



PAN HONG PROPERTY GROUP LIMITED
(Incorporated in Bermuda on 20 December 2005)
(Co. Reg. No: 37749)

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

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

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

RMB'000	Group		Increase/ (Decrease)
	Year ended 31/12/2006	Year ended 31/12/2005	
Revenue	151,269	288,012	-47%
Cost of Sales	(96,848)	(194,823)	-50%
Gross Profit	54,421	93,189	-42%
Other income and gains	24,495	661	3606%
Selling expenses	(909)	(268)	239%
Administrative expenses	(13,188)	(3,797)	247%
Other operating expenses	(613)	(955)	-36%
Operating profit	64,206	88,830	-28%
Finance costs	-	(913)	-100%
Share of loss of associates	(76)	(210)	-64%
Profit before taxation	64,130	87,707	-27%
Taxation	(14,580)	(29,194)	-50%
Profit for the year	49,550	58,513	-15%
Attributable to:			
Equity holders of the Company	49,440	59,297	-17%
Minority interests	110	(784)	-114%
	49,550	58,513	-15%

1. The Company was incorporated in Bermuda under the laws of Bermuda on 20 December 2005 as an exempted company with limited liability under the name of Pan Hong Property Group Limited ("the Company"). The principal activity of the Company is investment holding.
2. On 9 September 2006, the Company completed its reorganization exercise as set out in the Company's prospectus dated 11 September 2006 (the "Reorganization Exercise") to rationalise the Group's structure in preparation for the public listing of the Company's shares on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). Subsequently on 20 September 2006, the Company obtained the admission to the Official List in the SGX-ST.



3. For the purpose of this announcement, the consolidated financial information had been prepared by adopting the uniting of interests method of accounting as a result of the Reorganization Exercise completed on 9 September 2006 involving the entities under common control. Under this method, the Company had been treated as the holding company of its subsidiaries for the financial periods presented rather than from the date of acquisition of the subsidiaries. Accordingly, the consolidated results of the Group for the year ended 31 December 2005 included the results of the Company and its subsidiaries with effect from 1 January 2005 or since their respective dates of incorporation/ establishment, where this is a shorter period. The consolidated balance sheet as at 31 December 2005 and 2006 is a consolidation of balance sheets of the Company and its subsidiaries at the balance sheet date. In the opinion of the directors, the consolidated financial information, prepared on the above basis, present more fairly the results, cash flows and state of affairs of the Group as a whole.

Note:

RMB'000	Group	
	Year ended 31 12 2006	Year ended 31 12 2005
Profit before taxation is arrived at after charging:		
Auditors' remuneration		
- Audit fee	655	195
- Non-audit fee (note (a))	1,228	-
	1,883	195
Borrowing costs wholly repayable within five year	6,189	2,796
Less: amount capitalized in properties held under development	(6,189)	(1,883)
	-	913
Cost of properties held for sale recognized as expense	87,467	177,133
Depreciation of property, plant and equipment	436	309
Less: amount capitalized in properties held under development	(84)	(59)
	352	250
Loss on disposal of property, plant and equipment	-	49
Operating lease charges in respect of land and buildings	514	65
Less: amount capitalized in properties held under development	(90)	(36)
	424	29
Outgoings in respect of properties under operating lease arrangements	152	70
Staff costs, including directors' remuneration		
- wages and salaries	2,770	1,779
- retirement benefit scheme contributions	281	125
	3,051	1,904
Less: amount capitalized in properties held under development	(707)	(513)
	2,344	1,391
Exchange loss	208	70
and crediting :		
Fair value change of		
- investment properties	5,880	-
- properties held for sale upon transfer to investment properties	15,623	-
Gain on disposal of property, plant and equipment	15	-
Interest income	2,296	101
Rental income	662	535

Note:

- (a) During the year, the independent auditors received non-audit fee of approximately RMB2,014,000 (2005 : Nil) for acting as the reporting accountants in respect of the preparation of the initial public offering of the Company's shares on the SGX-ST and invitation of 120,000,000 new shares of the Company issued on the initial public offering. The non-audit fees paid by the Group of approximately RMB1,228,000 and RMB786,000 were charged to the consolidated income statement and offset against the share premium account respectively.

Saved as disclosed above, no other non-audit fees were paid to the auditors by the Group and the Company.



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

RMB'000	Group		Company	
	As at 31/12/2006	As at 31/12/2005	As at 31/12/2006	As at 31/12/2005
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	4,740	1,794	-	-
Investment properties	35,338	-	-	-
Goodwill	6,030	-	-	-
Interests in subsidiaries	-	-	278,608	-
Interests in associates	-	22,360	-	-
Deposit paid	30,000	-	-	-
	76,108	24,154	278,608	-
Current assets				
Properties held under development	291,394	216,397	-	-
Properties held for sale	42,809	82,310	-	-
Account receivables	51,159	18,122	-	-
Deposits paid, prepayments and other receivables	52,311	4,127	112	-
Amount due from related parties	-	25,290	195,820	-
Cash and cash equivalents	221,356	15,234	92	-
	659,029	361,480	196,024	-
Current liabilities				
Account payables	9,637	59	-	-
Accruals, receipts in advance and other payables	26,951	53,636	350	-
Provision for tax	17,017	17,911	-	-
Amount due to related parties	29	1,296	375	-
Bank loans	-	22,000	-	-
	53,634	94,902	725	-
Net current assets	605,395	266,578	195,299	-
Total assets less current liabilities	681,503	290,732	473,907	-
Non-current liabilities				
Bank loans	110,000	-	-	-
Shareholder's loan	17,794	194,253	-	-
Deferred taxation	5,713	-	-	-
	133,507	194,253	-	-
Net assets	547,996	96,479	473,907	-
EQUITY				
Equity attributable to the Company's equity holders				
Share capital	292,164	219,123	292,164	-
Reserves	223,169	(157,657)	181,743	-
	515,333	61,466	473,907	-
Minority interests	32,663	35,013	-	-
Total equity	547,996	96,479	473,907	-

Assumptions - Please refer to item 1(a), notes 1, 2 & 3.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/12/2006		As at 31/12/2005	
Secured	Unsecured	Secured	Unsecured
RMB\$'000	RMB\$'000	RMB\$'000	RMB\$'000
-	-	22,000	-

Amount repayable after one year

As at 31/12/2006		As at 31/12/2005	
Secured	Unsecured	Secured	Unsecured
RMB\$'000	RMB\$'000	RMB\$'000	RMB\$'000
110,000	-	-	-

Details of any collateral

Bank loans were secured by the Group's leasehold interests in land at 31 December 2006.



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

RMB'000	Group	
	Year ended 31 /12/2006	Year ended 31 /12/2005
Cash flow from operating activities		
Profit before taxation	64,130	87,707
Adjustments for:		
Interest income	(2,296)	(101)
Interest expense	-	913
Fair value gains of investment properties and properties held for sales upon transfer to	(21,503)	-
Depreciation	352	250
(Gain) / Loss on disposal of property, plant and equipment	(15)	49
Share of associates' loss	76	210
Operating profit before changes in working capital	40,744	89,028
Increase in properties held under development and properties held for sales	(8,880)	(94,923)
(Increase)/ Decrease in account and other receivables, prepayments and deposits paid	(51,959)	22,186
Decrease/ (Increase) in amount due from a related party	2,133	(25,290)
Decrease in account and other payables, accruals and receipts in advance	(17,333)	(116,292)
Increase in amount due to related parties	29	1,296
Cash used in operations	(35,266)	(123,995)
Income taxes paid	(17,421)	(7,551)
Tax refund	7,659	-
Net cash used in operating activities	(45,028)	(131,546)
Cash flow from investing activities		
Purchases of property, plant and equipment	(457)	(503)
Investment in associates	(2,060)	(18,738)
Acquisition of subsidiaries, net	763	-
Sales proceeds received from disposal of property, plant and equipment	55	150
Proceeds from liquidation of an associate	2,374	-
Deposit paid for acquisition of a subsidiary	(30,000)	-
Interest received	2,296	101
Net cash used in investing activities	(27,029)	(18,990)
Cash flow from financing activities		
Proceeds from issuance of share capital	205,502	-
Share issue expenses	(15,734)	-
Capital contributions made by minority shareholders	-	20,839
New borrowings	149,000	22,000
Repayment of borrowings	(77,000)	(25,000)
Increase in shareholder's loan	20,724	127,684
Interest paid	(6,189)	(2,796)
Net cash generated from financing activities	276,303	142,727
Net increase / (decrease) in cash and cash equivalents	204,246	(7,809)
Effect of foreign exchange difference	1,876	3,316
Cash and cash equivalents at 1 January	15,234	19,727
Cash and cash equivalents at 31 December	221,356	15,234
Analysis of balance of cash and cash equivalents		
Cash at banks and in hand	221,356	15,234



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

Please refer to page 8.



RMB'000	Equity attributable to equity holders								Minority interests
	Share capital	Share premium	Merger reserve	Statutory reserve	Exchange reserves	Retained earnings	Proposed final dividend	Total	
Group									
Balance at 1 January 2005	219,123	-	(219,112)	-	(2,879)	1,721	-	(1,147)	14,958
Profit for the year	-	-	-	-	-	59,297	-	59,297	(784)
Exchange difference (net income recognised directly in equity)	-	-	-	-	3,316	-	-	3,316	-
Total income and expenses recognised during the year	-	-	-	-	3,316	59,297	-	62,613	(784)
Capital contributions made by minority shareholders	-	-	-	-	-	-	-	-	20,839
Balance at 31 December 2005 and 1 January 2006	219,123	-	(219,112)	-	437	61,018	-	61,466	35,013
Profit for the year	-	-	-	-	-	49,440	-	49,440	110
Exchange difference (net income recognised directly in equity)	-	-	-	-	(2,210)	-	-	(2,210)	2,733
Total income and expenses recognised during the year	-	-	-	-	(2,210)	49,440	-	47,230	2,843
Further acquisition of a subsidiary	-	-	-	-	-	-	-	-	(5,193)
Merger reserve arising from reorganization exercise	-	-	216,869	-	-	-	-	216,869	-
Issue of shares by initial public offering	73,041	132,461	-	-	-	-	-	205,502	-
Share issue expenses	-	(15,734)	-	-	-	-	-	(15,734)	-
Final dividend proposed for the year	-	-	-	-	-	(4,800)	4,800	-	-
Transfer to statutory reserve	-	-	-	6,058	-	(6,058)	-	-	-
Balance at 31 December 2006	292,164	116,727	(2,243)	6,058	(1,773)	99,600	4,800	515,333	32,663
Company									
Balance at date of incorporation	-	-	-	-	-	-	-	-	-
Profit for the year (Total income and expenses recognised during the year)	-	-	-	-	-	-	-	-	-
Balance at 31 December 2005 and 1 January 2006	-	-	-	-	-	-	-	-	-
Profit for the year (Total income and expenses recognised during the year)	-	-	-	-	-	5,437	-	5,437	-
Rereorganization exercise	219,123	-	59,579	-	-	-	-	278,702	-
Issue of shares by initial public offering	73,041	132,461	-	-	-	-	-	205,502	-
Share issue expenses	-	(15,734)	-	-	-	-	-	(15,734)	-
Final dividend proposed for the year	-	-	-	-	-	(4,800)	4,800	-	-
Balance at 31 December 2006	292,164	116,727	59,579	-	-	637	4,800	473,907	-



1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Date	Particulars	Number of Ordinary Shares	Amount (RMB'000)
Authorized:			
20 December 2005	Increase in authorized share capital on incorporation at HK\$0.1 each	1,000,000	101
31 December 2005	Balance of HK\$0.1 each	1,000,000	101
14 August 2006	Increase in authorized share capital of HK\$0.1 each	5,099,000,000	517,273
14 August 2006	Share consolidation of six ordinary shares at HK\$0.1 each to one ordinary share at HK\$0.6 each	(4,250,000,000)	-
31 December 2006	Balance of HK\$0.6 each	850,000,000	517,374
Issued and fully paid:			
20 December 2005	No shares issued at date of incorporation	-	-
31 December 2005	Balance of HK\$0.1 each	-	-
3 January 2006	First allotment and issue 1,000,000 shares of HK\$0.10 each nil-paid	1,000,000	-
9 September 2006	Issue of shares on reorganization exercise	2,159,000,000	219,022
9 September 2006	Crediting as fully paid the 1,000,000 shares of HK\$0.10 each were issued on 3 January 2006 as part of Reorganization Exercise	-	101
9 September 2006	Consolidation from HK\$0.1 each to HK\$0.60 each	(1,800,000,000)	-
19 September 2006	Issue of shares of HK\$0.6 each by initial public offering	120,000,000	73,041
31 December 2006	Balance of HK\$0.6 each	480,000,000	292,164

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

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

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

Not applicable.

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

Except as disclosed in item 5 below, the accounting policies and methods of computation have been consistent with those adopted by the Group for the preparation of the consolidated financial information for the year ended 31 December 2005.

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

Our Group has adopted all of the new or revised standards and interpretations ("IFRS") issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 December 2005 and 1 January 2006.

The adoption of these new or revised IFRS did not result in significant alterations to our Group's accounting policies. The specific transitional provisions contained in some of these standards were considered. The adoption of these standards and interpretations did not result in substantial changes to the amounts and disclosures in the consolidated financial information.

Our Group has not early adopted the 2 new international accounting standards or interpretation related to its operation in FY2006 namely IAS 1 (Amendment), Capital Disclosures, and IFRS 7, Financial Instruments – Disclosure. The adoption of these standards and interpretations will not result in significant changes to the Group's accounting policies.

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

	Group	
	Year ended 31/12/2006	Year ended 31/12/2005
Earnings per ordinary share (in RMB cents):		
(a) Basic	12.55	16.47
(b) Diluted	N/A	N/A

Note:

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of approximately RMB49,440,000 (2005 : RMB59,297,000) divided by the weighted average of 393,863,000 (2005 : 360,000,000) ordinary shares during the year. In determining the weighted average number of shares, the 360,000,000 ordinary shares (after share consolidation) issued as consideration in the Reorganisation Exercise were deemed to have been in issue on 1 January 2005.

Diluted earnings per share for the year has not been presented as there is no dilutive potential share (2005 : Nil).



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

	Group		Company	
	As at 31/12/2006	As at 31/12/2005	As at 31/12/2006	As at 31/12/2005
Net asset value per ordinary share (in RMB cents)	114.17	26.80	96.23	N/A

Note:

The number of ordinary shares of our Group as at 31 December 2006 was 480,000,000 ordinary shares. The pre-invitation issued share capital of 360,000,000 ordinary shares was deemed to have been in issue as at 31 December 2005.

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

Revenue (RMB'000)	Year ended 31/12/2006	Year ended 31/12/2005
Residential	45,568	239,309
Commercial	96,160	27,881
Others including car parks lots	9,541	20,822
	<u>151,269</u>	<u>288,012</u>
Gross profit (RMB'000)	Year ended 31/12/2006	Year ended 31/12/2005
Residential	16,220	70,630
Commercial	35,060	17,472
Others including car parks lots	3,141	5,087
	<u>54,421</u>	<u>93,189</u>



REVIEW OF FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006 ("FY2006") COMPARED TO THE YEAR ENDED 31 DECEMBER 2005 ("FY2005")

FY2005 and FY2006

Revenue

Revenue decreased by approximately RMB136.7 million or 47% from RMB 288.0 million in FY2005 to approximately RMB 151.3 million in FY2006 mainly due to lower revenue contribution from the sales of remaining residential and commercial units of Huzhou Zhili Phase 1, Huzhou Liyang Phase 1, Huzhou Xinya Jiayuan and the sales of most of commercial units of Huzhou Hongjin Balidian Market in Huzhou City in FY2006.

Cost of sales

Cost of sales decreased by approximately RMB 98.0 million or 50% from RMB 194.8 million in FY2005 to RMB 96.8 million in FY2006. The decrease was in line with the decrease in revenue.

Gross profit and gross profit margin

Due to the decreased revenue, our Group's gross profit decreased by approximately RMB 38.8 million or 42% from RMB 93.2 million in FY2005 to approximately RMB 54.4 million in FY2006. Gross profit margin increased slightly from approximately 32% in FY2005 to approximately 36% in FY2006. The increase in gross profit margin during FY2006 was due mainly to higher average selling price of the commercial units of Huzhou Liyang Phase 1, Huzhou Xinya Jiayuan and Huzhou Hongjin Balidian Market in FY2006 as compared to that of the commercial units of Huzhou Liyang Phase 1 and Huzhou Xinya Jiayuan only in FY2005.

Other income and gains

Other income and gains increased significantly by approximately RMB 23.8 million or 3,606% from RMB 0.7 million in FY2005 to RMB 24.5 million in FY2006 due mainly to the increase in fair value gains of our investment properties and properties held for sales upon transfer to investment properties amounted to approximately RMB 5.9 million and RMB 15.6 million respectively as well as the interest income generated from the fixed deposits placed in bank amounted to approximately RMB 2.3 million in FY2006.

Selling expenses

Selling expenses increased by approximately RMB 0.6 million or 239% from RMB0.3 million in FY2005 to RMB 0.9 million in FY2006 due mainly to increase in salaries and sales commissions by approximately RMB0.1 million; advertising and promotion costs by approximately RMB0.2 million; low value consumables by approximately RMB 0.2 million; and operating lease costs by approximately RMB 0.2 million in FY2006. The higher advertising and promotion costs were incurred for the sales of remaining property units of Huzhou Liyang Phase 1 and the sales of commercial units of Huzhou Hongjin Balidian in FY2006 and the presales of residential units of Nanchang Honggu Kaixuan for the year ending 31 December 2007 ("FY2007").

Administrative expenses

Administrative expenses increased by about RMB 9.4 million or 247% from RMB 3.8 million in FY2005 to RMB13.2 million in FY2006 due mainly to increases in entertainment by approximately RMB0.4 million, depreciation by approximately RMB0.1 million, telephone by approximately RMB0.2 million, traveling by approximately RMB0.2 million, salaries by approximately RMB0.6 million and sundries and low value consumables by approximately RMB0.3 million and the IPO costs amounted to approximately RMB5.8 million.

Other operating expenses

Other operating expenses decreased by approximately RMB0.4 million or 36% from RMB1.0 million in FY2005 to RMB 0.6 million in FY2006 due mainly to decrease in donation made to school and charitable organizations.

Finance costs

Finance costs of RMB0.9 million related to interest expense incurred on bank loans obtained in FY2005 to acquire the land use rights of Huzhou Hailian Construction in FY2005. The loans have been repaid and there was no finance cost in FY2006.

Taxation

Income tax was derived by applying statutory tax rate of 33%. No Singapore income tax and Hong Kong Profits Tax were included as there was no assessable income derived from or arising in both Singapore and Hong Kong.

Taxation was approximately RMB 14.6 million in FY2006 due mainly to PRC corporate income tax on profits derived from the sale of the property units for Huzhou Zhili Phase 1, Huzhou Liyang Phase 1, Huzhou Hongjin Balidian Market and Huzhou Xinya Jiayuan in FY2006 as discussed above and deferred tax provided for the investment properties. The drop of approximately RMB14.6 million or 50% from approximately RMB29.2 million to RMB14.6 million was mainly due to the receipt of a tax refund of approximately RMB7.7 million. This tax refund was obtained by certain subsidiaries under the reinvestment tax refund scheme in accordance with the relevant laws and regulations in the PRC. Our effective tax rate, excluding the tax refund, was approximately 34.7% and is comparable to our statutory tax rate in the PRC.

Profit for the year

We recorded a profit for the year of approximately RMB49.6 million in FY2006 as a result of recognition of revenue from the sale of the remaining residential and commercial units of the Huzhou Zhili Phase 1, Huzhou Liyang Phase 1, Huzhou Xinya Jiayuan and the sales of the bulk of commercial units of Huzhou Hongjin Balidian Market in FY2006.



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

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

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

Based on the number of property units pre-sold to-date, the Group's revenue and earnings for the next reporting period and the next 12 months are expected to remain robust. There remain growth opportunities for financially strong property developers with choice land banks and a reputation for quality and reliability. The Group has received encouraging response to projects released in recent months. As such, the Directors are confident of the future performance of the Group.

On 28 December, 2006, the PRC State Administration of Taxation issued a circular, Tax Circular Guoshuifa [2006] No. 187, which will take effect on 1 February, 2007, requiring real estate developers to settle the final Land Appreciation Tax (LAT) payments in respect of their development projects that meet certain criteria, such as when 85% of a development project has been pre-sold or sold. Local authorities, including the Huzhou authorities, are required to issue regulations in compliance with the circular in consideration of local conditions. During FY2006, the Group incurred LAT of approximately RMB2.9 million which was charged to the consolidated income statement as cost of sales. The directors, after consultation with their legal advisor, considered the amount charged to the consolidated income statement to be adequate as this is calculated according to the method which is in compliance with the existing rules and interpretation of LAT.

Our Directors continue to believe that with the expected continuous growth of the PRC economy in the coming years leading to an increase in disposal income, this will lead to rising consumer affluence and sophistication which will drive the demand for better quality housing. The expected increase in urbanisation in the PRC, coupled with government policies encouraging private property ownership in the recent years, should also contribute to this rise in demand.

We are pleased to inform that the progress of our future projects are on track with our schedule, with three major projects targeted to be launched in the second and third quarters of 2007. These include Nanchang Honggu Kaixuan, Huacui Tingyuan and Hangzhou Liyang Yuan.

11. Dividend

(a) Current Financial Period Reported On

Subsequent to the balance sheet date, a final dividend of HK\$0.01 cent per ordinary share (tax not applicable), amounting to HK\$4,800,000 (equivalent to RMB4,800,000), has been proposed and will be submitted for approval at the forthcoming annual general meeting. As such, the final dividend has not been recognized as a liability as at the balance sheet date.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

To be announced later.

(d) Books closure date

To be announced later.

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

Not Applicable

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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

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

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

None

15. A breakdown of sales.

(RMB'000)	Year ended	Group	% increase / (decrease)
	31 12 2006	Year ended 31 12 2005	
(a) Sales reported for the first half year	71,562	1,508	4645%
(b) Operating profit/(loss) after tax before deducting minority interests reported for the first half year	20,450	(1,642)	-1345%
(c) Sales reported for the second half year	79,707	286,504	-72%
(d) Operating profit after tax before deducting minority interests reported for the second half year	29,100	60,155	-52%

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

No dividend was declared for the period from 20 December 2005 (date of incorporation of the Company) to 31 December 2005. A final dividend of RMB4,800,000 was declared for the year ended 31 December 2006.

17. Interested Person Transactions ("IPTs")

*(If the Company has an IPTs Shareholders' Mandate, the following table is to be completed)
(If there are no IPTs Shareholders' Mandate, please insert "not applicable")*

(In RMB)

Name of Interest Person	Year ended 31/12/2006	
	Aggregate value of all IPTs during the financial year under review [excluding transactions less than S\$100,000 and transactions pursuant to the IPT Mandate (or a shareholders' mandate for IPTs under Rule 920 of the New Listing Manual)]	Aggregate value of all IPTs under the IPT Mandate (or a shareholders' mandate for IPTs under Rule 920 of the New Listing Manual) during the financial year under review (excluding transactions less than \$100,000)
Progress payment on a construction contract with Jiangxi Ganxun Electronic Information Technology Co. Ltd. ¹	Nil	RMB10,200,000
Consultancy fee charged by Joinn Strategic Holdings Limited ²	Nil	RMB7,500,000
Total:	Nil	RMB17,700,000



Notes:

1. During the year, the Group entered into an agreement with Jiangxi Ganxun Electronic Information Technology Co. Ltd., a company in which a director of the Company, Mr Wong Lam Ping, has beneficial interest, for a property development project. The contract sum was approximately RMB16,685,000 and up to 31 December 2006, the Group already paid RMB10,200,000 as the initial deposit for this contract.
2. Joinn Strategic Holdings Limited charged a consultancy fee of RMB7,500,000 for consultancy services provided to the Group which included corporate advisory, corporate and introduction services. Mr Wang Linjia is the managing director of Joinn Strategic Holdings Limited and is the brother of Mr Wong Lam Ping. The consultancy fee was charged in accordance with the terms of the underlying agreement.

BY ORDER OF THE BOARD

Wong Lam Ping
Executive Chairman
12 February 2007

Note:

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