangmen cities. The Group's business is thus dependent on the continuing growth of the PRC and in particular, the property markets in the aforesaid cities. 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

The Group is 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 the Group (such as the slowing down of the pace of its developments and the adjustment of property prices) to mitigate the effects of the cyclical nature of the PRC property market can insulate the Group from such risks. Although the Group's Directors believe that the projected continuing economic growth in the PRC and consequently the higher standard of

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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 the Group's operations and financial performance.

The Company's Share price may fluctuate

There is no assurance that the market price for the Shares will not fluctuate significantly and rapidly as a result of certain factors, some of which are beyond the Company's control. Examples of such factors include, *inter alia* (i) variation(s) of its operating results; (ii) changes in securities analysts' estimates of the Group's financial performance; (iii) changes in conditions affecting the property industry; (iv) additions or departures of key personnel; (v) fluctuations in stock market prices and volume; (vi) involvement in litigation; and (vii) general economic and stock market conditions.

In the event a Shareholder is unable or unwilling to participate in certain additional fund-raising exercises, he may suffer potential dilution in his investment

The Group's working capital requirements, financing plans and capital expenditures needs may vary from those presently expected. If the Group does not meet its goals with respect to revenues, or if costs are higher than anticipated or if there are changes to its current financing plans, substantial additional funds may be required. To the extent that funds generated from operations have been exhausted, the Group may have to raise additional funds to meet new financial requirements. These additional funds may be raised by way of a placement or by further rights offering (which would be subjected to Shareholders' approval if necessary) or through the issuance of new shares.

The additional risk factors faced by the Group in relation to the Jiahai project are as follows:

The project is at its planning stage and will not generate revenue until the completion of its development

As the project is at its planning stage, it will not generate revenue until the completion of its development and after the warehousing facilities have become operational. Meanwhile, the Group will need to finance the development and construction of the project, and will continue to incur costs on the project for the next few years until the proposed facilities become operational and revenue generating.

The uncertainties associated with entry into the project

The Group does not have prior experience in developing and operating warehousing facilities. In particular, the operation of warehousing/storage facilities for petroleum and petrochemical products involve certain technical expertise and skill. In addition, the Group will have to market its warehousing services to suitable customers, which are different from its current target markets for property developments. There is no assurance that the new business will achieve the expected level of revenue and margins. If the Group fails to manage costs effectively, the overall financial position and profitability of the Group may be adversely affected.

The Group will require further financing to develop the project

The Group will need to obtain further financing to fund the development and construction of the project. The Company will evaluate various financing alternatives to finance the development and construction of the project, including but not limited to new equity issue, debt instruments and/or external bank borrowings. Additional equity financing may lead to a dilution in the interests of Shareholders, whereas additional debt financing may restrict its ability to pay dividends.

The Group is dependent on external suppliers and service contractors for the project

The Group requires the raw materials and services provided by external suppliers and service contractors to develop and construct the project, including architects, engineers, building contractors, etc. In the event that these suppliers and/or service contractors are unable to supply the Group with proper services or sufficient raw materials, and if the Group is unable to seek other suitable alternatives

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in a timely or cost-effective manner, the construction schedule, costs of construction and financial performance of the Group may be adversely affected.

The operations of Jiahai Company is subject to PRC regulations

The development and construction of the project and the future warehousing operations of Jiahai Company are subject to regulation by the PRC authorities, including building and construction, environmental and safety requirements. As a result, Jiahai Company may face certain constraints on its ability to implement all of its business strategies or to maximise its profitability. In addition, Jiahai Company's business may also be adversely affected by future unfavourable changes in the relevant policies of the PRC government vis-à-vis its business operations.

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- 10. Where a profit forecast is disclosed, state the extent to which projected sales or revenues are based on secured contracts or orders, and the reasons for expecting to achieve the projected sales or revenues and profit, and discuss the impact of any likely change in business and operating conditions on the forecast.**
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Not applicable.

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- 11. Where a profit forecast or profit estimate is disclosed, state all principal assumptions, if any, upon which the directors or equivalent persons of the relevant entity have based their profit forecast or profit estimate, as the case may be.**
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Not applicable.

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- 12. Where a profit forecast is disclosed, include a statement by an auditor of the relevant entity as to whether the profit forecast is properly prepared on the basis of the assumptions referred to in paragraph 11 of this Part, is consistent with the accounting policies adopted by the relevant entity, and is presented in accordance with the accounting standards adopted by the relevant entity in the preparation of its financial statements.**
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Not applicable.

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- 13. Where the profit forecast disclosed is in respect of a period ending on a date not later than the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part –**
- (a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, that the profit forecast has been stated by the directors or equivalent persons of the relevant entity after due and careful enquiry and consideration; or**
 - (b) a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.**
-

Not applicable.

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14. Where the profit forecast disclosed is in respect of a period ending on a date after the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part –
- (a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast; or
 - (b) a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.
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Not applicable.

Significant Changes

15. Disclose any event that has occurred from the end of –
- (a) the most recent completed financial year for which financial statements have been published; or
 - (b) if interim financial statements have been published for any subsequent period, that period, to the latest practicable date which may have a material effect on the financial position and results of the relevant entity or, if it is the holding company or holding entity of a group, the group, or if there is no such event, provide an appropriate negative statement.
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Save as disclosed in this Offer Information Statement and any announcements which have already been released to the general public, the Directors are not aware of any event which has occurred since 1 April 2009 up to the Latest Practicable Date which may have a material effect on the financial position and results of the Group provided in its unaudited financial statements for 30 June 2009 published by the Company on 12 August 2009. In this Part, “published” includes publication in a prospectus, in an annual report or on the SGXNET.

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PART VI: THE OFFER AND LISTING

Offer and Listing Details

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1. **Indicate the price at which the securities are being offered and the amount of any expense specifically charged to the subscriber or purchaser. If it is not possible to state the offer price at the date of lodgement of the offer information statement, the method by which the offer price is to be determined must be explained.**
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Issue Price of the Warrants

The Warrants to be issued are free.

Issue Price of the New Shares

S\$0.66 for each New Share, payable in full upon exercise of a Warrant (subject to any adjustment under certain circumstances as provided for in the Deed Poll).

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2. **If there is no established market for the securities being offered, provide information regarding the manner of determining the offer price, the exercise price or conversion price, if any, including the person who establishes the price or is responsible for the determination of the price, the various factors considered in such determination and the parameters or elements used as a basis for determining the price.**
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The Shares are listed in the Official List of the SGX-ST. Approval in-principle has been obtained from the SGX-ST for the listing of and quotation for the New Shares and the Warrants on the Official List of the SGX-ST, subject to there being an adequate spread of holdings for the Warrants to provide for an orderly market in the trading of Warrants.

The Exercise Price, represents a premium of approximately 3.1% to the closing price of S\$0.64 per Share on 4 September 2009, being the last full market day prior to the announcement of the Warrants Issue.

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3. **If –**
(a) any of the relevant entity's shareholders or equity interest-holders have pre-emptive rights to subscribe for or purchase the securities being offered; and
(b) the exercise of the rights by the shareholder or equity interest-holder is restricted, withdrawn or waived,
indicate the reasons for such restriction, withdrawal or waiver, the beneficiary of such restriction, withdrawal or waiver, if any, and the basis of the offer price.
-

Not applicable, as the Warrants are issued free to Entitled Shareholders.

As there may be prohibitions or restrictions against the offering of the Warrants in certain jurisdictions, only Entitled Shareholders are eligible to participate in the Warrants Issue. Please refer to the section entitled "Eligibility of Shareholders to Participate in the Warrants Issue" of this Offer Information Statement for more information.

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4. If securities of the same class as those securities being offered are listed for quotation on any securities exchange –
- (a) in a case where the first-mentioned securities have been listed for quotation on the securities exchange for at least 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities –
 - (i) for each of the 12 calendar months immediately preceding the calendar month in which the latest practicable date falls; and
 - (ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date; or
 - (b) in a case where the first-mentioned securities have been listed for quotation on the securities exchange for less than 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities –
 - (i) for each calendar month immediately preceding the calendar month in which the latest practicable date falls; and
 - (ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date;
 - (c) disclose any significant trading suspension that has occurred on the securities exchange during the 3 years immediately preceding the latest practicable date or, if the securities have been listed for quotation for less than 3 years, during the period from the date on which the securities were first listed to the latest practicable date; and
 - (d) disclose information on any lack of liquidity, if the securities are not regularly traded on the securities exchange.

- (a) The price range and volume of the Shares traded on the SGX-ST over the last 12 months immediately preceding this Offer Information Statement are as follows:

Year / Month	Price Range		Volume ('000)
	High(S\$)	Low(S\$)	
October 2008	0.200	0.110	242
November 2008	0.225	0.080	1,475
December 2008	0.200	0.100	1,678
January 2009	0.200	0.185	116
February 2009	0.200	0.150	152
March 2009	0.195	0.110	37,012
April 2009	0.170	0.100	31,838
May 2009	0.340	0.155	21,857
June 2009	0.415	0.310	42,900
July 2009	0.480	0.330	18,332
August 2009	0.655	0.475	33,763
September 2009	0.675	0.550	71,743
1 October 2009 to the Latest Practicable Date ⁽¹⁾	0.620	0.520	6,834

Source: Bloomberg L.P.

Bloomberg L.P. has not consented to the inclusion of the price range and volume of Shares quoted under this section and is therefore not liable for such information under Sections 253 and 254 of the Securities and Futures Act. The Company has included the above information in their proper form and context in this Offer Information Statement and has not verified the accuracy of the above information.

- (b) Not applicable. The Shares have been listed and quoted on the SGX-ST for more than 12 months immediately preceding the Latest Practicable Date.

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- (c) There has been no trading suspension of the Company's securities listed on Official List of SGX-ST during the period from the date on which the Shares were listed on the Official List of the SGX-ST up to the Latest Practicable Date.
- (d) Not applicable. The Shares are regularly traded on the SGX-ST.

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- 5. Where the securities being offered are not identical to the securities already issued by the relevant entity, provide –**
- (a) statement of the rights, preferences and restrictions attached to the securities being offered; and**
 - (b) an indication of the resolutions, authorisations and approvals by virtue of which the entity may create or issue further securities, to rank in priority to or *pari passu* with the securities being offered.**
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The New Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares except that they will not be entitled to any dividends, rights, allotments or other distributions the Record Date of which falls before the date of issue of such New Shares.

The Warrants are issued pursuant to the approval obtained from Shareholders at the annual general meeting of the Company held on 22 July 2009.

Plan of Distribution

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- 6. Indicate the amount, and outline briefly the plan of distribution, of the securities that are to be offered otherwise than through underwriters. If the securities are to be offered through the selling efforts of any broker or dealer, describe the plan of distribution and the terms of any agreement or understanding with such entities. If known, identify each broker or dealer that will participate in the offer and state the amount to be offered through each broker or dealer.**
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Basis of Allotment : Up to 155,548,208 Warrants will be issued carrying the right to subscribe for one (1) New Share at the Exercise Price. The Warrants will be allotted to the Entitled Shareholders on the basis of three (3) Warrants for every ten (10) existing Shares held by the Entitled Shareholders as at the Books Closure Date.

Fractional entitlements to the Warrants will be disregarded in arriving at Entitled Shareholders' allotments and will be dealt with in such manner as the Directors may in their absolute discretion deem fit for the benefit of the Company.

As there may be prohibitions or restrictions against the allotment of Warrants in certain jurisdictions, only Entitled Shareholders are eligible to participate in the Warrants Issue. Please refer to the section entitled "Eligibility of Shareholders to Participate in the Warrants Issue" of this Offer Information Statement for further details.

Terms and Conditions : The allotment and issue of the Warrants pursuant to the Warrants Issue is governed by the terms and conditions as set out in this Offer Information Statement, including **Appendix I**.

The Warrants are issued free to Entitled Shareholders and are not offered through any broker or dealer.

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- 7. Provide a summary of the features of the underwriting relationship together with the amount of securities being underwritten by each underwriter.**
-

The Warrants will be issued free to Entitled Shareholders. There are no underwriters appointed pursuant to the Warrants Issue.

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PART VII: ADDITIONAL INFORMATION

Statements by Experts

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1. **Where a statement or report attributed to a person as an expert is included in the offer information statement, provide such person's name, address and qualifications.**
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Not applicable.

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2. **Where the offer information statement contains any statement (including what purports to be a copy of, or extract from, a report, memorandum or valuation) made by an expert –**
- (a) state the date on which the statement was made;**
 - (b) state whether or not it was prepared by the expert for the purpose of incorporation in the offer information statement; and**
 - (c) include a statement that the expert has given, and has not withdrawn, his written consent to the issue of the offer information statement with the inclusion of the statement in the form and context in which it is included in the offer information statement.**
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Not applicable.

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3. **The information referred to in paragraphs 1 and 2 of this Part need not be provided in the offer information statement if the statement attributed to the expert is a statement to which the exemption under regulation 26(2) or (3) applies.**
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Not applicable.

Consents from Issue Managers and Underwriters

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4. **Where a person is named in the offer information statement as the issue manager or underwriter (but not a sub-underwriter) to the offer, include a statement that the person has given, and has not withdrawn, his written consent to being named in the offer information statement as the issue manager or underwriter, as the case may be, to the offer.**
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CIMB Bank Berhad, Singapore Branch, has given, and has not before the lodgement of this Offer Information Statement withdrawn its consent to being named in this Offer Information Statement as Manager to the Warrants Issue.

Other Matters

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5. **Include particulars of any other matters not disclosed under any other paragraph of this Schedule which could materially affect, directly or indirectly –**
- (a) the relevant entity's business operations or financial position or results; or**
 - (b) investments by holders of securities in the relevant entity.**
-

Saved as disclosed in this Offer Information Statement, the Directors are not aware of any other matters which could materially affect, directly or indirectly, the Group's business operations, financial position or results or investments by holders of securities in the Company.

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PART VIII: ADDITIONAL INFORMATION REQUIRED FOR OFFER OF DEBENTURES OR UNITS OF DEBENTURES

Not applicable.

PART IX: ADDITIONAL INFORMATION REQUIRED FOR CONVERTIBLE DEBENTURES

Not applicable.

PART X: ADDITIONAL INFORMATION REQUIRED FOR OFFER OF SECURITIES BY WAY OF WARRANTS ISSUE

**1. Provide –
(a) the particulars of the Warrants Issue;**

The particulars of the Warrants Issue are as set out below:-

Number of Warrants	:	Up to 155,548,208 Warrants will be issued to the Entitled Shareholders.
Basis of Allotment	:	Three (3) Warrants for every ten (10) existing Shares held by the Entitled Shareholders as at the Books Closure Date, fractional entitlements will be disregarded.
Premium	:	The Exercise Price represents a premium of approximately 3.1 per cent. to the closing price of S\$0.64 per Share on 4 September 2009, being the last full market day prior to the announcement of the Warrants Issue.
Status of New Shares	:	The New Shares arising from the exercise of the Warrants will, upon allotment and issue, rank <i>pari passu</i> in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the Record Date for which falls on or after the date of issue of the New Shares.
Listing of the Warrants and the New Shares	:	In-principle approval for the listing of and quotation for the Warrants and the New Shares on the SGX-ST has been granted by the SGX-ST on 28 September 2009.
Trading of the Warrants	:	Subject to there being a sufficient spread of holdings for the Warrants, upon the listing of and quotation for the Warrants on the SGX-ST, the Warrants will be traded under the book-entry (scripless) settlement system. Each board lot of Warrants will consist of 1,000 Warrants or any other board lot size which the SGX-ST may require. In the event that permission is not granted by the SGX-ST for the listing of and quotation for the Warrants for any reason, Warrant holders will not be able to trade their Warrants on the SGX-ST.
Form and subscription rights	:	The Warrants will be issued in registered form and will be constituted by the Deed Poll. Subject to the terms and conditions of the Warrants as set out in the Deed Poll, each Warrant shall entitle the Warrant holder, on the Exercise Date, to subscribe for one (1) New Share

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- at the Exercise Price.
- Exercise Date : The Warrants may be exercised at any time during the Exercise Period subject to the terms and conditions of the Warrants as set out in the Deed Poll. Warrants remaining unexercised after the Expiry Date shall lapse and cease to be valid for any purpose.
- Notice of the Expiry Date shall be given to all Warranholders at least thirty (30) days before the Expiry Date, and the Company shall announce the same on the SGX-ST.
- Mode of payment for exercise of Warrants : Warranholders who exercise their Warrants must pay the Exercise Price (a) by way of remittance in Singapore currency by banker's draft or cashier's order drawn on a bank operating in Singapore in favour of the Company, for the full amount of the Exercise Price payable in respect of the Warrant(s) exercised; or (b) subject to the Warrants being listed on the SGX-ST by debiting the relevant Warranholder's Account (as defined in the Deed Poll) with the specified (as defined in the Deed Poll), for the credit of the Special Account (as defined in the Deed Poll) for the full amount of the Exercise Price payable in respect of the Warrant(s) exercised or (c) partly in the form of remittance stated in (a) above and/or partly by debiting such Warranholder's with his for the credit of the Special Account such that the aggregate amount of such remittance and/or the amount credited to the Special Account by the is equal to the full amount of the Exercise Price payable in respect of the Warrant(s) exercised.
- Adjustments : The Exercise Price and the number of Warrants to be held by each Warranholder will, after their issue, be subject to adjustments under certain circumstances as set out in the Deed Poll. Such circumstances include capitalisation issues, warrants issues and certain capital distributions to be more particularly described in the Deed Poll.
- Any additional Warrants issued pursuant to such adjustments shall rank *pari passu* with the Warrants and will for all purposes form part of the same series. Any such adjustments will (unless otherwise provided under the rules of the SGX-ST from time to time) be announced by the Company to the SGX-ST.
- Modification of the rights of the Warranholders : The Company may, without the consent of the Warranholders but in accordance with the terms of the Deed Poll, effect any modification to the terms of the Deed Poll, including the terms and conditions of the Warrants which, in the opinion of the Company, (i) is not materially prejudicial to the interests of the Warranholders or (ii) is of a formal, technical or minor nature or (iii) is to correct a manifest error or to comply with mandatory provisions of Singapore law or (iv) is to vary or replace provisions relating to the transfer or exercise of the Warrants including the issue of New

**SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS)
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Shares arising from the exercise thereof or meetings of Warranholders in order to facilitate trading in or the exercise of Warrants or in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company's securities on SGX-ST.

Any such modification shall be binding on all Warranholders and all persons having an interest in the Warrants.

Transfer and transmission

: The Warrants shall be transferable in lots entitling the Warranholder to subscribe for whole number of Shares.

A Warrant which is not registered in the name of CDP may only be transferred in the manner set out in the terms and conditions of the Warrants. Any transfer of Warrants registered in the name of CDP shall be effected subject to and in accordance with the terms and conditions of the Warrants, applicable law and the rules of CDP as amended from time to time and where the Warrants are to be transferred between Depositors, such Warrants must be transferred in the Depository Register by CDP by way of book-entry.

The executors and administrators of a deceased Warranholder whose Warrants are registered otherwise than in the name of CDP (not being one of several joint holders whose Warrants are registered otherwise than in the name of CDP) or, if the registered holder of the Warrants is CDP, of a deceased Depositor and, in the case of the death of one or more of several joint Warranholders, the survivor or survivors of such joint holders, shall be the only persons recognised by the Company and the Warrant Agent as having any title to the Warrants registered in the name of the deceased Warranholder / Depositor. Such persons shall be entitled to be registered as a holder of the Warrants upon the production to the Company and the Warrant Agent of such evidence as may be required by the Company and the Warrant Agent to prove their title and on compliance with the other relevant provisions as set out in the Deed Poll.

A transferor or Depositor, as the case may be, shall be deemed to remain a holder of the Warrant until the name of the transferee is entered in the Register of Warranholders by the Warrant Agent or in the Depository Register by CDP, as the case may be.

Winding-up

: If a resolution is passed for a members' voluntary winding-up of the Company (other than a winding-up for the purpose of reconstruction or amalgamation), the Warranholders shall be entitled, upon and subject to the terms and conditions of the Deed Poll, at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company, to elect to be treated as if they had immediately prior to the commencement of such

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winding-up exercised the Warrants and had on such date been the holders of the Shares to which they would have been entitled pursuant to such exercise, and the liquidator of the Company shall, if permitted by law, give effect to such election accordingly. The Company shall give notice to the Warrantheolders in accordance with the terms and conditions as set out in the Deed Poll of the passing of any such resolution within seven (7) days after the passing thereof. Where a Warrantheolder has elected to be treated as if it had exercised its Warrants as aforesaid, it shall be liable to pay the Exercise Price in relation to such exercise.

Subject to the foregoing, if the Company is wound up for any other reason, all Warrants which have not been exercised at the date of the passing of such resolution for the winding-up of the Company shall lapse and cease to be valid for all purposes.

Further issues of securities	:	Subject to the terms and conditions of the Warrants as set out in the Deed Poll, the Company shall be at liberty to issue Shares to Shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit. However, the Warrantheolders shall not have any participating rights in such further issues of Shares by the Company unless otherwise resolved by the Company in a general meeting.
Warrant Agent	:	B.A.C.S. Private Limited
Governing Laws	:	Laws of the Republic of Singapore.

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1. (b) **the last day and time for splitting of the allotment of the securities to be issued pursuant to the Warrants Issue;**
(c) **the last day and time for acceptance of and payment for the securities to be issued pursuant to the Warrants Issue;**
(d) **the last day and time for renunciation of and payment by the renounee for the securities to be issued pursuant to the Warrants Issue;**
(e) **the terms and conditions of the offer of securities to be issued pursuant to the Warrants Issue;**
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Not applicable.

The terms and conditions of the Warrants Issue are found in **Appendix I** to this Offer Information Statement.

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1. (f) **the particulars of any undertaking from the substantial shareholders or substantial equity interest-holders, as the case may be, of the relevant entity to subscribe for their entitlements; and**
(g) **if the Warrants Issue is or will not be underwritten, the reason for not underwriting the issue.**
-

The Warrants Issue is not underwritten as they will be issued to the Entitled Shareholders as free Warrants.

**ADDITIONAL DISCLOSURE REQUIREMENTS FOR WARRANTS ISSUE UNDER APPENDIX 8.2
OF THE LISTING MANUAL**

Working Capital

1. Provide a review of the working capital for the last three financial years and the latest half year, if applicable.

The working capital of the Group as at 31 December 2006, 31 December 2007, 31 March 2009 and as at 30 June 2009 are set out below:-

	As at 30 June 2009	As at 31 March 2009	As at 31 December 2007	As at 31 December 2006
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Audited)	(Audited)
Total current assets	1,513,275	1,316,864	1,045,633	659,029
Total current liabilities	(884,154)	(644,447)	(378,150)	(53,634)
Working Capital	629,121	672,417	667,483	605,395

The Group had positive working capital as at 30 June 2009, 31 March 2009, 31 December 2007 and 31 December 2006.

30 June 2009 vs 31 March 2009

Current assets as at 30 June 2009 rose approximately RMB196.4 million over 31 March 2009. This was due primarily to the increase in Properties held under development in tandem with the construction progress of the Group's new property projects; as well as the significant increase in cash and bank balances. The advance receipts from presales of the Group's property projects contributed to the rise in cash and bank balances.

Current liabilities as at 30 June 2009 rose approximately RMB239.7 million over 31 March 2009, due mainly to the increase in deposits and prepayments that the Group received from the presales of residential units of its property projects. This increase offset the decrease in bank and other borrowings of RMB30.1 million over 31 March 2009.

31 March 2009 vs 31 December 2007

Current assets as at 31 March 2009 rose approximately RMB271.2 million over 31 December 2007, due mainly to the increases in Properties held under development, and pledged bank deposits. The increase in the Properties held under development was in line with the construction progress of the Group's new property projects - Hua Cui Ting Yuan Phase 1, Nanchang Honggu Kaixuan Phase 2, Hangzhou Liyang Yuan and Huzhou Liyang Jingyuan Phase 2. Pledged bank deposits increased due primarily to deposits that were used as collateral to secure bank borrowings. The increases were offset by a decline in cash and bank balances due largely to payments for construction costs incurred in respect of the Group's properties under development.

Current liabilities as at 31 March 2009 rose approximately RMB266.3 million over 31 December 2007, due mainly to the increase in deposits and prepayments that the Group received from presales of residential units the Group's property projects; as well as the increase in bank and other borrowings. The Group secured additional loans to finance development of its projects in Huzhou and Nanchang cities, and for general working capital needs.

31 December 2007 vs 31 December 2006

Current assets as at 31 December 2007 rose approximately RMB386.6 million over 31 December 2006, due to increases in Properties held under development, Properties Held for Sale, Deposits,

**ADDITIONAL DISCLOSURE REQUIREMENTS FOR WARRANTS ISSUE UNDER APPENDIX 8.2
OF THE LISTING MANUAL**

Prepayments and Other Receivables, and Cash and Bank Balances. The increase in Properties held under development was due mainly to land acquisitions in the PRC during the financial year, as well as an increase in development costs in line with the construction progress of new property projects. Properties held for sale also increased due to the completion of car parks and commercial units in relation to Nanchang Honggu Kaixuan Phase 1 project. The increase in Deposit, Prepayment and Other Receivables was mainly attributable to deposit payment for land acquisition in Fuzhou city, as well as deposits pledged as collateral to secure borrowings. Cash and bank balances rose on profits generated during the financial year, as well as proceeds from loans and issue of new shares.

Current liabilities as at 31 December 2007 rose approximately RMB324.5 million over 31 December 2006, due mainly increases in accruals, provision for tax and borrowings. The increase in accruals was mainly attributable to the accrued construction costs and project-related expenses for development of Nanchang Honggu Kaixuan project but not due for payment at the end of 31 December 2007. Provision for tax increased as a result of the higher sales and profits generated in the financial year. The Group secured additional borrowings to finance working capital needs.

Convertible Securities

-
2. **Provide –**
- (i) **where the Warrants Issue or bought deal involves an issue of convertible securities, such as company warrants or convertible debt, the information in Rule 832 of the Listing Manual; and**
 - (ii) **where the Warrants Issue or bought deal is underwritten and the exercise or conversion price is based on a price-fixing formula, to state that the exercise or conversion price must be fixed and announced before trading of nil-paid rights commences.**
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Please refer to Parts III, IV, V, X and Appendix I of this Offer Information Statement.

APPENDIX I — TERMS AND CONDITIONS OF THE WARRANTS

The issue of the warrants (the "**Warrants**") has been authorised by resolutions of the Board of Directors of **PAN HONG PROPERTY GROUP LIMITED** (the "**Company**") passed on 15 September 2009 and the New Shares arising from the Warrant Issue will be issued pursuant to the share issue mandate given by shareholders of the Company (the "**Shareholders**") at the annual general meeting of the Company held on 22 July 2009. The Warrants which give the Warrantheolders (as defined below) the right (subject to these terms and conditions of the Warrants (the "**Conditions**")) to subscribe for ordinary shares in the Company (the "**Shares**") issued as fully paid at a price of S\$0.66 for each Share, subject to adjustments in accordance with Condition 4 below (the "**Exercise Price**"), are issued in conjunction with a renounceable non-underwritten Warrants Issue of up to 155,548,208 free Warrants, and are issued subject to and with the benefit of a deed poll dated 23 October 2009 and executed by the Company (the "**Deed Poll**"). Approval in-principle has been obtained from the SGX-ST (as defined below) for the listing of and quotation for, *inter alia*, the Warrants and the new Shares arising from the exercise of the Warrants subject to, *inter alia*, a satisfactory spread of holdings for the Warrants to provide an orderly market for the Warrants. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Deed Poll. Copies of the Deed Poll are available for inspection at the specified office of the warrant agent referred to in Condition 3(f) (the "**Warrant Agent**"). The Warrantheolders are entitled to the benefit of, are bound by, and are deemed to have notice of, all provisions of the Deed Poll.

DEFINITIONS

In these Conditions:-

- (a) "**Business Day**" means a day (other than a Saturday and Sunday) on which banks, the SGX-ST, CDP and the Warrant Agent are open for business in Singapore;
- (b) "**CDP**" means The Central Depository (Pte) Limited and any other corporation which agrees with the Company to act as Depository (as defined in the Deed Poll) in respect of the Warrants including its successors in title and, where the context so requires, shall include any person specified by it in a notice given to the Company as its nominee;
- (c) "**Deed Poll**" means the deed poll dated 23 October 2009 executed by the Company for the purpose of constituting the Warrants and containing, *inter alia*, provisions for the protection of the rights and interests of the Warrantheolders;
- (d) "**Depositor**" means an Account Holder or a Depository Agent but does not include a Sub-account Holder;
- (e) "**Depository Register**" means the register maintained by CDP pursuant to Division 7A of Part IV of the Companies Act, Chapter 50 in respect of the Warrants registered in the name of CDP;
- (f) "**Directors**" means the directors for the time being of the Company;
- (g) "**Exercise Date**" has the meaning ascribed thereto in Condition 3(c);
- (h) "**Exercise Period**" means the period commencing on and including the date of issue of the Warrants and expiring on the date immediately preceding the third (3rd) anniversary of the date of issue of the Warrants, subject to the terms and conditions of the Warrants as set out in the Deed Poll and such period shall not be extendable;
- (i) "**Exercise Price**" means S\$0.66, the price payable for each New Share on the exercise of a Warrant, subject to adjustment under circumstances in accordance with the Deed Poll and the Conditions;
- (j) "**Expiry Date**" means the last day on which the Warrants may be exercised during the Exercise Period;
- (k) "**Market Day**" means a day on which the SGX-ST is open for trading of securities in Singapore;
- (l) "**Securities Account**" means a securities account maintained by a Warrantheolder with CDP;
- (m) "**SGX-ST**" means Singapore Exchange Securities Trading Limited;

APPENDIX I — TERMS AND CONDITIONS OF THE WARRANTS

- (n) **"Special Account"** means the account maintained by the Company with a bank in Singapore for the purpose of crediting monies paid by Warranholders who exercise their Warrants towards satisfaction of the Exercise Price;
- (o) **"S\$"** and **"cents"** mean the lawful currency of Singapore;
- (p) **"Warrant Certificate"** means the definitive certificates to be issued in respect of the Warrants in the form or substantially in the form set out in the Deed Poll as may from time to time be modified in accordance with the provisions set out therein;
- (q) **"Warranholder"** means at any relevant time:-
- (i) if the person named in the Register (referred to in Condition 3(g)) is CDP, the Depositor named in the Depository Register in respect of the number of Warrants entered against his name in the Depository Register; and
 - (ii) in any other case, the person named in the Register as the holder of the Warrant; and
- The words **"holder"** or **"holders"** in relation to the Warrants shall (where appropriate) be construed accordingly; and
- (r) the terms **"Account Holder"**, **"Depository Agent"** and **"Sub-account Holder"** have the meanings ascribed thereto in the Deed Poll.

1. FORM AND TITLE

- 1.1 The Warrants are issued in registered form. Title to the Warrants will be transferable in accordance with Condition 3(g). Except as required or provided by law, the Company may deem and treat (where a Warrant is registered in the name of a person other than CDP) the registered holder of the Warrant as the holder of all the rights and interests therein and (where the Warrant is registered in the name of CDP) the Depositor against whose name the Warrant is entered in the Depository Register as the holder of all the rights and interests in the number of Warrants so entered (whether or not the Company shall be in default in respect of the Warrants or any of the covenants contained in the Deed Poll and notwithstanding any notice of ownership or writing on any Warrant Certificate or notice of any previous loss or theft of any Warrant Certificate or any irregularity or error in the Depository Register or records of CDP or any express notice to the Company or the Warrant Agent or any other related matters).
- 1.2 If two or more persons are entered in the Register or (as the case may be) the records maintained by CDP, as joint holders of any Warrant, they shall be deemed to hold the same as joint tenants with benefit of survivorship subject to the following provisions:-
- (a) The Company shall not be bound to register more than two persons as the registered joint holders of any Warrant but this provision shall not apply in the case of executors or trustees of a deceased Warranholder.
 - (b) Joint holders of any Warrant whose names are entered in the Register or (as the case may be) the relevant records maintained by CDP shall be treated as one Warranholder.
 - (c) The Company shall not be bound to issue more than one Warrant Certificate for a Warrant registered jointly in the names of several persons and delivery of a Warrant Certificate to the joint holder whose name stands first in the Register shall be sufficient delivery to all.
 - (d) The joint holders of any Warrant whose names are entered in the Register or (as the case may be) the relevant records maintained by CDP shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such Warrant.

APPENDIX I — TERMS AND CONDITIONS OF THE WARRANTS

2. SUBSCRIPTION RIGHTS

- (a) The Warranholders shall have the right by way of exercise of the Warrants held by them, during the Exercise Period in the manner set out in Condition 3 and otherwise on the terms of and subject to these Conditions, to subscribe for the number of Shares referred to in Condition 2(b) at the Exercise Price during the Exercise Period applicable to such Warrant. The Exercise Price shall, on the Exercise Date, be applied towards payment for the Shares to be issued on the exercise of the relevant Warrant. Each Warrant shall, following its exercise in accordance with these Conditions, be cancelled by the Company.
- (b) Each Warrant shall entitle the Warranholder to subscribe for one (1) Share upon the exercise thereof. No fraction of a Share shall be allotted.
- (c) After the Expiry Date, any Warrants which have not been exercised, including any Warrants in respect of which the Exercise Notice (as defined in Condition 3(a)(i)) shall not have been duly completed and delivered in the manner set out in Condition 3, will lapse and cease to be valid for all purposes.
- (d) The Company shall, at least one (1) month before the Expiry Date:-
 - (i) give notice to the Warranholders in accordance with Condition 8 of the Exercise Date and announce the same to the SGX-ST; and
 - (ii) take reasonable steps to despatch to the Warranholders notices in writing to their addresses recorded in the Register or the Depository Register, as the case may be, of the Expiry Date.

Without prejudice to the generality of the foregoing, Warranholders who acquire Warrants after notice of the Expiry Date has been given in accordance with the aforementioned shall be deemed to have notice of the Expiry Date so long as such notice has been given in accordance with Condition 8. For the avoidance of doubt, neither the Company nor the Warrant Agent shall in any way be responsible or liable for any claims, proceedings, costs or expenses arising from the failure by the purchaser of the Warrants to be aware of or to receive such notification.

3. PROCEDURE FOR EXERCISE OF WARRANTS

(a) Lodgement Conditions

In order to exercise the Warrants, the Warranholder must, before 3.00 p.m. on any business day during the Exercise Period and before 5.00 p.m. on the Expiry Date, fulfil the following conditions:-

(i) Lodgement of Warrant Certificates and Exercise Notice

lodgement during normal business hours (that is, from 9.00 a.m. to 3.00 p.m., save for the Expiry Date in which case such hours shall be from 9.00 a.m. to 5.00 p.m.) on any business day after receipt of the form of the Exercise Notice (as defined below) so as to be received at the specified office of the Warrant Agent of the relevant Warrant Certificate registered in the name of the exercising Warranholder or CDP (as the case may be) and a notice (the "**Exercise Notice**") copies of which may be obtained from the Warrant Agent and which are in the form or substantially in the form prescribed by the Deed Poll, duly completed in accordance with the instructions on such form and signed by, or on behalf of, the exercising Warranholder and duly stamped in accordance with any law for the time being in force relating to stamp duty, provided always that the Warrant Agent may dispense with or defer the production of the relevant Warrant Certificate if it is registered in the name of CDP;

(ii) Further Evidence

the furnishing of such evidence as the Warrant Agent may require to determine or verify due execution of the Exercise Notice by or on behalf of the exercising Warranholder (including any joint Warranholder) or otherwise to ensure the due exercise of the Warrants and such other evidence as the Company may require to verify due compliance with and for the purposes of administering and implementing the provisions set out in these Conditions;

APPENDIX I — TERMS AND CONDITIONS OF THE WARRANTS

(iii) Payment of Exercise Price

the payment of the Exercise Price in accordance with the provisions of Condition 3(b) below;

(iv) Fees and Expenses

the payment of any fees or expenses payable to CDP and of any stamp, issue, registration or other similar taxes or duties arising on the exercise of the relevant Warrant; and

(v) Other Requirements

the payment of the expenses for, and the submission of any necessary documents required in order to effect, the registration of the new Shares in the name of the exercising Warrantholder or CDP (as the case may be) and the delivery of the certificates for such new Shares and any property or other securities to be delivered upon exercise of the relevant Warrants to the place specified by the exercising Warrantholder in the Exercise Notice or to CDP (as the case may be).

WARRANTS REGISTERED IN CDP'S NAME

In addition, any exercise of Warrants registered in the name of CDP shall be conditional on:-

- (aa) the number of Warrants so exercised being credited to the "Free Balance" of the Securities Account of the exercising Warrantholder and remaining so credited until the Expiry Date; and
- (bb) the relevant Exercise Notice specifying that the new Shares arising on exercise of the Warrants are to be credited to the Securities Account of the exercising Warrantholder or, in the case where funds standing to the credit of a bank account are to be used for the payment of the Exercise Price, are to be credited to the Securities Account of the nominee company of the Approved Bank as specified in the Exercise Notice, failing which the Exercise Notice shall be void and all rights of the exercising Warrantholder and of any other person thereunder shall cease.

NON-COMPLIANCE WITH LODGEMENT CONDITIONS

An Exercise Notice which does not comply with the conditions above shall be void for all purposes. Warrantholders whose Warrants are registered in the name of CDP irrevocably authorise the Company and the Warrant Agent to obtain from CDP and to rely upon such information and documents as the Company or the Warrant Agent deems necessary to satisfy itself that all the abovementioned conditions have been fulfilled and such other information as the Company or the Warrant Agent may require in accordance with these Conditions and the Deed Poll and to take such steps as may be required by CDP (including the steps set out in CDP's "Guidelines to the Procedures for Exercise of Warrants/TSRs (Warrants)" as amended from time to time) in connection with the operation of the Securities Account of any Warrantholder. Provided that the Company and the Warrant Agent shall not be liable in any way whatsoever for any loss or damage incurred or suffered by any Warrantholder as a result of or in connection with reliance by the Company, the Warrant Agent or any other persons upon the Depository Register or the records of and information supplied by or statements of CDP.

Once all the abovementioned conditions (where applicable) have been fulfilled, the relevant Warrant Certificate (if any), Exercise Notice and any monies towards payment of the Exercise Price in accordance with Condition 3(b) below may not be withdrawn without the consent in writing of the Company.

(b) Payment of Exercise Price

Payment of the Exercise Price shall be made to the Warrant Agent at its specified office in the form of:-

- (i) a remittance in Singapore currency by Banker's Draft or Cashier's Order drawn on a bank operating in Singapore in favour of the Company, for the full amount of the Exercise Price payable in respect of the Warrants exercised; or

APPENDIX I — TERMS AND CONDITIONS OF THE WARRANTS

- (ii) subject to the Warrants being listed on the SGX-ST and the approval of the , by debiting the relevant Warrantholder's Investment Account with the Approved Bank as specified in the Exercise Notice, for the credit of the Special Account for the full amount of the Exercise Price payable in respect of the Warrants exercised; or
- (iii) subject to the Warrants being listed on the SGX-ST, partly in the form of remittance and/or partly by debiting such Warrantholder's Investment Account with the Approved Bank for the credit of the Special Account such that the aggregate amount of such remittance and/or the amount credited to the Special Account by the Approved Bank is equal to the full amount of the Exercise Price payable in respect of the Warrants exercised.

Provided always that:-

- (i) all payments shall be made free of any foreign exchange commissions, remittance charges or other deductions and any Banker's Drafts or Cashier's Orders shall be endorsed on the reverse side with the number of Warrants exercised and, if the relevant Warrant Certificate is registered in the name of a person other than CDP, the certificate numbers of the relevant Warrant Certificates or, if the relevant Warrant Certificate is registered in the name of CDP, the Securities Account number of the exercising Warrantholder which is to be debited with the number of Warrants being exercised and the name of the exercising Warrantholder; and
- (ii) in each case compliance must also be made with any exchange control or other statutory requirements for the time being applicable.

If any of the foregoing provisions are not complied with, the Warrant Agent may, at its absolute discretion and without liability to itself or the Company, refuse to recognise the relevant payment as relating to the exercise of any particular Warrant, and the exercise of the relevant Warrants may be delayed accordingly or be treated as invalid. If the amount received by the Warrant Agent in respect of an exercising Warrantholder's purported payment of the Exercise Price relating to all the relevant Warrants lodged with the Warrant Agent is less than the full amount of such Exercise Price, the Warrant Agent shall not treat the relevant amount so received or any part thereof as payment of the Exercise Price or any part thereof or forward the same to the Company unless and until a further payment is made in accordance with the requirements set out in this Condition 3(b) and Condition 3(d) below in an amount sufficient to cover the deficiency Provided That the Company will not be held responsible for any loss arising from any retention of such payment by the Warrant Agent.

(c) **Exercise Date**

The Exercise Date means the day on which the Warrants may be exercised, being any Market Day during the Exercise Period. A Warrantholder may despatch his Exercise Notice at any time after receipt of the same up to and including the Exercise Date and notwithstanding the date of the Exercise Notice or the date of receipt of the Exercise Notice, provided that all the provisions in Condition 3 are satisfied, the relevant Warrants shall be deemed exercised on the Exercise Date.

The relevant Warrants and Warrant Certificates shall be cancelled on the Exercise Date except that, in relation to Warrant Certificates in the name of CDP, such Warrant Certificates shall be cancelled as soon as possible after receipt by the Warrant Agent from CDP of instructions as to the cancellation of the Warrant Certificates and the said Warrant Certificates.

(d) **Non-fulfilment of Lodgement Conditions**

If payment of the Exercise Price is made to the Warrant Agent and such payment is not recognised by the Warrant Agent as relating to the exercise of the relevant Warrants or the relevant payment is less than the full amount of the Exercise Price or the conditions set out in Condition 3(a) above or any other provisions have not then all been fulfilled in relation to the exercise of such Warrants, such payment will remain with the Warrant Agent pending recognition of such payment or full payment or, as the case may be, fulfilment of the lodgement conditions or other provisions, but on whichever is the earlier of (i) the fourteenth day after receipt of such Exercise Notice by the Warrant Agent and (ii) the Expiry Date, such payment will (if the Expiry Date in respect of such Warrants has not by then occurred) be returned, without interest, to the Warrantholder. The Warrant Agent will, if it is possible to relate the payment so returned to any Warrant Certificates (if applicable) and the Exercise Notice previously lodged with the

APPENDIX I — TERMS AND CONDITIONS OF THE WARRANTS

Warrant Agent, return such Warrant Certificates (if applicable) and the relevant Exercise Notice to the exercising Warrantholder at the risk and expense of such Warrantholder. Such payment as referred to aforesaid (together with documents lodged) will be returned by the Warrant Agent to the Warrantholder by ordinary post and at the risk and expense of such Warrantholder. Any such payment excluding any interest thereon will continue to belong to the Warrantholder but may only be withdrawn within the abovementioned fourteen-day period with the consent in writing of the Company. The Warrant Agent will be entitled to deduct or otherwise recover from the exercising Warrantholder any applicable handling charges and out-of-pocket expenses.

(e) **Issue of Share Certificates**

WARRANTS REGISTERED IN THE NAME OF CDP

Where a Warrantholder exercises Warrants which are registered in the name of CDP:-

- (i) the new Shares to be issued by the Company shall be issued in the name of, and delivered by the Company to, CDP for the credit of the Securities Account of that Warrantholder or, as the case may be, the Securities Account of the nominee company of the Approved Bank as specified in the Exercise Notice within five (5) Market Days of the date on which the Warrant Agent confirms with CDP that the Warrants which have been tendered for exercise are available for exercise in the relevant Securities Account of the exercising Warrantholder; and
- (ii) (where such Warrantholder exercises part only (and not all) of his Warrants registered in the name of CDP) the number of Warrants represented by the Warrant Certificate registered in the name of CDP shall be deemed to have been reduced for all purposes by the number of Warrants so exercised.

WARRANTS REGISTERED IN OWN NAME

Where a Warrantholder exercises Warrants registered in his own name:-

- (aa) the Warrantholder may (in the Exercise Notice) elect either (a) to receive physical share certificates (in which event the Company shall despatch to the exercising Warrantholder share certificate(s) in respect of the requisite number of Shares registered in his name within five (5) Market Days of the relevant Exercise Date) or (b) to have the relevant Shares credited to a Securities Account of that Warrantholder or, as the case may be, the Securities Account of the nominee company of the Approved Bank as specified in the Exercise Notice (in which event the Company shall despatch to CDP a share certificate in respect of the requisite number of Shares registered in the name of CDP within five (5) Market Days of the relevant Exercise Date) (in which case, such Warrantholder shall also duly complete and deliver to the Warrant Agent such forms as may be required by the Depository), failing which such exercising Warrantholder shall be deemed to have elected to receive physical share certificates in respect of such Shares at his address specified in the Warrant Register; and
- (bb) (where such Warrantholder exercises part only (and not all) of his Warrants) any balancing Warrant Certificate shall be sent to the exercising Warrantholder contemporaneously with the despatch of the relevant share certificate.

Any certificates to be despatched by the Company pursuant hereto (whether to a Warrantholder or to CDP) shall be sent by ordinary post at the risk of the exercising Warrantholder.

(f) **Warrant Agent**

The name of the initial Warrant Agent and its specified office is set out below. The Company reserves the right at any time to vary or terminate the appointment of the Warrant Agent and to appoint an additional or another Warrant Agent, provided that it will at all times maintain a Warrant Agent having a specified office in Singapore, so long as any Warrants remain outstanding before the Expiry Date. Notice of any such termination or appointment and of any changes in the specified office of the Warrant Agent will be given to the Warrantholders in accordance with Condition 8.

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Warrant Agent:-

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

(g) **Register and Transfer of Warrants**

(i) Register of Warrants

The Warrant Agent shall maintain a register (the "**Register**") containing particulars of the Warranholders (other than Warranholders who are Depositors) and, if CDP holds any Warrants, CDP and such other information relating to the Warrants as the Company may require. The Register and, with the approval of CDP, the Depository Register may at the discretion of the Company be closed during such periods when the Register of Shareholders and/or Register of Transfers of the Company is/are closed or deemed to be closed, during such other periods as may be required to determine the adjustments to the Exercise Price and/or the number of Warrants held by each Warranholder or during such other periods as the Company may determine. Notice of the closure of the Register and (if applicable) the Depository Register will be given to the Warranholders in accordance with Condition 8.

(ii) Transfer of Warrants

A Warrant may only be transferred in accordance with the following provisions of this Condition 3(g):-

(aa) Lodgement of Certificates and Transfer Form

a Warranholder whose Warrants are registered in his own name (the "**Transferor**") shall lodge, during normal business hours on any Business Day so as to be received at the specified office of the Warrant Agent, the Transferor's Warrant Certificate(s) together with an instrument of transfer (the "**Transfer Form**") duly completed and signed by, or on behalf of, the Transferor and the transferee and duly stamped in accordance with any law for the time being in force relating to stamp duty Provided that the Warrant Agent may dispense with requiring CDP to sign as transferee any Transfer Form for the transfer of Warrants to it;

(bb) Registration Fee

the Transfer Form shall be accompanied by the registration fee, such fee being for the time being a sum of S\$2.00 for each Warrant Certificate to be transferred and which shall be payable by cash or cheque, together with any stamp duty and goods and services tax specified by the Warrant Agent to the transferee, such evidence as the Warrant Agent may require to determine due execution of the Transfer Form and the payment of the expenses of and such documents as the Warrant Agent may require to effect delivery of the new Warrant Certificate(s) to be issued in the name of the transferee;

(cc) Errors in Transfer Form

if the Transfer Form has not been fully or correctly completed by the Transferor or the full amount of the fees and expenses due to the Warrant Agent have not been paid to the Warrant Agent, the Warrant Agent shall return such Transfer Form to the Transferor accompanied by written notice of the omission(s) or error(s) and requesting the Transferor and/or the transferee, as the case may be, to complete and/or amend the Transfer Form and/or to make the requisite payment;

(dd) Registration and Issue of Warrant Certificate(s)

if the Transfer Form has been fully and correctly completed the Warrant Agent shall as agent for and on behalf of the Company:-

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- (1) register the person named in the Transfer Form as transferee in the Register as registered holder of the Warrant in place of the Transferor;
- (2) cancel the Warrant Certificate(s) in the name of the Transferor; and
- (3) issue new Warrant Certificate(s) in respect of the Warrants registered in the name of the transferee;

(ee) Deceased Warranholder

the executors and administrators of a deceased Warranholder whose Warrants are registered otherwise than in the name of CDP (not being one of several joint holders whose Warrants are registered otherwise than in the name of CDP) and, in the case of one or more of several such joint Warranholders, the survivor or survivors of such joint holders shall be the only persons recognised by the Company and the Warrant Agent as having title to Warrants registered in the name of a deceased Warranholder. Such persons shall, on producing to the Warrant Agent such evidence as may be required by the Warrant Agent to prove their title, and on the completion of a Transfer Form and the payment of the fees and expenses referred to in sub-paragraph (bb) above be entitled to be registered as a holder of the Warrants or to make such transfer as the deceased holder could have made; and

(ff) Warrants registered in name of CDP

where the Warrants are registered in the name of CDP and the Warrants are to be transferred between Depositors, such Warrants must be transferred in the Depository Register by CDP by way of book-entry.

(iii) Effective Date of Transfer

A Transferor or Depositor, as the case may be, shall be deemed to remain a holder of the Warrant until the name of the transferee is entered in the Register by the Warrant Agent or the Depository Register by CDP, as the case may be.

(h) Replacement of lost, stolen, destroyed Warrant Certificates

Should any Warrant Certificate be lost, stolen, destroyed, mutilated or defaced, it may be replaced at the specified office of the Warrant Agent upon payment by the claimant of the expenses incurred in connection therewith and the replacement fee, such fee being for the time being a sum of S\$2.00 (or such other sum being the replacement fee for the time being) for each replacement Warrant Certificate and on such terms as to evidence, undertaking and/or indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Warrant Certificate(s) in respect of the Warrants is subsequently exercised, there will be paid to the Company on demand the market value of the Warrant(s) at the time of replacement thereto) as the Company may require. Mutilated or defaced Warrant Certificates must be surrendered to the Warrant Agent before replacements will be issued. The replacement Warrant Certificate(s) will be issued in the name of the registered holder of the Warrant Certificate(s) being replaced.

4. **ADJUSTMENTS**

(a) Adjustments

The Exercise Price and the number of Warrants held by each Warranholder shall from time to time be adjusted by the Directors in consultation with any reputable bank or merchant bank in Singapore selected by the Directors (hereinafter referred to as the "**Approved Bank**") and certified to be in accordance with Condition 4 hereof by the auditors for the time being of the Company (the "**Auditors**"). The Exercise Price and the number of Warrants held by each Warranholder shall from time to time be adjusted as provided in these Conditions and in the Deed Poll in all or any of the following cases:-

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(i) Capitalisation Issues

an issue by the Company of Shares to Shareholders credited as fully paid, by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund but excluding any issue of Shares made where the Shareholders had an option to take cash or other dividend in lieu of the relevant Shares); or

(ii) Capital Distribution

a Capital Distribution (as defined below) made by the Company to Shareholders whether on a reduction of capital or otherwise; or

(iii) Warrants Issue

an offer or invitation made by the Company to Shareholders whereunder they may acquire or subscribe for Shares by way of rights; or

(iv) Issues at Discount other than by way of Rights

an issue (otherwise than pursuant to (aa) a Warrants Issue available to all Shareholders and requiring an adjustment under Condition 4(a)(iii) above, and (bb) an issue of Shares made where the Shareholders had an option to take cash or other dividend in lieu of the relevant Shares) by the Company of Shares, if the Total Effective Consideration (as defined below) per Share is less than ninety (90) per cent. of the Current Market Price (as defined in Condition 4(d)(ii) below) per Share calculated as provided below.

(b) **Extension to Warrantholders of offers to Shareholders**

If an offer or invitation for the acquisition of Shares is made to the Shareholders by a person other than the Company, then the Company shall so far as it is able procure that at the same time an offer or invitation is made to the then Warrantholders Provided Always that the failure by the Company to procure that an offer or invitation is so made as aforesaid shall not be a breach by the Company of its obligations under these Conditions and the Deed Poll.

(c) **Exclusions**

Notwithstanding any of the provisions contained herein, no adjustment to the Exercise Price or the number of Warrants will be required in respect of:-

(i) Issues of Shares pursuant to Options

any issue by the Company of Shares pursuant to any purchase or option scheme approved by the Shareholders in general meeting, *inter alia*, to officers, including Directors, or employees of the Company or any of its subsidiaries, related corporations and associated companies; or

(ii) Issues of Shares in connection with an Acquisition

any issue by the Company of Shares in consideration or part consideration for or in connection with the acquisition of any other securities, assets or business; or

(iii) Issues of New Shares pursuant to Warrants

any issue of new Shares arising from the exercise of the Warrants; or

(iv) Issues of Convertible Securities or Rights over Shares

any issue by the Company of securities convertible into Shares or of rights to acquire or subscribe for Shares and the issue of Shares arising from the conversion or exercise of such securities or rights.

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(d) **Rules for Adjustments**

Subject to these Conditions and the Deed Poll, the Exercise Price and the number of Warrants held by each Warrantholder shall from time to time be adjusted in accordance with the following provisions (but so that if the event giving rise to any such adjustment shall be capable of falling within any two or more of the sub-paragraphs (i) to (iv) of Condition 4(a) or if such event shall be capable of giving rise to more than one adjustment, the adjustment shall be made in such manner as the Approved Bank shall determine):-

(i) **Capitalisation Issues**

If and whenever the Company shall make any issue of Shares to Shareholders credited as fully paid, by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund but excluding any issue of Shares made where the Shareholders had an option to take cash or other dividend in lieu of the relevant Shares), the Exercise Price and the number of Warrants held by each Warrantholder shall be adjusted in the following manner:-

$$\text{New Exercise Price} = \frac{A}{(A + B)} \times X$$

$$\text{Adjusted number of Warrants} = \frac{(A + B)}{A} \times W$$

Where:-

A = the aggregate number of issued and fully paid up Shares immediately before such capitalisation issue;

B = the aggregate number of Shares to be issued pursuant to any allotment to Shareholders credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund but excluding any issue of Shares made where the Shareholders had an option to take cash or other dividend in lieu of the relevant Shares);

W = existing number of Warrants held; and

X = existing Exercise Price of the Warrants.

Such adjustments will be effective (if appropriate retroactively) from the commencement of the day next following the record date for such issue.

For the purpose of this Condition 4, "**record date**" in relation to the relevant transaction means the date as at the close of business (or such other time as may be notified by the Company) on which Shareholders must be registered as such to participate therein.

(ii) **Capital Distribution and Warrants Issue**

If and whenever the Company shall make:-

(a) a Capital Distribution (as defined below) to Shareholders whether on a reduction of capital or otherwise; or

(b) any offer or invitation to Shareholders by way of rights whereunder they may acquire or subscribe for Shares;

then, in respect of each such case, the Exercise Price shall be adjusted in the following manner:-

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$$\text{New Exercise Price} = \frac{(C - D)}{C} \times X$$

and, in the case of Condition 4(d)(ii)(b), the number of Warrants held by each Warrantholder shall be adjusted in the following manner:-

$$\text{Adjusted number of Warrants} = \frac{C}{(C - D)} \times W$$

Where:-

D = (1) in the case of a transaction falling within Condition 4(d)(ii)(a), the fair market value as determined (with the concurrence of the Auditors) by an Approved Bank of the portion of the Capital Distribution attributable to one (1) Share; and

(2) in the case of a transaction falling within Condition 4(d)(ii)(b), the value of rights attributable to one (1) Share (as defined below);

C = the Current Market Price (as defined in this Condition 4(d)(ii)) of each Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, any offer or invitation is announced publicly or (failing such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, the offer or invitation;

W = as in W above; and

X = as in X above.

For the purpose of sub-paragraph (2) of D above, the "value of the rights attributable to one (1) Share" shall be calculated in accordance with the following formula:-

$$\frac{C - E}{F + 1}$$

Where:-

C = as in C above;

E = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares under the terms of such offer or invitation; and

F = the number of Share(s) which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

For the purpose of this Condition 4(d)(ii), "**Capital Distribution**" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares, (not falling under Condition 4(d)(i) hereof) or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund but excluding any issue of Shares made where the Shareholders had an option to take cash or other dividend in lieu of the relevant Shares). Any distribution out of profits or reserves (including any share premium account or capital redemption reserve fund) made after 30 September 2006 shall not be deemed to be a Capital Distribution unless the profits or reserves are attributable to profits or gains arising from the sale of assets owned by the Company or any of its subsidiaries on or before that date and any cancellation of capital which is lost or unrepresented by available assets shall not be deemed to be a Capital Distribution.

For the purpose of this Condition 4, the "**Current Market Price**" in relation to each Share for any relevant Market Day shall be the average of the last dealt prices (rounded down to the nearest S\$0.01 per Share) of Shares quoted on the SGX-ST for the five (5) consecutive Market

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Days (on each of which trading of the Shares on the SGX-ST has been transacted) immediately preceding that Market Day or, if the Company so decides, the last dealt price of Shares quoted on the SGX-ST for the Market Day (on which trading of the Shares on the SGX-ST has been transacted) immediately preceding that Market Day.

Such adjustments will be effective (if appropriate retroactively) from the commencement of the Market Day next following the record date for such Capital Distribution or such offer or invitation, as the case may be.

(iii) Concurrent Capitalisation Issue and Warrants Issue

If and whenever the Company makes any allotment to its Shareholders as provided in Condition 4(d)(i) above and also makes any offer or invitation to its Shareholders as provided in Condition 4(d)(ii)(b) and the record date for the purpose of the allotment is also the record date for the purpose of the offer or invitation, the Exercise Price and the number of Warrants held by each Warrant holder shall be adjusted in the following manner:-

$$\text{New Exercise Price} = \frac{(G \times C) + (H \times I) \times X}{(G + H + B) \times C}$$

$$\text{Adjusted number of Warrants} = \frac{(G + H + B) \times C \times W}{(G \times C) + (H \times I)}$$

Where:-

B = as in B above;

C = as in C above;

G = the aggregate number of issued and fully paid-up Shares on the record date;

H = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;

I = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares;

W = as in W above; and

X = as in X above.

Such adjustments will be effective (if appropriate retroactively) from the commencement of the Market Day next following the record date for such offer or invitation.

(iv) Issues at Discount other than by way of Rights

If and whenever (otherwise than pursuant to (aa) a Warrants Issue available to all Shareholders and requiring an adjustment under Conditions 4(d)(ii)(b) or 4(d)(iii) and (bb) an issue of Shares made where the Shareholders had an option to take cash or other dividend in lieu of the relevant Shares) the Company shall issue any Shares and the Total Effective Consideration per Share (as defined below) is less than ninety (90) per cent. of the Current Market Price (as defined in Condition 4(d)(ii)) of each Share on the date on which the issue price of such Shares is determined, or if such price is determined either before the close of stock exchange business on the SGX-ST for that day or on a day which is not a Market Day, on the immediately preceding Market Day, the Exercise Price shall be adjusted in the following manner:-

$$\text{New Exercise Price} = \frac{L + M \times X}{L + N}$$

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Where:-

- L = the number of Shares in issue at the close of stock exchange business on the SGX-ST on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at the Current Market Price (exclusive of expenses);
- N = the aggregate number of Shares so issued; and
- X = as in X above.

Each such adjustment will be effective (if appropriate retroactively) from the close of stock exchange business on the SGX-ST on the Market Day immediately preceding the date on which the issue is announced publicly, or (failing any such announcement) immediately preceding the date on which the Company determines the offering price of such Shares.

For the purpose of this Condition 4, the "**Total Effective Consideration**" shall be determined by the Directors with the concurrence of an Approved Bank and shall be the aggregate consideration receivable by the Company on payment in full for such Shares without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the "**Total Effective Consideration per Share**" shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid.

(e) **Basic Rules for Making Adjustments to Exercise Price**

Any adjustment to the Exercise Price will be rounded upwards to the nearest one (1) cent. No adjustment to the Exercise Price shall be made unless it has been certified to be in accordance with Condition 4 hereof by the Auditors. No adjustment will be made to the Exercise Price in any case in which the amount by which the same would be reduced would be less than one (1) cent and any adjustment which would otherwise then be required will be carried forward and taken into account appropriately in any subsequent adjustment.

(f) **Re-Adjustments**

If for any reason an event giving rise to an adjustment (the "**first adjustment**") made to the Exercise Price or the number of Warrants held by each Warrantholder pursuant to these Conditions is cancelled, revoked or not completed, the Exercise Price or the number of Warrants held by each Warrantholder may, at the discretion of the Company, be re-adjusted to the amount and number prevailing immediately prior to the first adjustment with effect from such date and in such manner and on such terms and conditions as an Approved Bank may consider appropriate.

Where there is an adjustment to the number of Warrants held by each Warrantholder, the Company will, as soon as practicable but not later than five (5) Market Days after the effective date of such adjustment or such longer period as the SGX-ST may permit, despatch by ordinary post Warrant Certificates for the additional number of Warrants issued to each Warrantholder, at the risk and expense of that Warrantholder, to his address appearing in the Register referred to in Condition 3(g) or, in respect of Warrants registered in the name of CDP, to CDP provided that if a re-adjustment is made pursuant to this Condition 4(f), any additional Warrants issued pursuant to the first adjustment (as defined above) shall be deemed to be cancelled with effect from such date and in such manner and on such terms and conditions as an Approved Bank may consider appropriate.

(g) **Modification to Adjustments**

Notwithstanding any other provisions referred to in this Condition 4, in any circumstances where the Directors consider that any adjustments to the Exercise Price and/or the number of Warrants held by each Warrantholder provided under the said provisions should not be made or should be calculated on a different basis or date or should take effect on a different date or that an adjustment to the Exercise Price and/or the number of Warrants held by each Warrantholder should be made notwithstanding that no such adjustment is required under the said provisions, the Company may appoint an Approved Bank

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to consider whether for any reason whatsoever the adjustment to be made (or the absence of an adjustment) or the adjustment to be made in accordance with the provisions of Condition 4 is appropriate or inappropriate, as the case may be, and, if such Approved Bank shall consider the adjustment to be appropriate or inappropriate, as the case may be, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner as shall be considered by such Approved Bank to be in its opinion appropriate.

(h) **Modification of rights attached to any share or loan capital**

If the Company shall in any way modify the rights attached to any share or loan capital so as to convert or make convertible such share or loan capital into, or attach thereto any rights to acquire or subscribe for Shares, the Company shall appoint an Approved Bank to consider whether any adjustment to the Exercise Price and/or the number of Warrants held by each Warrantholder is appropriate and if such Approved Bank and the Directors shall determine that any adjustment is appropriate the Exercise Price and/or the number of Warrants held by each Warrantholder shall be adjusted accordingly.

(i) **Notice to Warranholders and Auditors' Certificate**

Whenever there is an adjustment as herein provided, the Company shall give notice to Warranholders in accordance with Condition 8 that the Exercise Price and/or the number of Warrants has/have been adjusted and setting forth the event giving rise to the adjustment, the Exercise Price and/or the number of Warrants in effect prior to such adjustment, the adjusted Exercise Price and/or the number of Warrants and the effective date thereof and shall at all times thereafter so long as any of the Warrants remain exercisable make available for inspection at its registered office a signed copy of the certificate of the Auditors certifying the adjustment to the Exercise Price and/or the number of Warrants and a certificate signed by a Director setting forth brief particulars of the event giving rise to the adjustment, the Exercise Price and/or the number of Warrants in effect prior to such adjustment, the adjusted Exercise Price and/or the number of Warrants and the effective date of such adjustment and shall, on request and at the expense of the Warranholder, send a copy thereof to any Warranholder.

(j) **Dispute as to Adjustment**

If the Directors, the Approved Bank and the Auditors are unable to agree upon any adjustment required under these provisions, the Directors shall refer the adjustment to the decision of another Approved Bank acting as expert and not arbitrator and whose decision as to such adjustment shall be final and conclusive and no certification by the Auditors shall in such circumstances be necessary.

(k) **Basic Rules for Making Adjustments to Number of Warrants**

Any adjustment to the number of Warrants held by each Warranholder will be rounded downwards to the nearest whole Warrant. No adjustment to the number of Warrants shall be made unless (i) it has been certified to be in accordance with Condition 4 hereof by the Auditors and (ii) approval in-principle has been granted by the SGX-ST for the listing of and quotation for such additional Warrants as may be issued as a result of such adjustment and such additional new Shares as may be issued on the exercise of any such Warrants.

(l) **Status of Warrants issued as a result of Adjustments**

Any Warrants issued as a result of an adjustment made under this Condition 4 shall be part of the series of Warrants constituted by the Deed Poll and shall be issued subject to and with the benefit of the Deed Poll and on such other terms and conditions as the Directors may determine.

(m) **Auditors and Approved Bank act as Experts**

In giving any certificate or making any adjustment hereunder, the Auditors and the Approved Bank shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest error, their decision shall be conclusive and binding on all persons having an interest in the Warrants.

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(n) **SGX-ST Approval and Announcement**

Notwithstanding anything herein contained, any adjustment to the Exercise Price and/or the number of Warrants held by each Warrantholder other than in accordance with the provisions of this Condition 4 shall be subject to the approval of the SGX-ST and agreed to by the Company, the Auditors and the Approved Bank.

Any adjustments made pursuant to this Condition 4 shall (unless otherwise provided under the rules of the SGX-ST from time to time) be announced by the Company to the SGX-ST.

(o) **Share Buy-Backs**

Nothing shall prevent or restrict the buy-back of any classes of shares pursuant to applicable law and the requirements of the SGX-ST and no approval or consent of the Warranholders shall be required for such buy-back of any classes of shares. There shall be no adjustments to the Exercise Price and number of Warrants by reason of such buy-back of any classes of shares.

5. STATUS OF SHARES

Shares issued and allotted upon exercise of the Warrants will rank for any dividends, rights, allotments or other distributions, the record date for which is on or after the relevant Exercise Date (subject as aforesaid) *pari passu* in all respects with the Shares of the Company then existing. For the purpose of this Condition 5, "**record date**" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered in order to participate in such dividends, rights, allotments or other distributions.

6. WARRANT AGENT NOT ACTING FOR THE WARRANTHOLDERS

In acting under the Warrant Agency Agreement, the Warrant Agent is (subject to the terms and conditions thereof) acting as agent for the Company and does not assume any obligation or duty to or any relationship of agency or trust for the Warranholders.

7. MEETINGS OF WARRANTHOLDERS AND MODIFICATION

(a) **Provisions for Meetings of Warranholders**

The Deed Poll contains provisions (in the Fourth Schedule) for convening meetings of the Warranholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Deed Poll) of a modification of the Warrants or the Deed Poll. Such a meeting may be convened by the Company or by Warranholders holding not less than twenty (20) per cent. of the Warrants for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution shall be two or more persons present being Warranholders or proxies duly appointed by Warranholders holding or representing over fifty (50) per cent. of the Warrants for the time being unexercised, or at any adjourned meeting two or more persons being or representing Warranholders whatever the number of Warrants so held or represented. An Extraordinary Resolution duly passed at any meeting of Warranholders shall be binding on all persons having an interest in the Warrants, whether or not they were present at the meeting. Warrants which have not been exercised but have been lodged for exercise shall not, unless and until they are withdrawn from lodgement confer the right to attend or vote at, or join in convening, or be counted in the quorum for any meeting of Warranholders.

(b) **Modification to terms of the Deed Poll**

The Company may, without the consent of the Warranholders but in accordance with the terms of the Deed Poll, effect any modification to the terms of the Deed Poll including the terms and conditions of the Warrants which, in the opinion of the Company:-

- (i) is not materially prejudicial to the interests of the Warranholders;

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- (ii) is of a formal, technical or minor nature;
- (iii) is to correct a manifest error or to comply with mandatory provisions of Singapore law; or
- (iv) is to vary or replace provisions relating to the transfer or exercise of the Warrants including the issue of new Shares arising from the exercise thereof or meetings of the Warranholders in order to facilitate trading in or the exercise of the Warrants or in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company's securities on the SGX-ST.

Any such modification shall be binding on all Warranholders and all persons having an interest in the Warrants and shall be notified to them in accordance with Condition 8 as soon as practicable thereafter.

Any material alteration in the terms of the Warrants to the advantage of the Warranholders is subject to the approval of the Shareholders except where the alterations are made pursuant to these Conditions.

8. NOTICES

All notices required to be given pursuant to these Conditions will be valid if published in any leading English language newspaper in circulation in Singapore. Such notices shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made. If publication is not practicable, notice will be given in such manner as the Warrant Agent may approve.

9. WINDING UP OF THE COMPANY

If a resolution is passed for a members' voluntary winding-up of the Company then:-

(a) **Scheme Accepted by Warranholders**

if such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warranholders, or some person designated by them for such purpose by Extraordinary Resolution, shall be a party and shall have approved or assented to by way of an Extraordinary Resolution, the terms of such scheme of arrangement shall be binding on all the Warranholders and all persons having an interest in the Warrants; and

(b) **Deemed Exercise subject to Submission within 6 weeks**

in any other case every Warranholder shall be entitled upon and subject to the Conditions at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company by irrevocable surrender of his Warrant Certificate(s) to the Company with the Exercise Notice duly completed, together with payment of the relevant Exercise Price and other items required under Condition 3, to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the Warrants to the extent specified in the Exercise Notice and had on such date been the holder of the Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly.

The Company shall give notice to the Warranholders in accordance with Condition 8 of the passing of any such resolution within seven (7) days after the passing thereof.

Subject to the foregoing, if the Company is wound up for any other reason, all Warrants which have not been exercised at the date of the passing of such resolution shall lapse and the Warrants shall cease to be valid for any purpose.

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10. FURTHER ISSUES

Subject to these Conditions, the Company shall be at liberty to issue Shares to Shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit but the Warranholders shall not have any participating rights in such issue unless otherwise resolved by the Company in general meeting.

11. STAMP DUTY ON EXERCISE OF WARRANTS

The Company will pay all Singapore stamp duties (if any), in respect of the initial issue of the Warrant Certificates, the issue of Shares arising from the exercise of the Warrants and otherwise as specified in the Deed Poll. Any other stamp duties, fees or charges (if any) and other fees payable to the Depository on or arising from the exercise of the Warrants, will be for the account of the relevant Warranholders.

12. GOVERNING LAW AND JURISDICTION

The Warrants and the Deed Poll are governed by and shall be construed in accordance with the laws of the Republic of Singapore. The Company submits (and each Warranholder and, if CDP is named in the Register as a holder of Warrants, CDP is deemed to submit) to the exclusive jurisdiction of the Singapore courts.

Notes:-

- (1) The attention of Warranholders is drawn to Rule 14 of The Singapore Code on Take-overs and Mergers as the same may from time to time be amended or replaced. In general terms, these provisions regulate the acquisition of effective control of public companies. Warranholders should consider the implications of these provisions before they exercise their Warrants. In particular, a Warranholder should note that he may be under an obligation to extend a takeover offer for the Company if:
 - (a) he intends to acquire, by the exercise of the Warrants, whether at one time or different times, Shares which (together with Shares held or acquired by him or persons acting in concert with him) carry thirty (30) per cent. or more of the voting rights of the Company; or
 - (b) he, together with persons acting in concert with him, holds not less than thirty (30) per cent. but not more than fifty (50) per cent. of the voting rights of the Company and either alone or together with persons acting in concert with him, intends to acquire additional Shares by the exercise of the Warrants or otherwise in any period of six (6) months, increasing such percentage of the voting rights by more than one (1) per cent..

Warranholders are advised to consult their own professional advisers.

- (2) The attention of Warranholders is drawn to Condition 2(c) of the Warrants relating to restrictions on the exercise of the Warrants.
- (3) A Warranholder who, after exercise of his Warrant, has an interest in not less than five (5) per cent. of the issued share capital of the Company, is under an obligation to (i) notify the Company of his interest in the manner set out in Section 82 of the Companies Act, Cap. 50 of Singapore and (ii) notify the SGX-ST of his interest in the manner set out in Section 137 of the Securities and Futures Act, Cap. 289 of Singapore. Warranholders are advised to consult their own professional advisers.

This Offer Information Statement is dated this 23 October 2009

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Offer Information Statement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Offer Information Statement are fair and accurate in all material respects as at the date of this Offer Information Statement and there are no material facts the omission of which would make any statement in this Offer Information Statement misleading in any material respect. Where information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Offer Information Statement.

For and on behalf of **PAN HONG PROPERTY GROUP LIMITED**

Wong Lam Ping

Chan Heung Ling

Shi Feng

Wang Cuiping

Zheng Yunyan

Chan Kin Sang

Sim Wee Leong

Choo Kian Koon

Zheng Haibin