漢港地產集團
SINO HARBOUR PROPERTY GROUP

SINO HARBOUR PROPERTY GROUP LIMITED
漢 港 房 地 產 集 團 有 限 公 司

(incorporated in Bermuda with limited liability)
Stock Code: 01663

PLACING AND PUBLIC OFFER

Sponsor, Sole Bookrunner and Joint Lead Manager

集滙團富 KingswayGroup

Joint Lead Manager

OSK Securities Hong Kong Limited
僑豐證券有限公司

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

SINO HARBOUR PROPERTY GROUP LIMITED
漢港房地產集團有限公司

(incorporated in Bermuda with limited liability)

LISTING ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF PLACING AND PUBLIC OFFER

Number of Offer Shares	:	**300,000,000 Shares (subject to adjustment and the Over-allotment Option)**
Number of Placing Shares	:	**270,000,000 Shares (subject to reallocation and the Over-allotment Option)**
Number of Public Offer Shares	:	**30,000,000 Shares (subject to reallocation)**
Offer Price	:	**Not more than HK$1.68 per Offer Share and expected to be not less than HK$1.10 per Offer Share (payable in full on application plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% and subject to refund)**
Nominal value	:	**HK$0.01 each**
Stock code	:	**1663**

Sponsor

Kingsway Capital Limited

Sole Bookrunner

Kingsway Financial Services Group Limited

Joint Lead Managers

Kingsway Financial Services Group Limited

OSK Securities Hong Kong Limited 僑豐證券有限公司

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong). A copy of this prospectus, having attached thereto copies of the Application Forms, has been filed with the Registrar of Companies in Bermuda in accordance with the Companies Act. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be fixed by an agreement between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) at or prior to 12:00 noon on Monday, 18 July 2011 or such other date or time as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters). The Offer Price will be not more than HK$1.68 per Offer Share and is expected to be not less than HK$1.10 per Offer Share. Applicants for the Offer Shares are required to pay, on application, the maximum Offer Price of HK$1.68 for each Offer Share together with brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price should be lower than HK$1.68 (the maximum Offer Price).

The Joint Lead Managers (for themselves and on behalf of the other Underwriters), with the consent of the Company, may reduce the indicative Offer Price range below that as stated in this prospectus (which is HK$1.10 to HK$1.68) at any time prior to the morning of the last day for lodging applications under the Public Offer. In such event, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Public Offer, cause to be published in The Standard (in English) and Sing Pao (in Chinese) an announcement and to be posted on the website of the Stock Exchange (www.hkexnews.hk) and on the website of our Company (www.sinoharbour.com.hk) of such change. If, for whatsoever reason, our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) are unable to reach an agreement at or prior to 12:00 noon on Monday, 18 July 2011 or such other date or time as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters), the Share Offer will not become unconditional and will lapse immediately. In such event, our Company will issue an announcement to be published in The Standard (in English) and Sing Pao (in Chinese).

Prospective investors of the Share Offer should note that the Share Offer will not proceed if Kingsway Financial (for itself and on behalf of the other Public Offer Underwriters) terminate the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement upon the occurrence of any of the events set out in the sub-paragraph headed "Grounds for termination" in the paragraph headed "Underwriting arrangements and expenses" in the section headed "Underwriting" of this prospectus prior to 8:00 a.m. on the Listing Date. It is important that you refer to the section headed "Underwriting" of this prospectus for further details.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this prospectus, including, without limitation, the risk factors set out in the section headed "Risk factors" of this prospectus.

12 July 2011

If there are any changes in the following expected timetable of the Share Offer, our Company will issue an announcement in Hong Kong to be published in English in The Standard and in Chinese in Sing Pao and to be posted on the website of our Company at www.sinoharbour.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

	2011 *(Note 1)*
Latest time to complete electronic applications under **HK eIPO White Form** service through the designated website at **www.hkeipo.hk** *(Note 2)*	11:30 a.m. on Friday, 15 July
Application lists of the Public Offer open *(Note 4)*	11:45 a.m. on Friday, 15 July
Latest time for lodging **WHITE and YELLOW** Application Forms and to give **Electronic Application Instructions** to HKSCC *(Note 3)*	12:00 noon on Friday, 15 July
Latest time to complete payment of **HK eIPO White Form** application by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Friday, 15 July
Application lists of the Public Offer close *(Note 4)*	12:00 noon on Friday, 15 July
Expected price determination date *(Note 5)*	Monday, 18 July
Announcement of the Offer Price, the level of indication of interest in the Placing, the basis of allocation and the level of applications for the Public Offer Shares to be published in The Standard (in English) and Sing Pao (in Chinese) and on the website of our Company at www.sinoharbour.com.hk and the website of the Stock Exchange at www.hkexnews.hk on or before	Thursday, 21 July
Results of allocation in the Public Offer will be available at www.tricor.com.hk/ipo/result with a "search by ID" function	8:00 a.m. on Thursday, 21 July to 12:00 midnight on Wednesday, 27 July
Announcement of results of allotment of Public Offer (with successful applicants' identification document numbers, where applicable) available through a variety of channels as described in the paragraph headed "Publication of Results" under the section headed "How to apply for the Public Offer Shares" of this prospectus	9:00 a.m. on Thursday, 21 July

Despatch of White Form e-refund payment instructions/refund cheques in respect of wholly successful (if applicable) or wholly or partially unsuccessful applications on or before *(Note 6)* . . . . Thursday, 21 July

Despatch of share certificates in respect of wholly or partially successful applications on or before *(Note 7)* . . . . Thursday, 21 July

Dealings in the Shares on the Main Board of the Stock Exchange expected to commence on . . . . Friday, 22 July

Notes:

1. All times refer to Hong Kong local time. Details of the structure of the Share Offer, including its conditions are set out in the section headed "Structure of the Share Offer" of this prospectus.

2. You will not be permitted to submit your application through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m. on the last day for submitting applications, you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

3. Applicants who apply for the Offer Shares by giving Electronic Application Instructions to HKSCC should refer to the paragraph headed "Applying by giving Electronic Application Instructions to HKSCC" under the section headed "How to apply for the Public Offer Shares" of this prospectus.

4. If there is a "black" rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 15 July 2011, the application lists of the Public Offer will not open on that day. Particulars of the arrangements are set out in the paragraph headed "Effect of bad weather on the opening of the application lists" under the section headed "How to apply for the Public Offer Shares" of this prospectus.

5. If, for any reason, the Offer Price is not agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) at or prior to 12:00 noon on Monday, 18 July 2011 or such other date or time as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters), the Share Offer will not proceed. In such event, our Company will issue an announcement to be published in The Standard in English and Sing Pao in Chinese and to be posted on the website of the Stock Exchange (www.hkexnews.hk) and on the website of our Company (www.sinoharbour.com.hk).

6. White Form e-refund payment instructions or refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price as finally determined is less than HK$1.68 payable on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Banks may require verification of an applicant's Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may lead to delay in encashment of or may invalidate the refund cheque.

7. Share certificates will only become valid certificates of title if the Share Offer has become unconditional in all respects and the Underwriting Agreements have not been terminated in accordance with their respective terms, the latest time for which is expected to be around 8:00 a.m. on the Listing Date. No dealings should take place in the Offer Shares prior to the commencement of dealings in the Shares on the Stock Exchange. Investors who trade the Offer Shares on the basis of publicly available allocation details prior to receipt of the Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk. Applicants who apply on **white** Application Forms for 1,000,000 Public Offer Shares or more and indicate in their Application Forms that they wish to collect share certificates and/or refund cheques (if any) in person from the Company's share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong may do so in person from 9:00 a.m. to 1:00 p.m. on the date notified by the Company in the newspapers and on the website of the Stock Exchange at www.hkexnews.hk and on the website of our Company at www.sinoharbour.com.hk, which is expected to be on or before Thursday, 21 July 2011. Applicants being individuals who opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations which opt for personal collection may do so through their authorised representatives bearing letters of authorisation from the corporations duly stamped with the company's chop. Identification documents and (where applicable) authorisation documents acceptable to Tricor Investor Services Limited must be produced at the time of collection of Share certificates and/or refund cheques (if any). Details are set out under the paragraph headed "Despatch/collection of Share certificates, White Form e-refund payment instructions and refund cheques" under the section headed "How to apply for the Public Offer Shares" of this prospectus. Applicants who apply on **yellow** Application Forms for 1,000,000 Public Offer Shares or more and indicate in their Application Forms that they wish to collect refund cheques (if any) in person may do so but may not elect to collect their Share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts. The procedures for collection of refund cheques (if any) for applicants who apply on **yellow** Application Forms are the same as those for applicants who apply on **white** Application Forms. Uncollected Share certificates and/or refund cheques (if any) will be despatched by ordinary post at the applicants' own risk to the address specified in the related Application Forms promptly after the expiry of the time of their collection. Further information is set out in the paragraph headed "Despatch/collection of Share certificates, White Form e-refund payment instructions and refund cheques" under the section headed "How to apply for the Public Offer Shares" of this prospectus.

For details of the structure of the Share Offer, including its conditions, please refer to the section headed "Structure of the Share Offer" of this prospectus.

It is important that prospective investors of the Offer Shares should note that Kingsway Financial (for itself and on behalf of the other Public Offer Underwriters) is entitled to terminate the Public Offer Underwriting Agreement by notice in writing to our Company upon the occurrence of any of the events set out under the sub-paragraph headed "Grounds for termination" in the paragraph headed "Underwriting arrangements and expenses" under the section headed "Underwriting" of this prospectus prior to 8:00 a.m. on the Listing Date. Such events include, without limitation, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lockout. It is important that prospective investors should refer to the section headed "Underwriting" in this prospectus for further details.

You should rely only on the information contained in this prospectus and the related Application Forms to make your investment decision. Our Company has not authorised anyone to provide you with information that is different from what is contained in this prospectus and the related Application Forms. Any information or representation not made in this prospectus and the related Application Forms must not be relied upon by you as having been authorised by our Company, the Sponsor, the Joint Lead Managers, the Sole Bookrunner, the Underwriters, any of their respective directors or affiliates or any other person or party involved in the Share Offer.

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This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk factors" of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW OF OUR BUSINESS

We are a property development company focused on residential properties in Jiangxi Province, the PRC. The property development business of the Pan Hong Group can be traced back to 1993. The shares of Pan Hong Property were listed on the main board of the SGX in 2006 and our Group is spun off from Pan Hong Property. We have obtained certain awards for one of our property development projects, namely Nanchang Honggu Kaixuan (南昌紅谷凱旋) in 2007 and 2010, including the "Best Property Project (最佳樓盤)", the "Most Popular Real Estate Project of Nanchang Award (南昌市最具人氣房地產項目獎)", the "Brand of Public Confidence of Jiangxi Market 2007 (2007年度江西市場公信力品牌)" and the "Golden 10 Years – Jiangxi Most Influential Real Estate Projects (黃金十年 – 江西最具影響力樓盤)".

We currently devote ourselves in developing residential projects coupled with retail shops and other commercial office premises and going forward, we will adopt the strategy in developing projects with a combination of residential and commercial properties in Jiangxi Province, the PRC. According to the Jiangxi Statistical Yearbook 2010, Jiangxi Province had maintained a high GDP growth rate, with a CAGR of 18.2% during the period from 2004 to 2010. The GFA of commodity properties sold had increased at a CAGR of 10.1% from 2004 to 2010. As at the Latest Practicable Date, we had five composite residential and commercial projects located in Nanchang, Fuzhou, Yichun and Leping of Jiangxi Province, the PRC at various stages of development. The aforesaid cities have benefited by the recent policies of the PRC government in accelerating the pace of economic development of the central region of the PRC.

To the best knowledge and belief of our Directors, the market share of our Group in Jiangxi Province for the year ended 31 December 2010 (in terms of total GFA of residential and commercial properties sold) is approximately 0.3%. According to the Jiangxi Real Estate Golden 10 Years Summit (江西房地產黃金十年峰會), we ranked ninth in terms of the most influential real estate projects in the Jiangxi Province in 2010. Our Directors have confirmed that there are no official rankings of property developers of Jiangxi Province.

We believe that our understanding of the property market in Jiangxi Province, the PRC will continue to enable us to effectively identify and capture market opportunities and trends in the region.

As at the Latest Practicable Date, we had a total of five projects at various stages of development in Jiangxi Province, including an aggregate saleable GFA of approximately 229,790 sq. m. in our completed projects, an aggregate planned saleable GFA of approximately 256,424 sq. m. in our projects under development and an aggregate planned saleable GFA of approximately 2,729,497 sq. m. in our projects held for future development, totalling an aggregate saleable GFA of approximately 3,215,711 sq. m., regardless of the percentages of our respective interests in such projects. In order to diversify our income stream, we retain a small portion of our developed properties for investment purposes.

The following table sets out the breakdown of GFA and other key information as at 30 June 2011 of our projects under various stages of development. Land use right certificates have been obtained in respect of all projects. For Nanchang Honggu Kaixuan (南昌紅谷凱旋), the site area in respect of the entire project is less than the actual saleable GFA of the relevant phase of the project due to (i) the higher number of storeys of the building and hence the greater quantity of properties constructed; and (ii) the higher plot ratio allowed for the project compared to the other projects, i.e. the total GFA of all buildings erected compared to the site area is higher. For all the other projects (i.e. Fuzhou Huacui Tingyuan (撫州華萃庭院), Yichun Project (宜春項目), Nanchang Dingxun Project (南昌鼎迅項目) and Leping Project (樂平項目)), the site areas in respect of the entire project are greater than the planned saleable GFA of the relevant phase of the projects due to (i) the lower planned number of storeys of the buildings and hence the lesser quantity of properties constructed; and/or (ii) the lower plot ratio allowed for the project, i.e. the total GFA of all buildings erected compared to the site area is lower. The GFA set out in the following table does not include the GFA of car parking spaces and those investment properties which have been/will be leased out:

Project	Main Use	Our interest in the project (%)	Approximate total site Area in respect of the entire project (sq. m.)	Actual total saleable GFA (sq. m.)	Approximate total actual saleable GFA (sq. m.) attributable to our Group (sq. m.)	Approximate total saleable GFA sold and pre-sold (sq. m.)	Approximate total saleable GFA unsold (sq. m.)	Approximate saleable GFA held for investment (sq.m.)	Actual commencement date	Actual completion date for the relevant phase of the project	Actual date of pre-sale permit	Approximate budgeted costs for the relevant phase of the project (RMB)	Reference to the valuation report (Property number)
COMPLETED PROJECT													
Phase 1 of Nanchang Honggu Kaixuan (南昌紅谷凱旋)	Residential	100	80,520.6	135,642	139,480	138,720	760	3,108	August 2006	December 2007	April 2007	445 million	N/A
	Commercial			3,838									
Completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋)	Residential	100	80,520.6	81,619	90,310	87,694	2,616	1,353	November 2007	June 2010	July 2008	310 million	N/A
	Commercial			8,691									

Project	Planned Main Use	Our interest in the project (%)	Approximate site Area in respect of the entire project (sq. m.)	Planned saleable GFA (sq. m.)	Approximate total planned saleable GFA (sq. m.) attributable to our Group (sq. m.)	Approximate total saleable GFA pre-sold (sq. m.)	Approximate total saleable GFA unsold (sq. m.)	Approximate saleable GFA held for investment (sq. m.)	Actual commencement date	Estimated completion date for the relevant phase of the project	Actual/expected date of pre-sale permit	Approximate budgeted costs for the relevant phase of the project (RMB)	Reference to the valuation report (Property number)
PROJECTS UNDER DEVELOPMENT													
Developing portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) (comprising 2 buildings)	Residential	100	80,520.6	32,955	70,509	32,962	37,547	–	January 2008	September 2011	April 2010	275 million	7
	Commercial			37,554									
Phase 1 of Fuzhou Huacui Tingyuan (撫州華萃庭院)	Residential	100	190,753	89,115	93,838	41,772	52,066	–	3rd quarter of 2010	4th quarter of 2011	1st quarter of 2011	282 million	8
	Commercial			4,723									
Phase 1 of Yichun Project (宜春項目)	Residential			75,300									
	Commercial	50	607,084	12,525	46,039	–	92,077	30,000	4th quarter of 2010	3rd quarter of 2012	3rd quarter of 2011	260 million	9
	Rehabilitation hospital			4,252									

Project	Planned Main Use	Our interest in the project (%)	Approximate site Area in respect of the entire project (sq. m.)	Planned saleable GFA (sq. m.)	Approximate total planned saleable GFA (sq. m.) attributable to our Group (sq. m.)	Approximate total saleable GFA sold/ pre-sold (sq. m.)	Approximate total saleable GFA unsold (sq. m.)	Approximate saleable GFA held for investment (sq. m.)	Estimated commencement date	Estimated completion date for the relevant phase of the project	Expected date of pre-sale permit	Approximate budgeted costs for the relevant phase of the project (RMB)	Reference to the valuation report (Property number)
PROJECTS HELD FOR FUTURE DEVELOPMENT													
Phase 1 of Nanchang Dingxun Project (南昌鼎迅項目)	Residential	55	719,547.5	137,668	79,273	–	144,132	2,133	4th quarter of 2011	3rd quarter of 2013	4th quarter of 2012	416 million	5
	Commercial			6,464									
Phase 2 of Nanchang Dingxun Project (南昌鼎迅項目)	Residential	55	719,547.5	169,763	94,466	–	171,756	2,133	3rd quarter of 2012	1st quarter of 2014	2nd quarter of 2013	610 million	5
	Commercial			1,993									
Phase 3 of Nanchang Dingxun Project (南昌鼎迅項目)	Residential	55	719,547.5	58,174	115,156	–	209,374	–	2nd quarter of 2013	1st quarter of 2015	3rd quarter of 2014	694 million	5
	Commercial			40,000									
	Service apartments			111,200									
Phase 4 of Nanchang Dingxun Project (南昌鼎迅項目)	Residential	55	719,547.5	217,876	126,427	–	229,868	17,157	2nd quarter of 2014	1st quarter of 2016	3rd quarter of 2015	860 million	5
	Commercial			11,992									
Phase 5 of Nanchang Dingxun Project (南昌鼎迅項目)	Residential	55	719,547.5	249,658	137,312	–	249,658	–	2nd quarter of 2015	1st quarter of 2017	2nd quarter of 2016	1,040 million	5
Phase 2 of Fuzhou Huacui Tingyuan (撫州華萃庭院)	Residential	100	190,753	52,524	55,310	–	55,310	–	3rd quarter of 2011	1st quarter of 2013	1st quarter of 2012	172 million	3
	Commercial			2,786									
Phase 3 of Fuzhou Huacui Tingyuan (撫州華萃庭院)	Residential	100	190,753	111,068	122,561	–	122,561	–	4th quarter of 2012	4th quarter of 2014	4th quarter of 2013	428 million	3
	Commercial			11,493									
Phase 2 of Yichun Project (宜春項目)	Residential	50	607,084	105,000	52,500	–	105,000	30,000	1st quarter of 2012	4th quarter of 2013	3rd quarter of 2012	362 million	4

Project	Planned Main Use	Our interest in the project (%)	Approximate site Area in respect of the entire project (sq. m.)	Planned saleable GFA (sq. m.)	Approximate planned saleable GFA (sq. m.) attributable to our Group (sq. m.)	Approximate saleable GFA sold/ pre-sold (sq. m.)	Approximate saleable GFA unsold (sq. m.)	Approximate saleable GFA held for investment (sq. m.)	Actual/estimated commencement date	Estimated completion date for the relevant phase of the project	Actual/expected date of pre-sale permit	Approximate budgeted costs for the relevant phase of the project (RMB)	Reference to the valuation report (Property number)
Phase 3 of Yichun Project (宜春項目)	Residential	50	607,084	277,200	147,712	–	295,424	–	2nd quarter of 2013	4th quarter of 2014	1st quarter of 2014	1,020 million	4
	Commercial			18,224									
Phase 4 of Yichun Project (宜春項目)	Residential	50	607,084	238,600	124,765	–	249,529	–	4th quarter of 2014	1st quarter of 2016	1st quarter of 2015	861 million	4
	Commercial			10,929									
Phase 5 of Yichun Project (宜春項目)	Residential	50	607,084	270,000	142,312	–	284,623	7,790	1st quarter of 2015	4th quarter of 2017	3rd quarter of 2016	983 million	4
	Commercial			14,623									
Phase 6 of Yichun Project (宜春項目)	Residential	50	607,084	209,400	108,731	–	217,462	–	1st quarter of 2017	1st quarter of 2019	3rd quarter of 2018	751 million	4
	Commercial			8,062									
Phase 1 of Leping Project (樂平項目)	Residential	51	333,340.9	94,000	47,940	–	94,000	–	2nd quarter of 2013	1st quarter of 2015	3rd quarter of 2014	240 million	6
Phase 2 of Leping Project (樂平項目)	Residential	51	333,340.9	112,800	57,528	–	112,800	–	2nd quarter of 2014	1st quarter of 2016	3rd quarter of 2015	326 million	6
Phase 3 of Leping Project (樂平項目)	Residential	51	333,340.9	178,000	95,880	–	188,000	–	2nd quarter of 2015	1st quarter of 2017	3rd quarter of 2016	597 million	6
	Commercial			10,000									

Our Directors are of the view that it is impractical to separate the actual/ estimated commencement dates of construction between residential and commercial properties since our Group normally constructs our properties by phases which comprise both residential and commercial units.

EXTRACT OF HISTORICAL FINANCIAL INFORMATION

The following table presents an extract of our Group's combined statements of comprehensive income for each of the three years ended 31 March 2011:

Combined Statements of Comprehensive Income

	Year ended 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	24,121	196,920	340,198
Cost of sales	(11,665)	(107,840)	(201,063)
Gross profit	12,456	89,080	139,135
Other income	10,778	19,416	49,483
Gain on disposal of a subsidiary	–	9,070	–
Selling and distribution expenses	(3,205)	(4,130)	(6,741)
Administrative expenses	(1,524)	(2,791)	(4,965)
Other operating expenses	(20,311)	(200)	(749)
Operating (loss)/profit	(1,806)	110,445	176,163
Finance costs	–	–	–
Share of result of jointly controlled entity	(583)	(611)	(768)
(Loss)/profit before income tax	(2,389)	109,834	175,395
Income tax expense	(9,576)	(35,582)	(51,694)
(Loss)/profit for the year	(11,965)	74,252	123,701
(Loss)/profit for the year attributable to:			
Owners of our Company	(11,891)	74,324	123,911
Non-controlling interests	(74)	(72)	(210)
	(11,965)	74,252	123,701

The following table presents an extract of our Group's combined financial position as at 31 March 2009, 2010 and 2011 respectively:

Combined Statements of Financial Position

	At 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	923	1,619	2,058
Investment properties	–	15,181	61,479
Interest in a jointly controlled entity	91,080	134,148	138,077
Deferred tax assets	135	3,365	–
	92,138	154,313	201,614
Current assets			
Properties held under development	323,859	734,360	1,063,121
Properties held for sale	120,718	297,742	125,481
Account receivables	7,062	4,163	175
Deposits paid, prepayments and other receivables	150,791	194,473	28,515
Amounts due from related parties	462	92,489	–
Pledged deposits	109,912	177,571	20,366
Cash and bank balances	29,064	34,992	137,157
	741,868	1,535,790	1,374,815
Non-current assets held for sale			
Investment properties held for sale	–	–	5,103
	741,868	1,535,790	1,379,918
Current liabilities			
Account payables	879	8,787	6,272
Accruals, receipts in advance and other payables	98,238	588,110	536,374
Provision for tax	96,394	104,566	87,410
Amounts due to related parties	168,182	222,147	–
Bank and other loans	100,000	150,000	210,000
	463,693	1,073,610	840,056
Net current assets	278,175	462,180	539,862
Total assets less current liabilities	370,313	616,493	741,476
Non-current liabilities			
Deferred tax liabilities	–	–	5,952
	370,313	616,493	735,524
EQUITY			
Equity attributable to our Company's owners			
Share capital	–	–	–
Reserves	341,197	415,936	535,177
	341,197	415,936	535,177
Non-controlling interests	29,116	200,557	200,347
Total equity	370,313	616,493	735,524

Revenue arising from sale of properties held for sale is recognised upon the transfer of the significant risks and rewards of ownership of these properties held for sale to the customers. Accordingly, revenue is recognised upon the signing of the sale and purchase agreement or the issue of the relevant Construction Works Completion and Examination Certificate by the relevant PRC government authorities, whichever is the later.

All of our Group's revenue during the Track Record Period was generated from the sales of the completed portion of Nanchang Honggu Kaixuan (南昌紅谷凱旋) project. Our Group had recorded revenue of approximately RMB24.1 million, approximately RMB196.9 million and approximately RMB340.2 million respectively for the three years ended 31 March 2011.

Our revenue for the year ended 31 March 2009 was primarily derived from the sales recognised upon the delivery of the residential units of Phase 1 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) in both 2008 and 2009. Due to the global financial crisis in 2008, there had been a decrease in our Group's revenue for the year ended 31 March 2009. The financial crisis in 2008 had affected the demand of properties in Jiangxi Province as evidenced by a significant drop in (i) GFA of residential properties sold from approximately 20 million sq.m. in 2007 to approximately 16 million sq.m. in 2008; and (ii) GFA of residential properties completed from approximately 15 million sq.m. in 2007 to approximately 13 million sq.m. in 2008. As a result of such decrease in the property market demand in Jiangxi Province, our GFA delivered decreased to 5,103 sq.m. in 2009 from 120,098 sq.m. in 2008, with an average selling price of RMB4,727 per sq.m. in 2009 (2008: RMB4,662 per sq.m.). Our construction and pre-sale activities had also been slowed down for the year; and only Phase 1 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) was developed during 2009. Due to the low level of pre-sale activities and hence, the limited pre-sale cash flow, the increase in property under development in 2009 had been financed by bank borrowings and proceeds from the contributions by the shareholder of Jiangxi Asia City for the increase of the registered capital of Jiangxi Asia City. Notwithstanding the above, our Company's net current assets increased from approximately RMB234.2 million as of 31 March 2008 to approximately RMB278.2 million as of 31 March 2009. Further, the decrease in sales and diminution in value in respect of the car parking spaces of Nanchang Honggu Kaixuan (南昌紅谷凱旋) had led to a loss of approximately RMB12.0 million for the year ended 31 March 2009.

Our revenue for the year ended 31 March 2010 was primarily derived from the sales recognised upon the delivery of the residential units of the completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) and the car parking spaces. Our revenue had subsequently increased significantly for the year ended 31 March 2010, which was mainly due to the increase in demand for properties in Jiangxi Province after the recovery from the global financial crisis. Such increase in sales had led to a profit for our Group of approximately RMB74.3 million for the year ended 31 March 2010.

Our revenue for the year ended 31 March 2011 was primarily derived from the delivery of commercial units and residential units of the completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋), as well as car parking spaces. Such increase in sales had led to a profit for our Group of approximately RMB123.7 million for the year ended 31 March 2011.

Our gross margin for each of the three years ended 31 March 2011 were 52%, 45% and 41% respectively. The decreasing trend in gross profit margin during the Track Record Period was attributable to the increasing proportion of sales recognised of residential units of the completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋), which carried lower gross profit margin mainly due to the inflation of construction costs as well as the inclusion of the sale of car parking spaces, which carried a very low gross profit margin, during each of the two years ended 31 March 2011.

REGULATORY NON-COMPLIANCE

As at the Latest Practicable Date, all the lease agreements in respect of our investment properties in the PRC and our office in Yichun have not been registered at the relevant PRC governmental authorities and our Group has advanced certain loans to other enterprises, which are prohibited under the General Provisions on Loan (貸款通則) of the PRC. For further details, please refer to the sub-paragraph headed "Regulatory non-compliance" under the paragraph headed "Regulatory Compliance" under the section headed "Business" of this prospectus.

As advised by our PRC legal advisers, the failure to register the leases will not affect the validity of the lease agreements. However, according to the Administrative Measures on Lease of Commodity Properties (商品房屋租賃管理辦法), the relevant PRC governmental authorities may order for the rectification of the failure to register the leases. In the event that any enterprise still fails to register the relevant leases after being ordered to do so, a fine ranging from RMB1,000 to RMB10,000 will be imposed on it. As we have entered into four lease agreements as at the Latest Practicable Date, our PRC legal advisers have confirmed that a maximum fine of RMB40,000 may be imposed on our Group in this regard. As the revenue generated from our rental income is relatively low, we are of the view that such failure to register our lease agreements will not have any substantial impact on our operation and financial position.

As advised by our PRC legal advisers, loans between enterprises fall within the category of unauthorised loans under the General Provisions on Loan (貸款通則) and accordingly, such loan arrangements are invalid under the laws and regulations of the PRC. The PBOC may impose on the lender a fine equivalent to one to five times of its income derived from such loan transactions. As such, our Group may have to pay a penalty equivalent to five times of its interest received. As at the Latest Practicable Date, the total amount of interest received by our Group from the unauthorised loans amounted to approximately RMB17.4 million. As such, the maximum amount of penalty which may be imposed on our Group as a result of the aforesaid loans will be approximately RMB87.0 million as at the Latest Practicable Date. Pan Hong Property, the Controlling Shareholder, has undertaken to indemnify our Group on a full indemnity basis in the event that any penalty is imposed on our Group.

COMPETITIVE STRENGTHS

We believe that our success to date and potential for future growth are attributable to our competitive strengths, which include the following:

- we are recognised as a developer of residential properties in Jiangxi Province, the PRC;

- we have land reserves in prime locations in various cities of Jiangxi Province, the PRC;
- our experienced and dedicated management team has extensive experience in property development sector in the PRC;
- our focus on developing projects in those cities in the central region of the PRC enables us to have insight and understanding on the economic development and market demand in this area; and
- we have our own sales and marketing workforce.

BUSINESS STRATEGIES

We intend to strengthen our market position in Jiangxi Province, the PRC and expand our property development projects in the Southern Region with the benefit from the recent policies of the PRC government in accelerating the pace of economic development of the central region of the PRC. To achieve these goals, we shall adopt the following strategies:

- continue to strengthen our position in various cities in Jiangxi Province, the PRC and expand our business to the Southern Region;
- enhance the market awareness of the properties developed by our Group;
- continue to expand our land reserves to sustain our future growth;
- endeavour to diversify our business model by developing commercial properties;
- increase the number of our investment properties in order to secure rental as long-term income of our Group; and
- continue to exercise financial discipline in our business in order to ensure sustainable growth and sufficient financial resources.

USE OF PROCEEDS

The net proceeds from the Share Offer will strengthen our capital base and will provide funding for achieving our business strategies and carrying out our future plans as set out in this section.

Assuming an Offer Price of HK$1.39 per Share (being the mid-point of the stated range of the Offer Price of between HK$1.10 per Share and HK$1.68 per Share), the estimated net proceeds of the Share Offer (after deducting related expenses payable by us) and the details of the application of such net proceeds are as follows:

	Offer price of HK$1.39 and the Over-allotment Option is not exercised	**Offer price of HK$1.39 and the Over-allotment Option is fully exercised**
Estimated net proceeds		
Estimated net proceeds of the Share Offer, after deducting related expenses payable by us	Approximately HK$387 million (equivalent to approximately RMB329.0 million)	Approximately HK$448 million (equivalent to approximately RMB380.8 million)
Use of proceeds		
Payment of the construction costs of phase 2 of Fuzhou Huacui Tingyuan (撫州華萃庭院)	Approximately HK$54 million (equivalent to approximately RMB45.9 million)	Approximately HK$63 million (equivalent to approximately RMB53.6 million)
Payment of the construction costs of phase 1 of Nanchang Dingxun Project (南昌鼎迅項目)	Approximately HK$124 million (equivalent to approximately RMB105.4 million)	Approximately HK$143 million (equivalent to approximately RMB121.5 million)
Payment of the construction costs of phase 2 of Yichun Project (宜春項目)	Approximately HK$178 million (equivalent to approximately RMB151.3 million)	Approximately HK$206 million (equivalent to approximately RMB175.1 million)
As general working capital of our Group	Approximately HK$31 million (equivalent to approximately RMB26.4 million)	Approximately HK$36 million (equivalent to approximately RMB30.6 million)

Assuming an Offer Price is set at HK$1.68 per Offer Share and HK$1.10 per Offer Share (being the high-end and low-end of the stated range of the Offer Price), the estimated net proceeds of the Share Offer (after deducting related expenses payable by us) and the details of the application of such net proceeds are set out as follows:

	Assuming Offer Price of HK$1.68 and the Over-allotment Option is not exercised	**Assuming Offer Price of HK$1.68 and the Over-allotment Option is fully exercised**	**Assuming Offer Price of HK$1.10 and the Over-allotment Option is not exercised**	**Assuming Offer Price of HK$1.10 and the Over-allotment Option is fully exercised**
Estimated net proceeds				
Estimated net proceeds of the Share Offer, after deducting related expenses payable by us	Approximately HK$471 million (equivalent to approximately RMB400.4 million)	Approximately HK$545 million (equivalent to approximately RMB463.3 million)	Approximately HK$302 million (equivalent to approximately RMB256.7 million)	Approximately HK$350 million (equivalent to approximately RMB297.5 million)
Use of proceeds				
Payment of the construction costs of phase 2 of Fuzhou Huacui Tingyuan (撫州華萃庭院)	Approximately HK$66 million (equivalent to approximately RMB56.1 million)	Approximately HK$76 million (equivalent to approximately RMB64.6 million)	Approximately HK$42 million (equivalent to approximately RMB35.7 million)	Approximately HK$49 million (equivalent to approximately RMB41.7 million)
Payment of the construction costs of phase 1 of Nanchang Dingxun Project (南昌鼎迅項目)	Approximately HK$151 million (equivalent to approximately RMB128.4 million)	Approximately HK$174 million (equivalent to approximately RMB147.9 million)	Approximately HK$97 million (equivalent to approximately RMB82.5 million)	Approximately HK$112 million (equivalent to approximately RMB95.2 million)
Payment of the construction costs of phase 2 of Yichun Project (宜春項目)	Approximately HK$217 million (equivalent to approximately RMB184.4 million)	Approximately HK$251 million (equivalent to approximately RMB213.4 million)	Approximately HK$139 million (equivalent to approximately RMB118.1 million)	Approximately HK$161 million (equivalent to approximately RMB136.8 million)
As general working capital of our Group	Approximately HK$37 million (equivalent to approximately RMB31.5 million)	Approximately HK$44 million (equivalent to approximately RMB37.4 million)	Approximately HK$24 million (equivalent to approximately RMB20.4 million)	Approximately HK$28 million (equivalent to approximately RMB23.8 million)

To the extent that the net proceeds of the Share Offer and the issue of new Shares under the Over-allotment Option are not immediately applied for the above purposes, it is the present intention of our Directors that such net proceeds will be placed on short-term deposits with financial institutions.

Our Directors are of the view that the net proceeds from the Share Offer, together with internally generated funds and the banking facilities available to our Group, will be sufficient to finance the business development of our Group as described in this prospectus.

DIVIDENDS AND DIVIDEND POLICY

Dividend approved and paid during the Track Record Period:

	Year ended 31 March		
	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*
Interim dividend	–	–	105,000

Dividend was declared and paid by a subsidiary to its respective then shareholders for the year ended 31 March 2011. All declared dividend has been fully paid. No dividend has been paid or declared by our Company since the date of its incorporation.

Dividends may be declared through a general meeting in any currency up to the amount recommended by the Board. In accordance with our Bye-laws, dividends may also be paid out of contributed surplus (as ascertained in accordance with the Companies Act). No dividend shall be paid as distribution made out of contributed surplus if to do so would render our Company unable to pay its liabilities as they become due or the realisable assets of its assets would thereby become less than the aggregate of its liabilities and its share capital and share premium accounts.

Our Board's discretion to declare a dividend will be affected by such factors, inter alia, as: (1) our general business conditions; (2) our financial performance; (3) our capital commitments; (4) our Shareholders' interests; and (5) any other factors which our Board may deem relevant. More specifically, declaration of dividend will also depend on the availability of dividends received from our subsidiaries in the PRC. The PRC laws require that dividends are to be paid only out of the net profit determined in accordance with the PRC accounting principles, which may differ from HKFRSs. The PRC laws also require companies (including foreign investment enterprises) to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiaries in the PRC may also be restricted if they incur debts or losses or in accordance with any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries in the PRC may enter into in the future.

Our Board has the absolute discretion to recommend or declare any dividend in the future. Dividends will be declared, if any, in Hong Kong dollars with respect to the Shares on a per Share basis and will be paid in Hong Kong dollars. Any final dividend for a financial year will be subject to our Shareholders' approval.

OFFER STATISTICS

	Based on Offer Price of HK$1.10 *per Share*	Based on Offer Price of HK$1.68 *per Share*
Market capitalisation of our Company	HK$1,320,000,000	HK$2,016,000,000
Price/earnings multiple	9.05 times	13.83 times
Pro forma adjusted net tangible asset value per share	HK$0.78	HK$0.92

Notes:

1. All statistics presented in this table are based on the assumption that the Over-allotment Option will not be exercised.

2. The calculation of market capitalisation is based on 1,200,000,000 Shares expected to be in issue immediately upon completion of the Share Offer and the Capitalisation Issue, assuming that the Over-allotment Option will not be exercised.

3. The calculation of the price/earnings multiple is based on the net profit attributable to owners of the Group for the year ended 31 March 2011 of approximately RMB123.9 million (equivalent to HK$145.8 million), the Offer Price of HK$1.10 and HK$1.68 per Share and assuming that the Shares had been listed since 1 April 2010 and a total of 1,200,000,000 Shares were issued and outstanding during the entire financial year.

4. The pro forma adjusted net tangible asset value per Share is calculated based on 1,200,000,000 Shares expected to be in issue immediately upon completion of the Share Offer and the Capitalisation Issue (assuming that the Over-allotment Option will not be exercised) and the respective Offer Prices of HK$1.10 and HK$1.68.

PROPOSED SPIN-OFF

Information on Pan Hong Property

Pan Hong Property, a listed company on the main board of the SGX, is principally engaged in property development with focus primarily on developing residential and commercial properties in Zhejiang Province and Jiangxi Province, the PRC. As at the Latest Practicable Date, the property development projects of Pan Hong Property were located in (i) Huzhou and Hangzhou cities of Zhejiang Province, the PRC through the Pan Hong Group and (ii) Nanchang, Fuzhou, Yichun and Leping cities of Jiangxi Province, the PRC through our Group.

Pan Hong Group has more than 15 years of property development experience in Zhejiang Province, which is located adjacent to Shanghai, a richer and more economically developed region in the PRC. With regard to Jiangxi Province, which is located in the central region of the PRC, its development has taken place slightly later and at a slower pace. However, the recent policies implemented by the PRC government in favour of the central region of the PRC have brought about an accelerated development to the economy of Jiangxi Province, the other central provinces and southern part of the PRC.

The recent PRC's government policies to promote development of the central region of the PRC, in particular the Plan to Encourage the Development of the Central Region of the PRC (促進中部地區崛起規劃) (the "**Central Region Plan**"), was proclaimed in 2009 and the relevant implementation opinion was released in early and mid-2010. According to the Central Region Plan and the implementation opinion, six provinces including Jiangxi, Anhui, Hunan, Hubei, Henan and Shanxi are the targeted provinces for development promotion. The PRC government will adopt various strategies to promote the development of the central region of the PRC, including, among others, the encouragement of foreign investments, the implementation of incentive measures and ancillary policies, as well as the development of food production base, energy resource base, modern equipment and advanced technology production base, transportation network, etc.

In view of the potential business opportunities offered by the Central Region Plan, and in order to unlock the value of the investments of Pan Hong Property in the Jiangxi Province, Pan Hong Property has endeavoured to restructure its business portfolio by way of the Proposed Spin-off, with the Southern Region (as shown on the map set out on page 174 of this prospectus and thereon coloured red) serving as a spring board to spearhead the business development in the southern part of the PRC. Meanwhile, Pan Hong Property will focus on the development of the Northern Region (as shown on the map set out on page 174 of this prospectus and thereon coloured yellow).

Our Directors consider that it is an opportune moment to develop those projects held by Pan Hong Property in Jiangxi Province as Jiangxi Province is one of the targeted provinces under the Central Region Plan. As such, our Directors believe that Jiangxi Province is ideally positioned to capture the immediate benefits offered by the Central Region Plan in a timely manner.

Under the current strategy of Pan Hong Property, each of the Southern Region and the Northern Region will respectively cover three out of six targeted provinces of the central region of the PRC under the Central Region Plan. Among the six provinces included in the Central Region Plan, Jiangxi Province, Hubei Province and Hunan Province are the target markets of our Group, while the remaining three targeted provinces, namely Shanxi Province, Anhui Province and Henan Province are the target markets of Pan Hong Property. Such geographical delineation was mainly due to the location of Hubei Province and Hunan Province being adjacent to Jiangxi Province, the existing principal place of business of our Group, where separate management teams are responsible for the property development projects in the Southern Region and the Northern Region respectively.

Our Directors believe that the current strategy of each of the Southern Region and the Northern Region covering three out of six targeted provinces of the Central Region Plan will therefore enable both the Southern Region and the Northern Region to capture the benefit of the Central Region Plan in the long run, with Jiangxi Province being able to benefit from the same immediately.

About the spun-off group

The focus of our Group is to develop our property development projects in Jiangxi Province. The key element of our unique positioning involves strengthening our focus in Jiangxi Province to take advantage of the immediate benefits offered by the Central Region Plan.

As compared to the more developed Zhejiang Province, the economy of Jiangxi Province is currently in the developing stage with the population having a comparatively lower per capita income. Jiangxi Province had recorded a lower per capita disposable income of RMB15,481 in 2010 as compared with the national per capita disposable income of RMB19,109 in 2010 in the PRC. Our Directors are of the view that as compared with other highly developed cities and provinces in the PRC, Jiangxi Province has a higher growth potential, as there is still much room for improvement in terms of the income of the residents in that area, and it is expected that the quality and living conditions will continue to improve in line with the accelerated economic development in the region.

In this regard, the current focus and strategy for the property development business in Jiangxi Province will be on the development of residential properties in order to better meet the basic needs and requirements of the population in Jiangxi Province. Our Directors therefore believe that Jiangxi Province will experience strong development and growth in the following ten years. Please refer to the paragraph headed "Reasons and benefits of the Proposed Spin-off" under the section headed "Information about this prospectus and the Share Offer" of this prospectus for further details in respect of other major reasons and benefits of the Proposed Spin-Off.

As Jiangxi Province is able to take immediate advantage in a timely manner of the benefit offered by the Central Region Plan, our Directors are of the view that the Proposed Spin-Off is in the best interest of the Shareholders as a whole.

Immediately following completion of the Share Offer and the Capitalisation Issue (taking no account of any Shares which may be allotted and issued under the Over-allotment Option and any options that may be granted under the Share Option Scheme), Pan Hong Property will be interested in 75% of the issued share capital of our Company

The SGX has given an in-principle approval to the listing of Pan Hong Property's property development business and land parcel available for development located in Nanchang, Fuzhou, Yichun and Leping Cities in Jiangxi Province (the "**Jiangxi Property Business**") on the Stock Exchange subject to an undertaking being provided by Pan Hong Property to the SGX that in the event that Pan Hong Property contemplates a proposal that results in Pan Hong Property holding less than 50% interest in the Jiangxi Property Business:

(i) Pan Hong Property will consult the SGX prior to announcement and implementation of such proposal;

(ii) the Pan Hong Group's remaining business outside of the Jiangxi Property Business must satisfy the admission criteria for listing on the main board of the SGX;

(iii) in the event that Pan Hong Property's interest in the Jiangxi Property Business falls below 50% and the Pan Hong Group's remaining business is not able to meet the requirements for listing on the main board of the SGX, Pan Hong Property will be delisted from the SGX and an exit offer will be made to the shareholders of Pan Hong Property; and

(iv) Pan Hong Property will comply with such other conditions as may be imposed by the SGX.

Pan Hong Property has given the required undertaking to the SGX.

The Listing is conditional upon, inter alia, the approval of the shareholders of Pan Hong Property being obtained at the special general meeting for the disposal of part of Pan Hong Property's shareholding interest in our Company (the "**Proposed Disposal**") and the material dilution of Pan Hong Property's shareholding interest in our Company (the "**Proposed Material Dilution**"). At the special general meeting of Pan Hong Property held on 6 January 2011, the shareholders of Pan Hong Property approved the Proposed Disposal and the Proposed Material Dilution.

Pan Hong Property has obtained all the required approvals from and fulfilled all the conditions imposed by the relevant regulatory authorities in Singapore for the Proposed Spin-off.

AUSTERITY MEASURES IMPLEMENTED BY THE PRC GOVERNMENT

During the Track Record Period and up to the Latest Practicable Date, the PRC government had implemented a series of regulations and policies to slow down the property market and inflation of property prices, as well as to dampen property speculation, in particular in the high-end and luxury residential property. These policies may therefore limit our ability to obtain land for future villa and large-sized apartment residential developments; as well as finance to acquire land; and they include but are not limited to:

Date	Name	Major policies implemented
29 July 2008	Notice on Financially Promoting the Economisation and Intensive Use of Land (中國人民銀行、中國銀行業監督管理委員會關於金融促進節約集約用地的通知)	• Prohibited the PRC commercial banks from granting loans to property developers to pay land grant premium; • Prohibited granting loans to the property developer for leaving land idle for more than two years; and • Prohibited taking idle land as a security for loans.

Date	Name	Major policies implemented
18 November 2009	Circular on Further Tightening Control over Income and Expenses from Land Grant (關於進一步加強土地出讓收支管理的通知)	• Required full payment of the land grant premium within one year; and • Required local governments to strictly enforce penalties on, and restrictions from acquiring new land, property developers that have delayed payment of land grant premium or construction for reasons other than force majeure.
22 December 2009	Notice on Adjusting the Business Tax Policies on Individual Housing Transfer (財政部、國家稅務總局關於調整個人住房轉讓營業稅政策的通知)	Effective from 1 January 2010: • Prescribed business tax is charged at higher scale residential housing sold within five years of purchase (including the fifth year for non-ordinary residential housing only); non-ordinary residential housing are subject to a higher scale than ordinary residential housing.
7 January 2010	Notice on Promoting the Steady and Healthy Development of the Real Estate Market (國務院辦公廳關於促進房地產市場平穩健康發展的通知)	Required that, among other things • banks shall strictly prohibit offering loans to property developers not in compliance with credit loan regulations or policies; • land resource authorities shall strictly collect land grant premium and monitor idle land; and • the minimum down payment for the purchase of a second residential property by any household that mortgaged its first residential property shall be 40% of the purchase price.

Date	Name	Major policies implemented
8 March 2010	Notice on Strengthening the Supply and Supervision of Land Use for Real Estate Property (國土資源部關於增加房地產用地供應和監管有關問題的通知)	• Required the land resource authorities to strictly control the land supply for large-sized apartments and prohibit the land supply for villas; and • Prescribed a strict timeline for land use rights grant contract to be executed within ten working days of grant of land; and payment of 50% of the land premium within one month of execution of the land use rights grant contract with the balance paid no later than one year after the execution.
13 April 2010	Notice on Further Strengthening the Supervision over the Real Estate Market and Improving the Pre-sale System of Commercial Housing (住房和城鄉建設部關於進一步加 強房地產市場監管完善商品住房預售制度有關問題的通知)	Provided that within ten days after obtaining the pre-sale permit for the project, property developers shall simultaneously release to the public the number of permissible pre-sale properties and their price.
17 April 2010	Notice on Strictly Restraining the Excessive Growth of the Property Prices in Some Cities (國務院關於堅決遏制部份城市房價過快上漲的通知)	• Progressive minimum percentage of down payments and interest rates must be paid by (1) first-time family buyers for apartments larger than 90 sq.m.; (2) customers of the second mortgage property; and (3) those who are purchasing their third or more property.

Date	Name	Major policies implemented
29 September 2010	Notice on Improving the Differential Housing Loan Policy (中國人民銀行、中國銀行業監督管理委員會關於完善差別化住房 信貸政策有關問題的通知)	• Prohibited commercial banks from granting or extending loans to property developers that violate laws and regulations; • Prohibited commercial banks from granting housing loans to local families who buy their third or more property or to non-local residents who fail to provide local tax payment certificates or social insurance payment certificates for over one year; and • Increased the minimum of down payment to at least 30% of the property purchase price.
29 September 2010	Notice of Deed Tax on the Adjustment of Real Estate Transactions and Personal Income Tax Preferential Policies (財政部、國家稅務總局、住房和城鄉建設部關於調整房地產交易環節契稅個人所得稅優惠政策的通知)	Reduced deed tax to 1% for individuals purchasing ordinary residence with less than 90 sq.m. as the family's sole property.
23 November 2010	Circular regarding Submitting the Assignment of Urban Low-Income Housing Plan (住房和城鄉建設部關於報送城鎮保障性安居工程計劃任務的通知)	An additional 10 million property units of low-income housing are planned to be constructed in 2011.
26 January 2011	Notice on Further Promoting the Adjustment and Control of Real Estate Market (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知)	Municipalities directly under the Central Government, capital cities of provinces, cities with separate budgets from the central finance and cities with too high or excessively rising house prices shall strictly establish and enforce measures of property purchasing limitations within a certain period.

Date	Name	Major policies implemented
27 January 2011	Notice on Adjusting the Business Tax Policies on Individual Housing Transfer (財政部、國家稅務總局關於調整個人住房轉讓營業稅政策的通知)	Effective from 28 January 2011: Prescribed business tax is charged at higher scale residential housing sold within five years of purchase; prescribed business tax is charged at lower scale residential housing sold beyond five years of purchase (including the fifth year). Notice on Adjusting the Business Tax Policies on Individual Housing Transfer promulgated on 22 December 2009 was abolished.
8 March 2011	Notice on Promoting Housing Financial Services and Strengthening Risk Management (中國銀監會辦公廳關於做好住房金融服務加强風險管理的通知)	In handling the individual housing loan business after 26 January 2011, banking financial institutions shall strictly implement the provision that with respect to families that purchase second residential properties through loans, the down payment shall not be less than 60%, and the loan interest rate shall not be less than 1.1 times of the benchmark rate.

Our Directors believe that the introduction of these austerity measures, including, in particular, the Notice on Strictly Restraining the Excessive Growth of the Property Prices in Some Cities (國務院關於堅決遏制部份城市房價過快上漲的通知) may affect the availability of credit facilities to potential customers, the general investment appetite in the industry and the availability of funding for property developers for land acquisitions and development, thereby adversely impacting our GFA sold and our revenues from sales. As the Notice on Strictly Restraining the Excessive Growth of the Property Prices in Some Cities (國務院關於堅決遏制部份城市房價過快上漲的通知) has only become effective since 1 February 2011, as at the Latest Practicable Date, our Directors were not aware of any specific impact that the Notice on Strictly Restraining the Excessive Growth of the Property Prices in Some Cities (國務院關於堅決遏制部份城市房價過快上漲的通知) has had or may have on our business. For the Circular regarding Submitting the Assignment of Urban Low-Income Housing Plan (住房和城鄉建設部關於報送城鎮保障性安居工程計劃任務的通知), as advised by our PRC legal advisers, the PRC government has stringent requirements for the application for such low-income housing units and all applicants for the said housing units shall satisfy certain requirements in term of, inter alia, age, household income, household assets, the average GFA occupied by each of the family members in the existing houses, etc. There are also restrictions on the disposal of those housing units. In light of the aforesaid, our Directors are of the view that the target customers of units of those low-income housing are different from our target customers who are in the middle-class or above. There can be no assurance that the recently introduced austerity measures have not had a material adverse effect on our business, the value of our Group's property portfolio and results of operations or that they will not have a materially adverse effect on our business, the value of our Group's property portfolio and results of operations in the future.

Despite the introduction of the austerity measures, we have not encountered any material difficulties in the pre-sales and sales of our properties and we have received deposits from the customers for over 70% of our residential units in phase 1 and the completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) within two months after we have made the relevant residential units available for sale in the market. There was also not any significant drop in the selling prices of our properties during the Track Record Period. Our Directors confirm that our Group will have sufficient working capital for the following 12 months after Listing. Further, we have commenced the pre-sales of our properties in phase 1 of Fuzhou Huacui Tingyuan (撫州華萃庭院) since the beginning of this year and 70% of the units in phase 1 of Fuzhou Huacui Tingyuan (撫州華萃庭院) were sold within one month and the average sales prices were higher than the average residential property prices in Fuzhou.

We have various sources of funding for our development projects, including capital contribution from our Group and our joint venture partners, proceeds generated from the pre-sale of our properties as well as other internal financial resources. We usually give priority to other sources of funding other than bank loans in the formulation of our development plan. Bank loans therefore do not constitute a major part of our sources of funding for our projects. Further, as confirmed by the Valuer, there had been no impairment in the value of our Group's properties as at 30 April 2011. In light of the aforesaid, our Directors are of the view that the austerity measures restricting bank loans did not have any material impact on our Group's operation and financial results during the Track Record Period.

Our Directors have also confirmed that the other austerity measures set out above did not have any material impact on the value of our properties and our business during the Track Record Period.

INTEREST RATES

Our financing costs and, as a result, our results of operation, are affected by changes in interest rates. Since December 2008, the PBOC has raised the benchmark one-year lending rate several times, by 25 basis points each time. The said benchmark rate was 6.31% as at the Latest Practicable Date. The effect of the increases in interest rates on our borrowing costs may not be immediately apparent since our borrowing costs in connection with the development of our Group's projects were fully capitalised during the Track Record Period. Upon completion of a project and once the project has been delivered to buyers, the capitalised interest expenses of the relevant property will be recognised as cost of sales in our income statement. We expect that the increase in interest rates will increase our borrowing costs in general and the financing cost of property buyers and as a result, may or may not delay potential customers from making a purchase.

RISK FACTORS

Our Directors believe that there are certain risks involved in our Group's operations. They can be categorised as (i) risks associated with our business; (ii) risks associated with property development in the PRC; (iii) risks associated with the PRC; and (iv) risks associated with the Shares and the Share Offer.

These risks are summarised below. For a further discussion on the risk factors, please refer to the section headed "Risk Factors" of this prospectus.

Risk associated with our business

- We rely heavily on the property market in the PRC, in particular in Jiangxi Province.
- We rely on the strategies and vision of our key management.
- We may encounter disruption from the rising cost of labour or the fluctuation in the price of building materials.
- We require substantial capital resources to fund our land acquisitions and property developments, and any adverse change in the availability of such capital resources could significantly affect our business operations and prospects.
- We maintain a certain level of indebtedness, which may affect our business, financial condition, results of operations and prospects.
- We have already fully utilised the entire facility amount of the existing bank loan.
- We may not be able to obtain suitable land for property development.
- There will be a delay in realising any benefits from our investment.
- As we derive our revenue principally from the sale of residential properties, our results of operations may vary significantly from period to period.
- We have experienced periods of net cash outflow from operating activities in the past and may face the same problem in future.
- We are subject to certain restrictive covenants and certain risks associated with debt financing which may limit or otherwise adversely affect our operation.
- Our property valuation may differ materially from the actual realisable value of our properties, which is subject to change from time to time.
- The quality of the services provided by the independent contractors may not be satisfactory.
- We may not be able to sustain our gross profit margin.
- Our sales may be affected by the pace of the banks in advancing the relevant funds in respect of the mortgage loans to our Group.

- We provide guarantees in respect of mortgage loans granted to our customers by banks and any changes in laws and regulations governing the guarantees in respect of such mortgage loans may affect our revenue.

- We may encounter difficulties in expanding into new markets in the PRC.

- The policy of Nanchang government to restrict the purchase of property in Nanchang may affect the sales price and demand for our properties in Nanchang.

- Our failure to obtain, or material delay in obtaining, necessary governmental approvals for any property development may adversely affect our business.

- If our completed property developments are not in compliance with the relevant land grant contracts or construction works commencement permits, we will be subject to additional payments or be required to take corrective measures to rectify such non-compliance.

- The lessor in respect of our office in Yichun cannot produce valid title certificates in respect of the premises.

- Any failure to develop, maintain and protect our trademark could have an adverse effect on our business.

- We may have to incur significant costs on environmental protection and safety measures.

- The interests of our Controlling Shareholders may conflict with those of our other minority Shareholders.

- Disputes with joint venture partner in the Yichun Project (宜春項目) may adversely affect our business.

- We do not have insurance to cover potential losses and claims relating to our operations.

- We may be liable to our customers for damages if the individual property ownership certificates cannot be obtained in a timely manner.

- Our profitability may fluctuate substantially due to fair value gains and losses on our investment properties.

- We rely on profit distribution by our operating subsidiaries and jointly-controlled entity in the PRC.

- We face competition from other developers.

- Our joint venture partners are not prohibited from engaging in competing businesses.

- We may be involved in legal and other proceedings arising out of our operations from time to time and may face significant liabilities and a deterioration of our corporate image as a result which may adversely affect our business.

- The global financial markets have experienced significant deterioration and volatility during the past few years and recurrence of the same may adversely affect our financial condition and results of operations.

Risk associated with property development in the PRC

- The PRC government has adopted measures, and may adopt further measures, to slow down the growth in the property market.

- Our ability to secure new projects and related investments may be restricted by policies and regulations introduced by the PRC government.

- We may be unable to transfer the proceeds from the Share Offer into the PRC for property developments and onshore equity investments.

- Our business is subject to LAT.

- Our development plan may be affected in the event that the relocation matters cannot be handled by the relevant PRC governmental authority smoothly.

- Changes in laws and regulations in relation to the pre-sales of properties may affect our business.

- The overall land supply for low-density and large-size residential property developments will be restricted.

- The property market in the PRC is in its early stage of development and is volatile.

- The market demand for our properties may be affected by the changes in the terms of the mortgage loans.

- Our land may be forfeited by the PRC government if we fail to comply with the terms of the land use rights grant contracts.

- Any constructed GFA of our projects under development or future property developments deemed by the local government authorities to be non-compliant may be subject to governmental approval and additional payments.

Risks associated with the PRC

- Political and social conditions may affect our business.
- Economic conditions may affect our business.
- The legal system of the PRC may affect our business.
- Dividends payable by us to our foreign investors and gains on the sales of our Shares may become subject to withholding tax under the PRC tax laws.
- Fluctuations of RMB may adversely affect our operations and financial results.
- We are subject to the PRC government controls on currency conversion.
- It may be difficult to effect service of process or to enforce judgments in the PRC.
- The occurrence of natural disasters in the PRC may affect our business.

Risks associated with the Shares and the Share Offer

- The liquidity and price of the Shares may be volatile.
- There is no prior market for the Shares.
- Statistics and related facts in this prospectus may be inaccurate.
- Historical dividends are not indicative of future dividends.
- Future disposals of a substantial number of our Shares by our major Shareholders in the public market may cause downward pressure to the market prices of our Shares.
- As the Offer Price is higher than the net tangible book value per Share, investors will experience immediate dilution.
- Investors should not rely on any information contained in the press articles or other media regarding our Group and the Share Offer.

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings.

"Application Form(s)"	**WHITE**, **YELLOW** and **GREEN** application form(s) or, where the context so requires, any of them to be used in connection with the Public Offer
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Business Day"	any day (other than Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"Bye-laws"	the bye-laws of our Company as amended, supplemented or otherwise modified from time to time
"Capitalisation Issue"	the allotment and issue of 895,000,000 Shares to be made upon the capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the paragraph headed "Shareholder's resolutions of our Company passed on 4 July 2011" in the section headed "Further information about our Company and its subsidiaries" in Appendix VI to this prospectus
"CBRC"	China Banking Regulatory Commission (中國銀行業監督管理委員會)
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant

"China" or "PRC"	the People's Republic of China, and for the purpose of this prospectus, excludes Hong Kong, the Macau Special Administrative Region of China and Taiwan
"Companies Act"	the Companies Act 1981 of Bermuda, as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Sino Harbour Property Group Limited (漢港房地產集團有限公司), a company incorporated in Bermuda with limited liability on 5 January 2011
"Compliance Adviser Agreement"	the Compliance Adviser Agreement dated 11 July 2011 entered into between Kingsway Capital Limited and the Company pursuant to Rule 3A.19 of the Listing Rules
"Connected Person(s)"	has the meaning ascribed to thereto under the Listing Rules
"Controlling Shareholders"	collectively, (i) Pan Hong Property which will beneficially own 75% of the Shares immediately following the Share Offer and the Capitalisation Issue (without taking into account the Shares, if any, to be allotted and issued pursuant to the Share Option Scheme and the Over-allotment Option); (ii) Extra Good, which owns 55.88% of the issued shares in Pan Hong Property as at the Latest Practicable Date; and (iii) Mr. Wong and Ms. Chan, who own 52% and 48% of the entire issued share capital of Extra Good as at the Latest Practicable Date respectively and "Controlling Shareholder" means any one of them
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)" or "our Directors"	the director(s) of our Company
"Enrich HK"	Enrich H.K. Investments Limited (威裕香港投資有限公司), a company incorporated in Hong Kong with limited liability on 23 November 2006, which was a wholly-owned subsidiary of Pan Hong Property and has become a wholly-owned subsidiary of SHPH upon completion of the Reorganisation
"Extra Good"	Extra Good Enterprises Ltd., a company incorporated in BVI with limited liability on 9 January 2006, which is a controlling shareholder of Pan Hong Property and owned as to 52% by Mr. Wong and 48% by Ms. Chan

"FIREE"	foreign-invested real estate enterprise
"Fuzhou Pan Hong"	撫州汎港凱旋房地產開發有限公司 (Fuzhou Pan Hong Kai Xuan Property Development Co., Ltd.), a wholly-foreign owned enterprise established in the PRC on 19 November 2007, which is a wholly-owned subsidiary of Sino Harbour
"Green Application Form(s)"	the application form(s) to be completed by the HK eIPO White Form Service Provider designated by our Company
"Group" or "our Group" "we" or "us"	our Company, its subsidiaries and its jointly-controlled entity, or where the context so requires, in respect of the period before our Company became the holding company of its current subsidiaries and its jointly-controlled entity, our Company's current subsidiaries and its jointly-controlled entity or the business operated by such subsidiaries or their predecessors (as the case may be)
"HK eIPO White Form"	the application process for the Offer Shares with applications issued in the applicant's own name and submitted online through the designated website of www.hkeipo.hk
"HK eIPO White Form Service Provider"	the HK eIPO White Form service provider designated by our Company, as specified on the designated website at www.hkeipo.hk
"HKFRS"	Hong Kong Financial Reporting Standards
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Share Registrar"	Tricor Investor Services Limited, the branch registrar of the Company in Hong Kong
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders (within the meaning of the Listing Rules), of our Company, its subsidiaries or any of their respective associates

"Jiangmen Pan Hong"	江門市汎港凱旋房地產開發有限公司 (Jiangmen Pan Hong Kaixuan Real Estate Development Co., Ltd.), a limited liability company established in the PRC on 27 September 2007, which was then owned as to 75% by Jiangxi Asia City and was later disposed of by Jiangxi Asia City on 10 February 2010
"Jiangxi Asia City"	江西亞洲城房地產開發有限公司 (Jiangxi Asia City Real Estate Development Co., Ltd.), a wholly-foreign owned enterprise established in the PRC on 4 July 2003, which is a wholly-owned subsidiary of Sino Harbour
"Jiangxi Dongjing"	江西東景房地產開發有限公司 (Jiangxi Dongjing Property Development Limited), a limited liability company established in the PRC on 14 October 2002 and a 49% shareholder of Leping Feng Huang, which is legally and beneficially owned by Mr. Chen Jun (陳軍) and Mr. Chen Liming (陳黎明) as to 65% and 35% respectively and is, save for being the joint venture partner of our Group, an Independent Third Party
"Jiangxi Ganghong"	江西港洪實業有限公司 (Jiangxi Ganghong Investment Co. Ltd.), a sino-foreign equity joint venture enterprise established in the PRC on 29 March 2007, which is owned as to 50% by Sino Harbour and as to 50% by Jiangxi Hongkelong
"Jiangxi Hongkelong"	江西洪客隆實業有限公司 (Jiangxi Hongkelong Enterprise Limited), a limited liability company established in the PRC on 18 June 1993 and a 50% shareholder of Jiangxi Ganghong, which is legally and beneficially owned by Mr. Xiong Xianzhong (熊賢忠), Mr. Xu Xiaorong (徐小榮) and Mr. Hu Lanping (胡蘭平) as to 52.35%, 0.5% and 47.15% respectively and is, save for being the joint venture partner of our Group, an Independent Third Party
"Joint Lead Managers"	Kingsway Financial and OSK Securities Hong Kong Limited
"Kingsway Financial"	Kingsway Financial Services Group Limited, one of the Joint Lead Managers
"Latest Practicable Date"	5 July 2011, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in the prospectus prior to its publication
"Leping Feng Huang"	樂平市鳳凰金誠實業有限公司 (Leping City Feng Huang Jincheng Industry Co., Ltd.), a sino-foreign equity joint venture enterprise established in the PRC on 24 December 2004, which is owned as to 51% by Enrich HK and as to 49% by Jiangxi Dongjing

"Listing"	listing of the Shares on the main board of the Stock Exchange
"Listing Date"	the date on which trading in the Shares on the Main Board of the Stock Exchange commences
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Memorandum of Association"	the memorandum of association of our Company as amended, supplemented or otherwise modified from time to time
"Ministry of Construction"	the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部), former PRC Ministry of Construction (中華人民共和國建設部)
"Ministry of Finance"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"Ministry of Land and Resources"	Ministry of Land and Resources of the PRC (中華人民共和國國土資源部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部) and its delegated authorities
"Mr. Wong"	Mr. Wong Lam Ping, who is (i) a controlling shareholder of our Company; (ii) a 52% shareholder of Extra Good; and (iii) the spouse of Ms. Chan and the father of Mr. Wong Lui, an executive Director
"Ms. Chan"	Ms. Chan Heung Ling, who is (i) the Chairlady and a non-executive Director; (ii) a controlling shareholder of our Company; (iii) a 48% shareholder of Extra Good; and (iv) the spouse of Mr. Wong and the mother of Mr. Wong Lui, an executive Director
"Nanchang Dingxun"	南昌鼎迅實業有限公司 (Nanchang Dingxun Co. Limited), a domestic company which is re-invested by a foreign investment enterprise and established in the PRC with limited liability on 25 February 2003, which is owned as to 55% by Jiangxi Asia City and as to 45% by Shanghai Dingxun
"Nanchang Liyang"	南昌市麗陽裝飾工程有限公司 (Nanchang Liyang Decoration Limited), a company re-invested by a foreign investment enterprise and established in the PRC with limited liability on 17 September 2009, which is a wholly-owned subsidiary of Jiangxi Asia City

"NASDAQ"	National Association of Securities Dealers Automated Quotations
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"New Group Business"	the existing and intended business of our Group after completion of the Proposed Spin-off, including property development business in those target provinces and cities in the Southern Region
"Northern Region"	those target markets of the Pan Hong Group, which include Xinjiang, Tibet, Gansu, Shaanxi, Qinghai, Inner Mongolia, Ningxia, Shanxi, Henan, Hebei, Shandong, Jiangsu, Anhui, Zhejiang, Liaoning, Jilin, Heilongjiang, Beijing, Tianjin, Shanghai as shown on the map set out on page 174 of this prospectus and thereon coloured yellow
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%) which will be not more than HK$1.68 and is expected to be not less than HK$1.10, such price to be determined in the manner as further described in the paragraph headed "Price payable on application" under the section headed "Structure of the Share Offer" of this prospectus
"Offer Shares"	the Placing Shares and the Public Offer Shares
"Over-allotment Option"	the option to be granted by our Company to Kingsway Financial (for itself and on behalf of the other Underwriters) to require our Company to allot and issue up to an aggregate of 45,000,000 additional new Shares to, among other things, cover over-allocations in the Share Offer, if any, details of which are contained in the section headed "Structure of the Share Offer" of this prospectus
"Over-allotment Shares"	up to an aggregate of 45,000,000 additional new Shares (representing 15% of the Offer Shares) to be issued by our Company pursuant to the exercise of the Over-allotment Option
"Pan Hong Group"	Pan Hong Property and its subsidiaries (excluding our Group)
"Pan Hong Group's Business"	the existing and intended business of Pan Hong Group (excluding the business of our Group) after completion of the Proposed Spin-off, including, without limitation, the property development business in the Northern Region

"Pan Hong Investment"	Pan Hong Investment Limited (汎港投資有限公司), a company incorporated in Hong Kong with limited liability on 23 August 1994, which is a wholly-owned subsidiary of Pan Hong Property and a former sole shareholder of Jiangxi Asia City and Fuzhou Pan Hong and a former 50% shareholder of Jiangxi Ganghong
"Pan Hong Property"	Pan Hong Property Group Limited, a company incorporated in Bermuda with limited liability on 20 December 2005 whose shares are listed on the main board of the SGX
"PBOC"	People's Bank of China (中國人民銀行), the central bank of China
"Placing"	the conditional placing of the Placing Shares at the Offer Price with institutional, professional and private investors, details of which are described in the section headed "Structure of the Share Offer" of this prospectus
"Placing Shares"	the 270,000,000 Shares initially being offered by our Company for subscription at the Offer Price under the Placing, subject to reallocation as described in the section headed "Structure of the Share Offer" of this prospectus
"Placing Underwriters"	the underwriters of the Placing whose names are set out in the paragraph headed "Placing Underwriters" in the section headed "Underwriting" to this prospectus
"Placing Underwriting Agreement"	the underwriting agreement relating to the Placing expected to be entered into among the Company, Pan Hong Property, the Sponsor, the Joint Lead Managers and the Placing Underwriters on or about 18 July 2011 as further described in the section headed "Underwriting" of this prospectus
"Proposed Spin-off"	the spin-off of our Group's property development business from Pan Hong Property for the pursuit of separate listing on the Main Board
"Public Offer"	the offer to the public in Hong Kong for subscription of the Public Offer Shares at the Offer Price, on and subject to the terms and conditions stated in this prospectus and in the Application Forms, details of which are described in the section headed "Structure of the Share Offer" of this prospectus and the related Application Forms
"Public Offer Shares"	the 30,000,000 Shares initially being offered by our Company for subscription at the Offer Price under the Public Offer, subject to reallocation as mentioned in the section headed "Structure of the Share Offer" of this prospectus

"Public Offer Underwriters"	the underwriters of the Public Offer whose names are set out in the paragraph headed "Public Offer Underwriters" under the section headed "Underwriting" of this prospectus
"Public Offer Underwriting Agreement"	the underwriting agreement relating to the Public Offer dated 11 July 2011 entered into among the Company, Pan Hong Property, the Sponsor, the Joint Lead Managers and the Public Offer Underwriters as further described in the section headed "Underwriting" of this prospectus
"Reorganisation"	the Reorganisation of our Group prior to the issue of this prospectus, details of which are set out in the paragraph headed "Corporate Reorganisation" in Appendix VI to this prospectus
"Reporting Accountants"	BDO Limited, Certified Public Accountants
"RMB"	Renminbi, the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SARS"	Severe Acute Respiratory Syndrome
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SGX"	Singapore Exchange Securities Trading Limited
"Shanghai Dingxun"	上海鼎迅實業(集團)有限公司 (Shanghai Dingxun Enterprise (Group) Limited) (formerly known as 上海鼎迅實業有限公司 (Shanghai Dingxun Enterprise Limited)), a limited liability company established in the PRC on 27 November 1997 and a 45% shareholder of Nanchang Dingxun, the single largest controlling shareholder of which is Mr. Yin Xiaming (尹夏明) who owns 61.63% of the registered capital and is, save for being the joint venture partner of our Group, an Independent Third Party
"Share(s)"	ordinary share(s) with nominal value of HK$0.01 each in the share capital of our Company
"Share Offer"	the Placing and the Public Offer
"Share Option Scheme"	the share option scheme approved and adopted by our Company on 4 July 2011, the principal terms of which are summarised in the paragraph headed "Share Option Scheme" in Appendix VI of this prospectus
"Shareholder(s)"	holder(s) of the Share(s)

"SHPH"	Sino Harbour Property Holdings Limited, a company incorporated in BVI with limited liability on 26 January 2011 and a wholly-owned subsidiary of the Company
"Singapore"	Republic of Singapore
"Sino Harbour"	Sino Harbour Limited (漢港有限公司), a company incorporated in Hong Kong with limited liability on 10 October 2007, which is wholly-owned by SHPH
"Southern Region"	those target markets of our Group, which include Jiangxi, Sichuan, Chongqing, Hubei, Fujian, Yunnan, Guangxi, Hunan, Guangdong, Guizhou and Hainan as shown on the map set out on page 174 of this prospectus and thereon coloured red
"Sponsor"	Kingsway Capital Limited, the sponsor for the Listing
"Stock Borrowing Agreement"	the stock borrowing agreement dated 11 July 2011 entered into between Pan Hong Property and Kingsway Financial
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"S$"	Singapore dollars, the lawful currency of Singapore
"Track Record Period"	the period comprising the three financial years ended 31 March 2011
"Underwriters"	the Placing Underwriters and the Public Offer Underwriters
"Underwriting Agreements"	collectively, the Placing Underwriting Agreement and the Public Offer Underwriting Agreement
"US"	the United States of America
"US$"	United States dollars, the lawful currency of the US
"Valuer"	Jones Lang LaSalle Sallmanns Limited, an independent professional property valuer
"%"	per cent

Unless the context requires otherwise, translation of US$, HK$ and RMB is made in this prospectus, for illustration purpose only, at the rates of US$1.00 = HK$7.80 and HK$1.00 = RMB0.85 respectively.

No representation is made that any amount in HK$, US$ or RMB could have been or could be converted at the above rates or at any other rates or at all.

For ease of reference, the English translation of the Chinese names of the PRC entities mentioned in this prospectus, or vice versa, has been provided for identification purpose only.

"CAGR"	compound annual growth rate
"completion certificate"	房屋建築工程和市政基礎設施工程竣工驗收備案表 (Construction Works of House and Urban Infrastructure Completion Inspection Certificate), a construction work completion inspection certificate issued by the relevant PRC governmental authority responsible for construction with respect to the completion of property projects
"construction land planning permit"	建設用地規劃許可證 (Construction Land Use Planning Permit), a permit issued by the relevant PRC governmental authority responsible for urban zoning and planning with respect to the planning and design of land
"construction works commencement permit"	建築工程施工許可證 (Construction Works Commencement Permit), a permit issued by the relevant PRC governmental authority responsible for construction with respect to the commencement of construction of property projects
"construction works planning permit"	建設工程規劃許可證 (Construction Works Planning Permit), a permit issued by the relevant PRC governmental authority responsible for urban zoning and planning with respect of the planning and design of property projects
"cross default clause"	clause contained in the event of default provision under certain loan agreements entered into between our Group and certain banks triggering the default mechanism from our failure to meet any payment obligations or other covenants under any other loan agreement between our Group and other lenders
"GFA"	gross floor area
"land use rights certificate"	國有土地使用證 (State-owned Land Use Rights Certificate), a state-owned land use rights certificate issued by the relevant PRC governmental authority responsible for real estate and land resources
"land use rights grant contract"	國有土地使用權出讓合同, an agreement to be entered into between the property developer and the relevant PRC governmental authority after the public tender, auction or listing-for-sale (as the case may be) which provides for, among other things, the acquisition of the land use rights by the property developer and the amount of the land grant premium payable for such acquisition

"LAT"	土地增值稅 (land appreciation tax)
"plot ratio"	the ratio of the GFA (excluding the floor area underground) of all buildings to their site area
"pre-sale permit"	商品房預售許可證 (Commodity House Pre-sale Permit), a property pre-sale permit issued by the relevant PRC governmental authority responsible for housing and building administration
"sq. m."	square metres

This prospectus contains forward-looking statements that state our Group's intention, belief, expectation or prediction for the future that are, by their nature, subject to significant risks and uncertainties.

These forward-looking statements include, without limitation, statements relating to:

- our business and operating strategies and our various measures to implement such strategies;
- our dividend distribution plans;
- our capital commitment plans, particularly plans relating to acquisition of land for our real estate developments and the development of our projects;
- our operations and business prospects, including development plans for our existing and new projects;
- the future competitive environment of the PRC real estate industry;
- the regulatory environment as well as the general industry outlook for the PRC real estate industry;
- future developments in the PRC real estate industry; and
- the trend of the PRC economy in general.

The words "aim", "believe", "intend", "anticipate", "plan", "potential", "predict", "estimate", "project", "propose", "will", "would", "may", "should", "expect", "seek", "going forward" and similar expressions, as they relate to our Group, are intended to identify a number of these forward-looking statements. All statements (other than statements of historical facts included in this prospectus), including statements regarding our Group's strategy, plans and objectives of management for future operations, are forward looking statements. These forward-looking statements merely reflect our Group's current view with respect to future events, but they are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risks factors as disclosed under "Risk Factors" and elsewhere in this prospectus. One or more of these risks or uncertainties may materialise, or the underlying assumptions may prove to be incorrect. Our Directors confirm that these forward-looking statements are made after due and careful consideration. Although our Directors believe that our Company's current views as reflected in those forward-looking statements based on currently available information are reasonable, our Company can give no assurance that those views will prove to be correct, and the investors are cautioned not to place undue reliance on such statements.

Subject to the requirements of the Listing Rules or the applicable laws, our Company undertakes no obligation to publicly update or revise any forward-looking statements contained in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way our Company expects. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

In addition to other information in this prospectus, you should carefully consider the following risk factors together with all other information contained in this prospectus before making any investment decision in relation to the Offer Shares, which may not be typically associated with investing in equity securities of other companies. The risks and uncertainties described below may not be the only ones that we face. Additional risks and uncertainties that we are not aware of or that we currently believe are immaterial may also adversely affect our business, financial condition, results of operations and prospects. If any of the possible events described below occurs, our business, financial condition, results of operations and prospects could be materially and adversely affected and you could lose all or part of your investment.

RISKS ASSOCIATED WITH OUR BUSINESS

We rely heavily on the property market in the PRC, in particular in Jiangxi Province

Our current property projects are all located in the PRC. In particular, as at the Latest Practicable Date, all our property development projects were located in Jiangxi Province, the PRC. Accordingly, our business is dependent upon the performance of the property market in Jiangxi Province. Our business may be affected by any adverse changes in the economic, social and political conditions in the PRC, in particular Jiangxi Province. Our financial condition, operation results and profitability could be affected by adverse changes in the supply of, or the demand for, properties and the property prices in Jiangxi Province, the PRC. If we fail to respond to changes in the market conditions or customer preferences in a timely manner, our performances would be materially and adversely affected.

The property market of the PRC is affected by the recent slowdown in the PRC's economic growth. The annual national real GDP growth rate decreased from 14.2% in 2007 to 9.6% in 2008 and subsequently to 9.2% in 2009. A number of factors had contributed to the economic slowdown of the PRC, including the appreciation of RMB and the tightened macroeconomic austerity measures and monetary policies adopted by the PRC government, which aimed at curtailing the overheating of the economy and controlling the high level of inflation of the PRC.

The slowdown was further exacerbated by the recent global financial crisis, which resulted in extreme volatility in the global capital markets. In addition, banks and other credit providers also restrict the availability of new credit facilities and require more collateral and higher pricing upon the renewal of existing credit facilities. As the economy of the PRC is increasingly linked to the global economy due to the PRC's reliance on exports growth, its economy is affected in various respects by the downturns and recessions in major economies around the world. The availability and the cost of financing in the PRC may be affected by the overall tightening of the global credit markets. It is uncertain as to whether the global credit crisis will persist and the degree of adverse impact on the major economies around the world generally and on the economy of the PRC specifically. Although the PRC government has recently taken measures to promote economic growth, it is uncertain as to whether such measures will be effective in improving the economic condition of the PRC. If the economic condition of the PRC or Jiangxi Province deteriorates or does not improve, our results of operations, financial condition and business prospects may be materially and adversely affected.

The property market of the PRC (including Jiangxi Province) is easily affected by the policies of the PRC government. Market demand for properties in the PRC (including Jiangxi Province) has been affected and will continue to be affected by the macro-economic austerity measures of the PRC government from time to time. For details of the laws, rules and regulations applicable to our Group, please refer to the "Summary of Principal Legal and Regulatory Provisions" as set out in Appendix V to this prospectus. These measures may limit our access to capital resources, reduce market demand for our properties as well as increase our operating costs in complying with such measures. We cannot assure you that the PRC government will not adopt additional and more stringent measures which could further slow down the property market in the PRC and/or Jiangxi Province, thereby affecting our business and prospects.

In recent years, there have been increasing concerns over housing affordability and property market growth sustainability. There is no assurance that the demand for new residential properties in the PRC and/or Jiangxi Province could continue to grow in the future. There could be over-development or economic downturn, which will affect the domestic residential property market.

In light of the aforesaid, there is no assurance that we can continue to achieve the same or better performances from our property development business in the future.

We rely on the strategies and vision of our key management

The development of our business is, to a large extent, attributable to the contribution of the Chairlady, the executive Directors and the senior management of our Company. Ms. Chan has over 15 years of experience in property development in the PRC. Although our Company has entered into a service agreement with each of the Chairlady and the executive Directors for an initial term of three years, there could be an adverse impact on our operations should any of these senior management terminate the service agreement(s) or otherwise cease to serve our Group.

In addition, we believe that our ability to attract and retain skilled staff is significant to our effective growth and successful implementation of our strategies. There is however no assurance that we will be able to retain services of any or all of our senior management personnel and this may lead to disruptions to our operations.

We may encounter disruption from the rising cost of labour or the fluctuation in the price of building materials

As a result of the economic growth and the property boom in the PRC, wages for construction workers and the prices of construction materials (including but not limited to cement, steel etc.) have experienced substantial increases in recent years. In particular, the PRC labour contract law that came into effect on 1 January 2008 has significantly enhanced the protection for employees and increased employers' liability in many circumstances, which may further increase our labour costs. Under the terms of our construction contracts, our construction contractors are generally responsible for the wages of construction workers and procuring construction materials for our property development. However, we are exposed to the price volatility of labour and construction materials in the event that, due to any reason whatsoever, we have to enter into any construction contract with terms to the effect that we have to bear the risks of the fluctuation in the costs of labour and/or construction materials. If we are unable to pass any increase in the cost of labour or construction materials to either our construction contractors or to the customers of our properties, our results of operations may be negatively affected.

We require substantial capital resources to fund our land acquisitions and property developments, and any adverse change in the availability of such capital resources could significantly affect our business operations and prospects

Property development is capital intensive. We finance our property projects primarily through a combination of internally generated funds, sales proceeds of our properties and borrowings from financial institutions. There can be no assurance that we will always have sufficient funds available, or available on favourable or acceptable terms, to fund our current and future property developments. Our ability to obtain adequate financing for land acquisition and property development depends on a number of factors that are beyond our control, including credit market conditions and the PRC governmental policies. Poor credit market conditions, such as during the global financial crisis and economic downturn of 2008 and 2009, could limit our ability to obtain bank loan facilities or raise funds through debt issuances and in extreme circumstances could lead banks to withdraw existing undrawn bank facilities in breach of our bank facility agreements.

The PBOC has raised the RMB deposit reserve ratio for large-scale financial institutions on a number of occasions since January 2010. As at the Latest Practicable Date, the RMB deposit reserve ratio for large-scale financial institutions was 21.5%. The change of the deposit reserve ratio is intended to slow down the growth of money supply, which may adversely affect demand for property in the PRC.

In addition, the PRC government has in recent years introduced numerous policy initiatives in the property sector. Among these measures are policy initiatives implemented by the PRC government to make use of taxation, bank credit and land policies to regulate housing demand. For details, please refer to the sub-paragraph headed "The PRC government has adopted measures, and may adopt further measures, to slow down the growth in the property market" under the paragraph headed "Risks associated with property development in the PRC" of this section.

These governmental actions and policy initiatives have constrained our flexibility and ability to apply for bank loans to finance our property projects and the ability of our customers to obtain mortgage loans from banks to purchase our properties. In particular, the policy restricting banks from granting loans to finance the construction of luxury residential properties may, directly or indirectly, affect our ability to fund the land acquisitions and the development of luxury apartments and villas in the future. However, we have various sources of funding for our development projects, including capital contribution from our Group and our joint venture partners, proceeds generated from the pre-sale of our properties as well as other internal financial resources. We usually give priority to other sources of funding other than bank loans in the formulation of our development plan. Bank loans therefore do not constitute a major part of our sources of funding for our projects. Further, as confirmed by the Valuer, there had been no impairment in the value of our Group's properties as at 30 April 2011. In light of the aforesaid, the Directors are of the view that the austerity measures restricting bank loans did not have any material impact on our Group's operation and financial results during the Track Record Period. The Directors have also confirmed that the other austerity measures set out above did not have any material impact on the value of our properties and our business during the Track Record Period. However, we cannot assure you that the PRC government will not introduce other policies, which may limit our access to capital. The foregoing and other policies introduced or to be introduced by the PRC government may (i) limit our flexibility to make use of bank loans or other forms of financing to fund our land acquisitions or property development, and therefore may require us to maintain a relatively higher level of internal funds; and (ii) restrict our customers' access to mortgage loans in the future.

Further, we utilise proceeds from pre-sales of our properties as an important source of financing for our property developments. There can be no assurance that we will be able to have and continue to have sufficient proceeds from the pre-sales and sales of properties to fund our current and future property developments. Any restriction on our ability to pre-sell our properties could extend the time required to recover our capital outlay and could thereby require us to seek alternative means to finance our property developments, which in turn could have an adverse effect on our cash flow, business, profitability and financial position.

We maintain a certain level of indebtedness, which may affect our business, financial condition, results of operations and prospects

We maintain a certain level of indebtedness. Our total borrowings were RMB100.0 million, RMB150.0 million and RMB210.0 million as at 31 March 2009, 2010 and 2011 respectively. In comparison, our total equity as at 31 March 2009, 2010 and 2011 was approximately RMB370.3 million, approximately RMB616.5 million and approximately RMB735.5 million respectively. Meanwhile, our cash and bank balances as at the same dates were approximately RMB29.1 million, approximately RMB35.0 million and approximately RMB137.2 million respectively. As at 31 March 2011, among our bank and other borrowings, RMB60 million was repayable within 12 months and RMB150 million would mature two years after December 2009 with a repayable on demand clause.

Our financing costs, and hence our results of operation, are affected by changes in the interest rates. Since December 2008, the PBOC has raised the benchmark one-year lending rate several times and by 25 basis points on each occasion. The said benchmark rate was 6.31% as at the Latest Practicable Date. The effect of the increases in interest rates on our borrowing costs may not be immediately apparent since our borrowing costs in connection with the development of Nanchang Honggu Kaixuan (南昌紅谷凱旋) were fully capitalised during the Track Record Period. Upon completion of a project and once all the units of and in the project have been delivered to our customers, the capitalised interest expenses of the relevant project will be recognised as cost of sales in our income statement. As such, we expect that the increase in interest rates will increase our borrowing costs in general and the financing costs of our customers, which may or may not deter our potential customers from purchasing our properties.

During the Track Record Period, we had significant amount of capital commitments, which amounted to approximately RMB122.9 million, approximately RMB262.8 million and approximately RMB95.0 million as at 31 March 2009, 2010 and 2011 respectively. Our gearing ratio, as calculated by dividing our total borrowings by our total assets, was 12.0%, 8.9%, and 13.3% as at 31 March 2009, 2010 and 2011 respectively.

Our ability to repay the principal and pay the interest on our borrowings and to service our capital commitments depends substantially on the cash flow and results of operations of our operating project companies, which in turn depend, in part, upon the social, political, economic, legal and other risks described herein, most of which are beyond our control. We cannot assure you that we will have sufficient cash flow to service our borrowings, our capital commitments or our contingent liabilities. If we are not able to refinance our borrowings on commercially acceptable terms or at all, our liquidity will be adversely affected and, as a result, our results of operations, financial condition and business prospects may be adversely affected.

We have already fully utilised the entire facility amount of the existing bank loan

As at 31 May 2011, being the latest practicable date for the purpose of the indebtedness statement prior to the printing of this prospectus, we had a bank loan of RMB150.0 million and our Group has utilised the entire facility amount. In the event that our Group requires additional financial resources for our business, there is no assurance that we will be able to obtain further financing from banks or other financial institutions. If the banks or other financial institutions refuse to grant further loan facilities to our Group, our business plan and operations may be adversely affected.

We may not be able to obtain suitable land for property development

As a property development company, our capability to identify and acquire suitable land for property development is crucial to our business. Various factors may affect the suitability of the land for property development, including but not limited to, the accessibility, the availability of infrastructure, transport network and other ancillary facilities (such as schools, markets, hospitals, parks etc.), competition from other similar property developments in the nearby area etc. Such factors could affect our property value. Our business, financial condition and results of operations may be adversely affected if we are unable to acquire suitable land for property development at prices that allow our Group to achieve reasonable returns upon the sale of our developed properties.

The PRC government controls the supply of all new land in the PRC and regulates the sales of land in the secondary market. The PRC government also controls the land supply through zoning, land usage regulations and other means. For example, on 18 November 2009, Ministry of Finance, Ministry of Land and Resources, the PBOC, the Ministry of Supervision and the National Audit Office have jointly issued the Circular on Further Tightening Control over Income and Expenses from Land Grant (關於進一步加强土地出讓收支管理的通知), which provides that, among other things, the period for payment instalments for land acquisitions from the relevant land and resource authorities is principally limited to no more than one year (with the exception of lands for special projects, which limit can be extended to no more than two years), and that the amount for the first payment instalment must not be less than 50% of the entire purchase price of the land acquisition. Accordingly, the policies of the PRC government towards land supply may adversely affect our ability to acquire suitable land and could increase our land acquisition cost.

Further, according to the PRC Rules Regarding the Grant of State-owned Land Use Rights by way of Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有土地使用權規定) issued by Ministry of Land and Resources, which became effective on 1 July 2002 (amended and renamed as the PRC Rules Regarding the Grant of State-owned Development Land Use Rights by way of Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有建設用地使用權規定) on 1 November 2007), land to be used for the purposes of industrial use, commercial use, tourism, entertainment and commodity residential property development shall be granted by the government only through public tender, auction or listing-for-sale. Accordingly, in acquiring new land for development, we may be subject to competition from other property developers, which may become more difficult and require additional costs for the Group to acquire new land.

Further, the PRC government has promulgated policies to restrict the granting of permission for the construction of luxury apartments or villas and to monitor the supply of land available for property construction in general. This may restrict our ability to engage in such developments in the future.

There will be a delay in realising any benefits from our investment

Property development is highly capital intensive in nature. Before we can proceed with our sales or pre-sales of our property, we have to invest a significant amount of capital, time and efforts into a project for acquisition of land, project planning, design of the property development, property construction and promotion of the development. A project will usually take several years to complete. Various uncertain factors or unforeseeable circumstances are beyond our control, including but not limited to natural disasters, increase in the cost of construction materials, equipment, labour and the fees of various independent contractors, implementation of new laws and regulations and change of governmental policies and market circumstances, may cause us to deviate from our original plan and affect the return on our investments. In particular, the series of macroeconomic austerity measures implemented by the PRC government, including but not limited to, the restrictions on commercial banks to finance the property developers and the property purchasers, have caused a decrease in the transaction volume and the price of residential properties in the PRC, details of which are set out in Appendix V to this prospectus.

Delay in construction or failure to complete the development of a property development project in accordance with its planned specifications, schedule or budget as a result of the above or any other factors may have a material adverse effect on our business, financial condition and results of operations and may result in reputational damage to us. There can be no assurance that we will not experience any significant delays in completion or delivery of any of our property development projects or we will not be subject to any liabilities for any such delays.

As we derive our revenue principally from the sale of residential properties, our results of operations may vary significantly from period to period

At present, we derive a majority of our revenue from the sale of our residential properties. Our results of operations may fluctuate in future due to various factors, including, inter alia, the overall development schedule of our property development projects, the level of acceptance of our properties by the prospective customers, the timing of the sale of our properties, our revenue recognition policies and any volatility in expenses (such as land acquisition costs and construction costs). In addition, our property developments are often developed in phases over the course of several years. According to our accounting policy, we recognise revenue from the sale and pre-sale of our properties upon delivery to the customers. Generally, there is a time gap from one year to one and a half year between the time we commence pre-sale of properties under development and completion of the property development projects. As a result of such time gap, our revenue may vary significantly from period to period depending, in part, on the GFA sold and the timing for the completion of the pre-sale properties.

Our revenue may also be affected by the limitation that we can only undertake a limited number of projects during any particular period of time due to the substantial capital requirements for land acquisitions and construction costs. Construction works may also be affected by seasonal factors such as heavy winter rainfall typhoons, which will in turn affect the completion of properties.

In light of the aforesaid, our interim results for any financial year may not be indicative of our performance for the financial year or otherwise comparable to the results of previous periods. Our Directors believe that the period-to-period comparisons of our operating results may not be as meaningful as they would be for a company with a greater proportion of recurring revenues. If our operating results in one or more periods do not meet the market expectations, the price of our Shares could be materially and adversely affected.

We have experienced periods of net cash outflow from operating activities in the past and may face the same problem in future

We have experienced periods of net cash outflow from operating activities in the past. During the year ended 31 March 2009, we had net cash outflow from operating activities of approximately RMB160.7 million, primarily due to our payment of the construction costs, along with relatively smaller amount of receipts in advance from proceeds generated from sales of properties.

Our trade payables mainly comprise of construction costs payable. Receipts in advance represent sales proceeds received from customers in connection with the pre-sales of our properties. We may rely on receipts in advance or other deposits from customers to maintain our financial liquidity. Our net current liabilities over the Track Record Period included non-recurring payments, such as balances due to related parties. During the Track Record Period, we financed our long-term capital requirements, such as property development projects and land acquisitions, primarily through receipts in advance, trade payables and short term bank borrowings. For further details, please refer to the paragraph headed "Liquidity and Capital Resources" in the section headed "Financial Information" of this prospectus.

We cannot assure you that we will not experience periods of net cash outflow from our operating activities in future. If we continue to have net cash outflow from our operating activities in the future, our business, financial condition and results of operation may be materially and adversely affected.

We are subject to certain restrictive covenants and certain risks associated with debt financing which may limit or otherwise adversely affect our operation

We are subject to restrictive covenants in the loan agreements entered into between our Group and certain banks, which are usually found in loan agreements of similar nature. For example, one of our loan agreements with the bank contains a cross default clause, pursuant to which an automatic default on the said loan will be triggered if our Group defaults in any of the other loan agreements or fails to repay our other loans on time. If the said cross default clause under any of the loan agreements is triggered, such bank will be entitled to (i) accelerate payment of all or any part of the indebtedness owing under the loan agreement entered into between our Group and such bank; and (ii) foreclose all or any of the security for such indebtedness. In addition, one of our PRC operating subsidiaries is subject to certain material covenants, whereby without the lender's prior written consent, our relevant PRC operating subsidiary may not conduct any merger, joint venture, restructuring, spin-off, decrease in registered share capital, material asset transfer, liquidation or change in shareholding or principal business. Furthermore, as long as such loans are outstanding, our relevant PRC operating subsidiary may not provide guarantees to any third party with an amount in excess of its net asset value. If any of these events occurs, our financial condition, results of operations, cash flow and cash available for distributions to the Shareholders may be materially and adversely affected.

Our property valuation may differ materially from the actual realisable value of our properties, which is subject to change from time to time

A property valuation report prepared by the Valuer is included in the section headed "Property Valuation" in Appendix III to this prospectus. The valuations in the report are based upon certain assumptions, which, by their nature, are subjective and uncertain and may differ materially from the actual realisable value. With respect to those projects under development and projects held for future development, the valuations are based on the assumptions that (i) the properties will be completed or developed as currently proposed; and (ii) regulatory and governmental approvals for the properties have been or will be obtained. These valuations are not a prediction of the actual value we may achieve from these properties. In addition, our property valuations are subject to change from time to time as a result of changes in market conditions. Unforeseen changes in a particular property development or in general or local economic conditions could affect the value of our properties, which in turn might adversely affect our business, financial condition, results of operations and prospects.

The quality of the services provided by the independent contractors may not be satisfactory

We engage independent contractors for the design, construction and supervision of our property development. For the three years ended 31 March 2011, the total amount of contractors' fees paid by our Group to independent contractors amounted to approximately RMB219.7 million, approximately RMB145.5 million and approximately RMB171.1 million respectively. Contractors' fee was payable by our Group in stages with reference to the progress of construction. The decreasing trend in the amounts paid to our contractors during the Track Record Period was attributable to the different stages of development of our projects. We assess and select independent contractors based on their reputation for reliability, timeliness, quality, track record and references, and we will supervise the construction progress after the relevant contract is awarded to a contractor. There is no assurance that these independent contractors will fully comply with the terms as set out in the relevant engagement contracts entered into or the quality of their services will be satisfactory. We have not experienced any material delay in the construction of our development or material unsatisfactory performance by our contractors in the past. In the event that the performance of any of these independent contractors is not satisfactory, the development schedule of our projects may be delayed or the quality of our development may be affected, which will in turn affect our business, reputation, financial condition and results of operations. In the event that any dispute between our Group and the independent contractors, we may be involved in litigation or other legal proceeding, which could be costly, time-consuming and required additional financial resources.

We may not be able to sustain our gross profit margin

Our gross profit margin differs significantly. During the three years ended 31 March 2011, we reported gross profit margins of approximately 52%, approximately 45% and approximately 41% respectively. Factors affecting fluctuations in our gross profit margin include, inter alia, the types of properties we developed and sold, land acquisition costs, construction costs, market competition, etc. There is no assurance that we will be able to maintain our gross profit margin at a similar level as those in the Track Record Period. In the event that we are unable to maintain or increase our gross profit margin, our profitability may be adversely affected.

Our sales may be affected by the pace of the banks in advancing the relevant funds in respect of the mortgage loans to our Group

Our customers may need to arrange mortgage loans to finance the purchase of properties. If our customers purchase properties by mortgage loans, the banks will advance the relevant proceeds of the loans to our Group directly. In the past, the proceeds of the mortgage loans would usually be advanced to our Group within one month after the approval of such loans. However, due to the recent policies of the PRC government on the restriction of liquidity, the time needed for the banks in advancing the proceeds of such loans to our Group has been lengthened and it usually takes more than 2 months for our Group to receive the funds. In the event that the advance of the proceeds of the mortgage loans by the banks is further delayed, our cashflow and business may be adversely affected.

We provide guarantees in respect of mortgage loans granted to our customers by banks and any changes in laws and regulations governing the guarantees in respect of such mortgage loans may affect our revenue

We usually arrange commercial banks to provide mortgage loans to our customers. As part of such arrangement, we may be required by banks to provide corporate guarantee to the banks for such mortgage loans. As at 31 March 2011, approximately RMB217.2 million of outstanding mortgage loans was guaranteed by us. As we do not conduct any credit assessment on our customers, we could not give any assurance that all our customers have good credibility. In the event that any of our customers defaults on such loans, banks may require us to repay the outstanding loans owed by and interest due from the relevant defaulting customer(s). Our liabilities under the corporate guarantee in respect of any mortgage loan granted to a customer will cease after we hand over the relevant property certificate to the relevant bank. As at 31 March 2009, 2010 and 2011, the outstanding mortgage loans guaranteed by us represented approximately 25.3%, approximately 31.0% and approximately 29.5% of our net asset value at the material times respectively. Up to the Latest Practicable Date, we have not experienced any default by the customers on the repayment of mortgage loans. We cannot assure you that no customer will default on a mortgage loan repayment in the future. Although we may be able to obtain the ownership of the relevant property from a defaulting customer, the value of the property may not be sufficient to cover the outstanding loan and interest balance. In such cases, our financial condition and results of operations could be materially and adversely affected.

We may encounter difficulties in expanding into new markets in the PRC

As at the Latest Practicable Date, all of our property development projects were located in Jiangxi Province, the PRC. As part of our business plan, we will endeavour to expand our business into the Southern Region. However, our experiences as a residential property developer in Jiangxi Province, the PRC may not be applicable in other cities and regions of the PRC since the regulatory framework, local economy, government policies, social customs, market trends, business practices and customer preferences in other cities and regions of the PRC may differ significantly from those of Jiangxi Province, the PRC. In particular, as we try to expand our business into a new city or region, we may be subject to the intense competition from local developers, which may have more in-depth local experiences, extensive business and market network, established market reputation and better government relationship than us. Any failure to leverage on our experiences or failure to understand the property market in any other city or cities in the PRC which we target for expansion or are expanded into, may have a material adverse effect on our business, financial condition and results of operations. Further, our Company and Pan Hong Property have entered into certain non-compete undertaking, details of which are set out under the paragraph headed “Non-compete Undertaking” in the section headed “Relationship with Controlling Shareholders” of this prospectus. Pursuant to the non-compete undertaking, we have undertaken that our Group will not, inter alia, engage in property development projects in those geographical regions in the PRC allocated to Pan Hong Group. Such undertaking further restrict our capability to expand our business into other parts of the PRC. In the event that we are unable to expand into new markets in the PRC, our development and growth prospects may be adversely affected.

The policy of Nanchang government to restrict the purchase of property in Nanchang may affect the sales price and demand for our properties in Nanchang

In January 2011, the Nanchang government announced that, with effect from 1 February 2011, it will strictly implement the Notice on Strictly Restraining the Excessive Growth of the Property Prices in Some Cities (國務院關於堅決遏制部份城市房價過快上漲的通知) in order to curb market speculation and will restrict the purchase of properties in Nanchang. In general, each residential family in Nanchang or other cities or provinces shall be allowed to purchase only one new commodity property in the scope of five districts such as Honggutan New District of Nanchang. If any family violates such restriction, the relevant PRC governmental authority will not process the relevant property registration.

As two of our projects under development, namely the developing portion of Nanchang Honggu Kaixuan (南昌紅谷凱旋) and the Nanchang Dingxun Project (南昌鼎迅項目) are located in Nanchang, the implementation of the above-mentioned policy by the Nanchang government may suppress the market demand for commodity property in Nanchang, which will in turn affect the sales price and demand of our properties.

Nonetheless, as the Notice on Strictly Restraining the Excessive Growth of the Property Prices in Some Cities (國務院關於堅決遏制部份城市房價過快上漲的通知) has only become effective since 1 February 2011, as at the Latest Practicable Date, the Directors were not aware of any specific impact that the Notice on Strictly Restraining the Excessive Growth of the Property Prices in Some Cities (國務院關於堅決遏制部份城市房價過快上漲的通知) has had or may have on our business.

For the Circular regarding Submitting the Assignment of Urban Low-Income Housing Plan (住房和城鄉建設部關於報送城鎮保障性安居工程計劃任務的通知), as advised by our PRC legal advisers, the PRC government has stringent requirements for the application for such low-income housing units and all applicants for the said housing units shall satisfy certain requirements in terms of, inter alia, age, household income, household assets, the average GFA occupied by each of the family members in the existing houses, etc. There are also restrictions on the disposal of those housing units. In light of the aforesaid, the Directors are of the view that the target customers of units of those low-income housing are different from our target customers who are in the middle-class or above.

There is no assurance that the governments of other nearby cities in Jiangxi Province, the PRC where our projects are located, namely Yichun, Leping and Fuzhou, will not implement similar policies in the future. In the event that those governments implement such policies, the market demand and sales prices of our properties may be adversely affected.

Our failure to obtain, or material delay in obtaining, necessary governmental approvals for any property development may adversely affect our business

The property market in the PRC is strictly regulated by the PRC government. To develop and complete a property project, we must apply to the relevant PRC governmental authorities for various licences, permits, certificates and approvals. Before the governmental authorities issue such certificates and approvals, we are required to meet specific conditions imposed by the PRC laws, regulations and other requirements of the relevant governmental authorities. We may encounter delay or other impediment in fulfilling the conditions for obtaining such certificates and approvals. There may also be delay or other uncertainty on the part of the relevant governmental authorities in determining the land development requirements, reviewing our applications and granting approvals. For example, we have not yet obtained the relevant approvals for developing the land of Leping Project (樂平項目). Although we are now endeavouring to liaise with the relevant PRC governmental authorities for the necessary approval to commence development of the land, there is no assurance that we will be able to develop the land in accordance with our development plan and schedule. In the event that we fail to obtain the necessary certificates and approvals for any of our property projects, or there is a serious delay in the relevant governmental authority's examination and approval process, our development schedule and business plan may be adversely affected.

If our completed property developments are not in compliance with the relevant land grant contracts or construction works commencement permits, we will be subject to additional payments or be required to take corrective measures to rectify such non-compliance

The PRC local governmental authorities inspect our property developments after completion and, if the developments are in compliance with the relevant laws and regulations, they will issue us the completion certificates, based upon which we are able to deliver the completed properties to our customers. If, for any reason, the total constructed GFA of a property development exceeds the GFA authorised in the relevant land grant contract or construction works commencement permit, or if the completed property contains built-up areas that do not conform to the construction works commencement permit, we may be required to make additional payments or take corrective measures with respect to such non-compliant areas before we are able to obtain a completion certificate for the property development. If we fail to obtain the completion certificate due to such non-compliance, we will not be able to deliver the relevant properties or recognise the revenues from the relevant pre-sold properties and may also be subject to liabilities under the pre-sale contracts. Please refer to the paragraph headed "We may be liable to our customers for damages if the individual property ownership certificates cannot be obtained in a timely manner" in this section. We cannot assure you that the PRC governmental authorities will not determine that the total constructed GFA or built-up areas of our existing projects under development or any future property developments exceed the relevant authorised GFA or are otherwise not in compliance with the relevant land grant contracts or construction works commencement permits upon completion of our property development.

The lessor in respect of our office in Yichun cannot produce valid title certificates in respect of the premises

We are currently renting an office in Yichun for our Yichun Project (宜春項目) from an Independent Third Party. Up to the Latest Practicable Date, the lessor was unable to produce valid title certificate in respect of the premises which are currently leased and we are unable to ascertain if the lessor has good title to, or the rights or authorisation to lease such premises. There is no assurance that the lease agreement entered into between our Group and the relevant lessor is valid. Such lease agreement has also not been registered with the relevant PRC governmental authority. In the event that our Group is required to relocate our office, our Group's operation may be adversely affected.

Any failure to develop, maintain and protect our trademark could have an adverse effect on our business

We believe that our principal trademark, "", forms an integral basis for our brand recognition and is therefore important to the growth and success of our business. We are in the course of registering the trademark, details of which are set out in "Statutory and General Information" in Appendix VI to this prospectus. We cannot assure you that our trademark will not be subject to any infringement in future. Our trademark could be damaged by actions by others, and once damaged, may be very difficult to rebuild. Any infringement or unauthorised use of our trademark by others could harm our market image and reputation, thereby adversely affecting our business and prospects. The measures we take to protect our trademark may not be adequate to prevent their unauthorised use by third parties. Any litigation or dispute in relation to our trademark could lead to substantial costs and such diversion of resources may materially and adversely affect our business and results of operations.

Further, the implementation and enforcement of laws and regulations governing intellectual property rights in the PRC is uncertain and evolving. Historically, the PRC has not protected intellectual property rights to the same extent as most developed countries, and infringement of intellectual property rights continues to pose a serious risk of doing business in the PRC. If we are unable to adequately develop and protect our trademark, our business may be adversely affected.

We may have to incur significant costs on environmental protection and safety measures

We are subject to the laws and regulations concerning the protection of the environment and safety of our construction sites. Compliance with the laws and regulations on environment protection and safety measures may result in delay in development, substantial costs and may prohibit or severely restrict project development activity in environmental sensitive regions or areas. Under the PRC laws and regulations, we are required to submit an environmental impact assessment report to the relevant PRC governmental authorities for approval before commencement of construction of any project. Compliance with the requirement on laws and regulations on environmental protection and safety measures will increase our development costs and may delay our construction schedule if any environmental issues arise.

Although the environmental audits conducted by the relevant PRC governmental authority have not revealed any violations of the PRC laws and regulations on environment that we believe would have a material adverse effect on our business, results of operations or financial condition, in the event that we are in breach of any of the requirements under the environmental laws and regulations, we may be penalized by the relevant PRC governmental authorities and our operation and financial condition may be adversely affected. We may also be liable for our contractors, which are in violations of the PRC laws and regulations on environment.

Further, there is no assurance that the PRC government will not amend the regulations and rules and impose stricter laws or regulation on environmental protection and safety of our construction sites. Further compliance requirements and/ or further liabilities on our part may in turn increase our operation and construction costs and thus adversely affect our profitability.

In the event that we are unable to promptly comply with such changes on regulations and rules, we may be subject to fines or be forced to suspend our construction work in whole or in part, which could have a material and adverse effect on our operations.

The interests of our Controlling Shareholders may conflict with those of our other minority Shareholders

Immediately following the Share Offer, our Controlling Shareholders, through Pan Hong Property, will beneficially own an aggregate of approximately 75% of the Shares (without taking into account the Shares, if any, to be allotted and issued pursuant to the Share Option Scheme and the Over-allotment Option).

Pan Hong Property is a company listed on the SGX. As at the Latest Practicable Date, it was a property developer principally engaged in property development with focus primarily on developing residential and commercial properties in Zhejiang Province and Jiangxi Province, the PRC. The property development projects of Pan Hong Property are located in (i) Huzhou and Hangzhou cities in Zhejiang Province, the PRC through the Pan Hong Group; and (ii) Nanchang, Fuzhou, Yichun and Leping cities in Jiangxi Province, the PRC through our Group. After completion of the Proposed Spin-off, Pan Hong Property intends to demarcate the entire PRC market into two regions, the Southern Region will be the target market of our Group, while the Northern Region will be the target market of the Pan Hong Group.

The interests of our Controlling Shareholders may differ from the interests of other Shareholders. Our Company and Pan Hong Property have entered into a non-compete undertaking. According to the non-compete undertaking, each of our Company and Pan Hong Property undertakes that for so long as (i) Pan Hong Group holds directly or indirectly 15% or more of the total issued and paid-up share capital of our Company or in fact exercises control over our Company (i.e. dominate decision making, directly or indirectly, in relation to the financial and operating policies of our Company); or (ii) any member of the Pan Hong Group is the single largest shareholder, each of the Pan Hong Group and our Group will not, inter alia, engage in property development projects and compete with the other (whether independently, through joint ventures and/or other investments) in those geographical regions in the PRC allocated to each other. Nevertheless, there is no assurance that our Controlling Shareholders and/or Pan Hong Property will act in the best interests of our Group and the minority Shareholders. In case of conflict of interest between our Controlling Shareholders and our minority Shareholders, our Controlling Shareholders and Pan Hong Property will have the power to prevent us from proceeding with any proposed transactions at the general meetings, which could be beneficial to us and other Shareholders, regardless of the underlying reasons.

Disputes with joint venture partner in the Yichun Project (宜春項目) may adversely affect our business

As at the Latest Practicable Date, we owned 50% equity interest in Jiangxi Ganghong.

Our joint venture partner may:

- have different economic or business interests or goals as compared with ours;
- act in a manner which is contrary to our policies or objectives;
- be unable or unwilling to fulfil their obligations under the relevant joint venture or cooperation agreements, including but not limited to their obligation to make required capital contributions and shareholders' loans; or
- not have sufficient financial resources to complete the relevant project.

Details of the joint venture arrangement of Jiangxi Ganghong are set out under the paragraph headed "Joint Venture Arrangements of Nanchang Dingxun, Jiangxi Ganghong and Leping Feng Huang" in the section headed "History and development" of this prospectus.

As we may not fully control the board of directors of Jiangxi Ganghong, any disagreement or dispute with our joint venture partner could cause a serious deadlock in the decision making process and could lead to an adverse impact on the operation of Jiangxi Ganghong. Additionally, any disagreement with our joint venture partner in connection with the scope or performance of our respective obligations under the Yichun Project (宜春項目) could affect our ability to develop a property. Any serious dispute with our joint venture partner or the early termination of our joint venture could adversely affect our business, financial condition and results of operations. Should we fail to complete the Yichun Project (宜春項目), the rights and obligations of each party with respect to the uncompleted project will be determined by the constitution of Jiangxi Ganghong. If the constitution is silent or inconclusive with regard to such rights and obligations, we may have to resolve the disputes by way of costly arbitration and/or litigation.

We do not have insurance to cover potential losses and claims relating to our operations

Save and except those types of insurance that are mandatory under the PRC laws and regulations, we do not maintain insurance coverage against potential losses, destruction or damage with respect to our properties developed for sale before their delivery to customers, nor do we maintain insurance coverage against liability from tortious acts or other construction-related personal injuries on our project sites or environmental damage arising from our operations. According to our contracts with the construction contractors, the liabilities for personal injury, death and other accidents are, in general, to be borne by the party which is in fault. In light of the aforesaid, the contractors shall not be liable for any personal injury, death or other accidents other than those which are caused by their fault. In this regard, we may have to bear the liabilities upon the occurrence of any personal injury, death or other accidents if such accidents are not due to the fault of the contractors, as such liabilities are not covered by any insurance maintained by our Group. We cannot assure you that we will not be sued or held liable for damages due to any personal injury, death, other accidents or other tortious acts.

In addition, there are certain types of losses for which insurance is not generally available on commercially practical terms, such as losses suffered due to business interruption, earthquake, flooding or other natural disaster, war or civil disorder. Therefore, while our Directors believe that our practice is in line with the general practice in the PRC property development industry, there may be instances when we will have to internalise losses, damage and liabilities because of our lack of insurance coverage. If we suffer any losses, damages or liabilities in the course of our business operations, we may not have sufficient funds to cover such losses, damages or liabilities or to replace any property under development that has been destroyed. In addition, any payment we make to cover any losses, damages or liabilities could have a material adverse effect on our business, results of operations and financial condition.

We may be liable to our customers for damages if the individual property ownership certificates cannot be obtained in a timely manner

Real estate developers in the PRC are required to assist the customers in obtaining the relevant individual property ownership certificates within a certain period after delivery of the property or within the time frame as set out in the relevant sale and purchase agreement. Under the current regulations, we are required to assist the customers to apply to the relevant local and provincial bureau of land resources for the relevant individual property ownership certificates within 90 days after the delivery of the properties, by providing to the relevant bureau within 60 days of the delivery of the properties the relevant property sale and purchase agreements, the identification documents of the customers, the proof of payment of deed tax and the general property ownership certificate for the bureau's review and issuance of the individual property ownership certificates in respect of the properties purchased by the respective customers. Delay by various administrative authorities in reviewing the application and granting approval as well as other factors may affect the timely delivery of the general as well as individual property ownership certificates. We may become liable to customers for late delivery of the individual property ownership certificates due to delay in the administrative approval processes or for any other reason beyond our control. There has been no delay in the delivery of individual property ownership certificates by the Group in the past.

Our profitability may fluctuate substantially due to fair value gains or losses on our investment properties

During the Track Record Period, we were principally engaged in the development and sale of properties. We have also retained a number of properties for investment purpose.

The Hong Kong Accounting Standard for investment properties issued by the Hong Kong Institute of Certified Public Accountants, HKAS40, provides that investment properties, including investment properties under construction, may be recognised by using either the fair value model or the cost model. We have chosen to recognise investment properties as non-current assets at their fair value, as determined by an independent property valuer, as of each reporting date. According to HKFRS, any gains or losses arising from changes in the fair value of our investment properties are included in our statement of comprehensive income in the year in which they arise. For the three years ended 31 March 2011, fair value gains on our investment properties were nil, approximately RMB7.0 million and approximately RMB40.7 million respectively, representing approximately nil%, 6% and 23% of our profit before tax respectively. The fluctuations in the fair market value of our investment properties during the Track Record Period were primarily due to the addition and completion of new investment properties, as well as their overall appreciation. These upward revaluation adjustments of our investment properties reflect unrealised capital gains relating to our investment properties at the relevant reporting dates and do not generate any cash inflow to us unless and until such investment properties have been disposed of. The amount of the revaluation adjustments has been, and may continue to be, significantly affected by prevailing property market conditions and may be subject to market fluctuations. However, there is no assurance that the fair value of our investment properties will continue to increase and thus contribute to our profits in the coming years. The fair value of our investment properties may decrease in the event that the property market in the PRC experiences a downturn or the PRC government implements any policies resulting in a general decrease in the property price, which will in turn affect our profitability.

We rely on profit distribution by our operating subsidiaries and jointly-controlled entity in the PRC

Our Company is a holding company and relies on dividends paid to our Company by its operating direct and indirect subsidiaries and jointly-controlled entity, including Fuzhou Pan Hong, Jiangxi Asia City, Jiangxi Ganghong, Nanchang Liyang, Nanchang Dingxun and Leping Feng Huang (collectively, the "**Operating Companies**"). Under the relevant PRC laws, the Operating Companies may only declare and pay dividends out of their net income, which are determined based on their retained profits calculated in accordance with accounting principles applicable to enterprises established in the PRC and the relevant financial regulations in the PRC, which may be different in certain material respects from that arrived at by adopting Hong Kong Financial Reporting Standards. In addition, under the PRC laws and regulations, the Operating Companies are required to set aside a certain portion of their net income after tax each year to the statutory reserve funds, which are not distributable as dividends. Accordingly, our Company may not have sufficient distribution from the Operating Companies to support its payment of dividend to the Shareholders.

We face competition from other property developers

The property development industry in the PRC is highly competitive. In recent years, a large number of property developers engage in property development and investment projects in the PRC, some of which may have better track records and market reputation, more financial or other resources and experiences than our Group. Foreign direct investment in the PRC by the foreign investors to participate property development projects further intensify the competition. The intense competition among property developers may lead to an increase in acquisition cost of land for development, an increase in costs of raw materials, over supply of properties, a decrease in property prices and a delay in the granting of approval by the relevant government authorities of the PRC, all of which will in turn affect our potential returns on investments, profitability and financial condition. In addition, if we cannot respond to changes in the market conditions, the customer preferences, the change in government policies more quickly or more effectively than our competitors, our business, results of operations and financial condition may also be adversely affected.

Our joint venture partners are not prohibited from engaging in competing businesses

We do not have exclusive arrangements with our joint venture partners that hold interest in Leping Feng Huang, Jiangxi Ganghong and Nanchang Dingxun. Our joint venture partners of these companies are not prohibited from engaging in competing businesses either in the PRC or in other parts of the world from those businesses conducted by us. In the event that our joint venture partners decide to engage in competing businesses from those conducted by our joint ventures, we cannot assure that the operations, profitability and financial status of these joint ventures would not be adversely affected.

We may be involved in legal and other proceedings arising out of our operations from time to time and may face significant liabilities and a deterioration of our corporate image as a result which may adversely affect our business

In the ordinary course of business, we may be involved in disputes with various parties involved in the development, management and sale of our properties, including our customers, business partners, contractors and suppliers. These disputes may lead to legal or other proceedings and may result in substantial costs and the diversion of resources and management's attention. As many of our projects comprise multiple phases, customers of our properties in earlier phases may file legal actions against us if our subsequent planning and development of the projects are perceived to be inconsistent with our representations and warranties made to such customers of earlier phases. In addition, we may have disagreements with the regulatory authorities in the course of our operations, which may subject us to administrative proceedings or unfavorable decrees that impose pecuniary liabilities or cause delay to our property developments. In addition, such legal and other proceedings may harm our corporate image, which may adversely affect our business. Please refer to the paragraph headed "Legal Proceedings" under the section headed "Business" of this prospectus for details.

The global financial markets have experienced significant deterioration and volatility during the past few years and recurrence of the same may adversely affect our financial condition and results of operations

The financial crisis in 2008 has impacted the global financial markets, which resulted in general slowdown of economic growth in the PRC and other parts of the world, volatility in the securities markets and the tightening of liquidity in the credit markets during the past few years. Jiangxi Province, the PRC has been affected by the global financial crisis and economic downturn. For example, Jiangxi Province, PRC has experienced increase in unemployment rate, which in turn has led to diminished expectations on future growth, decline in business and consumer confidence and decrease in the demand for residential properties.

Various countries are still encountering financial problems and it is difficult to predict as to when the economy can be recovered in full. Any recurrence of financial crisis may result in decline of business activities and consumer confidence and will continue to pose extra uncertainties to the result of operations of our Group.

RISKS ASSOCIATED WITH PROPERTY DEVELOPMENT IN THE PRC

The PRC government has adopted measures, and may adopt further measures, to slow down the growth in the property market

The PRC government exerts considerable direct and indirect influence on the growth and development of the PRC property market through industry policies and other economic measures such as setting interest rates, controlling the supply of credit through setting bank reserve ratios and lending restrictions, taxation policy and imposing foreign investment restrictions. Investment in the PRC property sector and property prices have increased significantly in recent years, which has led to concerns that the property market may be overheating and property prices rising too quickly. From 2004 to early 2008, the PRC government introduced a series of regulations and policies designed to control the growth of the property market, including, among others:

- limiting the maximum amount of monthly mortgage to 50% of an individual borrower's monthly income and limiting the maximum amount of total monthly debt service payments of an individual borrower to 55% of his or her monthly income;

- strictly enforcing an idle land fee for land which has not been developed for one year starting from the commencement date stipulated in the land use rights grant contract and cancellation of land use rights for land idle for two years or more;

- imposing a business tax levy on the sales proceeds for second-hand transfers subject to the length of holding period and type of properties;

- requiring that at least 70% of the land supply approved by a local government for residential property development for any given year must be used for developing low to medium-cost and small to medium-size units and low-cost rental properties;

- increasing the minimum amount of down payment from 20% to 30% of the purchase price of the underlying property if the underlying property has a unit floor area of 90 sq.m. or more;

- requiring property developers to fund a minimum amount of 20% (for common residential housing (普通商品住房) projects or welfare housing (保障性住房)) and 30% (for other projects) of the total estimated capital required for the project with internal funds;

- restricting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;

- prohibiting banks from offering loans to projects that have less than 35% of capital funds (proprietary interests), or that fail to obtain land use rights certificates, construction land planning permits, construction work commencement permit and construction work planning permits;

- restricting the PRC commercial banks from granting loans to property developers for the purpose of paying land grant premiums;

- restricting the PRC commercial banks from granting loans for the development of luxury residential properties and villas;

- requiring the foreign-invested property developers to (i) contribute registered capital in full; (ii) obtain the state-owned land use rights certificate; and (iii) invest no less than 35% capital of total intended investment in order to finance the project through offshore or onshore loans or obtain an approval from foreign exchange administration for the conversion of foreign loans into RMB; and

- restricting property developers from financing property developments with loans obtained from banks in regions outside the location of the relevant property developments.

For further details, please refer to the section headed "Summary of Principal Legal and Regulatory Provisions" as set out in Appendix V to this prospectus.

Following a downturn in the PRC property market in late 2008 and early 2009, property prices and transaction volume had increased sharply in various cities in the second half of 2009. This has led to further regulations and policies by the PRC government aiming to slow down the property market. Such policies include the following:

- On 29 July 2008, PBOC and CBRC issued the Notice on Financially Promoting the Economisation and Intensive Use of Land (中國人民銀行、中國銀行業監督管理委員會關於金融促進節約集約用地的通知), which, among other things,

  (i) prohibits the PRC commercial banks from granting loans to property developers for the purpose of paying land grant premiums;

(ii) regulates secured loans for land reserves in various respects, including the requirement to obtain a land use rights certificate, to secure up to 70% value of the security's appraised valuation, and to limit the length of maturity to no more than two years;

(iii) requires lenders to be cautious in granting or extending loans to any property developer that (a) delays the commencement of development date specified in the land use rights grant contract more than one year; (b) has not finished one-third of the land area for the intended project; or (c) has not invested a quarter of the intended total project investment;

(iv) prohibits granting loans to the property developer for land which is recognised as being idle for over two years by the PRC land and resources authorities; and

(v) prohibits taking idle land as a security for loans.

- On 18 November 2009, Ministry of Finance, Ministry of Land and Resources, PBOC, Ministry of Supervision and National Audit Office issued the Circular on Further Tightening Control over Income and Expenses from Land Grant (關於進一步加強土地出讓收支管理的通知), which among other things, limits the period for full payment of the land grant premium prescribed under the land use rights grant contract to one year. There is an exception for special projects approved by all relevant local land transfer authorities, for which full payment of the land grant premium must be paid within two years with a first installment of no less than 50% of the total land grant premium. The circular also provides that the local level governments should strictly enforce relevant regulations to impose penalties on, or restrict from acquiring new land, property developers that have delayed payment of land grant premiums or construction for reasons other than force majeure. This circular increases the importance for us to timely procure adequate financing for our future land acquisitions. We finance our property projects primarily through a combination of, inter alia, sales proceeds and borrowings from financial institutions. Our ability to procure adequate financing for land acquisitions depends on a number of factors that are beyond our control, including credit market conditions and the PRC governmental policies.

- On 22 December 2009, Ministry of Finance and State Administration of Taxation issued the Notice on Adjusting the Business Tax Policies on Individual Housing Transfer (財政部、國家稅務總局關於調整個人住房轉讓營業稅政策的通知). The notice provides, effective from 1 January 2010, that where any individual sells non-ordinary residential housing within five years of its purchase, the business tax thereon shall be collected on the full sale price; where any individual sells non-ordinary residential housing more than five years (including the 5th year) after its purchase or sells an ordinary housing unit within five years of its purchase, the business tax thereon shall be collected on the basis of the difference between the sale price and the original purchase price; where any individual sells an ordinary housing unit more than five years (including the 5th year) after its purchase, it shall be exempted from business tax. Villas and large-sized apartments are classified as non-ordinary residential housing. This notice is intended to dampen speculation in the property market, in particular in the high-end and luxury residential property market, it may negatively impact demand for and prices of our residential properties.

- On 7 January 2010, the General Office of the State Council issued the Notice on Promoting the Steady and Healthy Development of the Real Estate Market (國務院辦公廳關於促進房地產市場平穩健康發展的通知), which is also aimed at dampening speculation in the property market and slowing the rate of property price increases. The notice, among other things, provides that (1) banks are strictly prohibited from offering loans to a property development project or property developer which is not in compliance with credit loan regulations or policies; (2) land resource authorities shall strictly collect land grant premiums according to the land use rights grant contract and strengthen oversight over idle land; (3) local governments must decide the minimum scale of pre-sales rationally and may not issue separate pre-sale permits by floor or by unit; and (4) the minimum down payment for the purchase of a second residential property by any household with mortgage on its first residential property shall be 40% of the purchase price. In addition, the notice emphasises the importance of the construction and supply of ordinary residential housing, efficient land supply planning by local governments and effective risk control procedures by financial investors.

- On 8 March 2010, Ministry of Land and Resources issued the Notice on Strengthening the Supply and Supervision of Land Use for Real Estate Property (國土資源部關於加強房地產用地供應和監管有關問題的通知). The notice, among other things, provides that (1) land resource authorities shall strictly control the land supply for large-sized apartments and prohibit the land supply for villas; (2) land resource authorities shall prohibit property developers which owe land grant premium payments, possess idle land, engage in land speculation and price manipulation, conduct project development exceeding actual development capability or fail to conform with the land use rights grant contract from land bidding transactions within a set period of time; and (3) the land use rights grant contract must be executed within ten days after a grant of land has been mutually agreed and a down payment of 50% of the land grant premium shall be paid within one month from the execution of the land use rights grant contract with the remaining amount paid no later than one year after the execution of the land use rights grant contract. This notice is intended to dampen speculation on land reserves, in particular land for the high-end and luxury residential property market. This notice may therefore limit our ability to obtain land for future villa and large-sized apartment residential developments.

- On 13 April 2010, Ministry of Construction of the PRC issued the Notice on Further Strengthening the Supervision over the Real Estate Market and Improving the Pre-sale System of Commercial Housing (住房和城鄉建設部關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知). It provides that, among other things, within ten days after the real estate developers obtain the pre-sale permit for the project for sale, they shall release the information regarding the number of properties allowed for pre-sale under such pre-sale permission and the price of such property to the public at one time.

They shall also sell the properties to the public at the price as published and strictly abide by the pre-sale permits. This notice is intended to prevent real estate developers from keeping properties off the market and bidding up the property price.

- On 17 April 2010, the State Council issued the Notice on Strictly Restraining the Excessive Growth of the Property Prices in Some Cities (國務院關於堅決遏制部份城市房價過快上漲的通知), according to which a stricter differential housing credit policy shall be enforced. It provides that, among other things, (1) for first-time family buyers (including the borrower, his/her spouse and his/her underage children, similarly hereinafter) of apartments larger than 90 sq. m., at least 30% of the down payment must be paid; (2) the down payment requirement on second-home mortgages was raised to at least 50% from 40% and also reiterated that an extra rate of not less than 10% should be adopted on the interest rates for housing loans granted to such buyers; and (3) for those who buy three or more houses, even higher requirements on both down payments and interest rates shall be levied. In addition, banks can suspend housing loans to buyers who own two or more property units in places where property prices are rising too rapidly and are too high, and property supply is insufficient. This notice aims to rein in speculation in property market.

- On 29 September 2010, PBOC and CBRC issued the Notice on Improving the Differential Housing Loan Policy (中國人民銀行、中國銀行業監督管理委員會關於完善差別化住房信貸政策有關問題的通知), which, among other things:

  (1) prohibits commercial banks from granting or extending loans to property developers that violate laws and regulations such as:

    (i) holding idle land;

    (ii) changing the land use;

    (iii) delaying the commencement and completion of development;

    (iv) intentionally holding properties for future sale, or for the purpose of new property development;

  (2) currently prohibits commercial banks from granting housing loans to families who buy three or more properties or non-local residents who fail to provide local one-year or longer tax payment certificates or social insurance payment certificates; and

  (3) increases the minimum of down payment to at least 30% of the purchase price of the property.

- On 29 September 2010, the Ministry of Finance, State Administration of Taxation and Ministry of Construction of the PRC issued the Notice of Deed Tax on the Adjustment of Real Estate Transactions and Personal Income Tax Preferential Policies (財政部、國家稅務總局、住房和城鄉建設部關於調整房地產交易環節契稅個人所得稅優惠政策的通知), which provides that deed tax is reduced to 1% for individuals who purchase an ordinary residence with less than 90 sq.m. floor area and is the family's sole property.

- On 23 November 2010, Ministry of Construction of the PRC promulgated the Circular Regarding Submitting the Assignment of Urban Low-Income Housing Plan (住房和城鄉建設部關於報送城鎮保障性安居工程計劃任務的通知), under which the PRC government plans to construct an additional 10 million property units of low-income housing in 2011.

- On 26 January 2011, the General Office of the State Council issued the Notice on Further Promoting the Adjustment and Control of Real Estate Market (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知) ("2011 Notice 1"), which stipulates that municipalities directly under the Central Government, capital cities of provinces, cities with separate budgets from the central finance and cities with too high or excessively rising house prices shall strictly establish and enforce measures of property purchasing limitations within a certain period.

- On 27 January 2011, the Ministry of Finance and the State Administration of Taxation promulgated the Notice on Adjusting the Business Tax Policies on Individual Housing Transfer (關於調整個人住房轉讓營業稅政策的通知). The said Notice provides, effective from 28 January 2011, that where any individual sells residential housing within five years of its purchase, the business tax thereon shall be collected on the full sale price; where any individual sells non-ordinary residential housing more than five years (including the 5th year) after its purchase, the business tax thereon shall be collected on the basis of the difference between the sale price and the original purchase price; where any individual sells an ordinary housing unit more than five years (including the 5th year) after its purchase, it shall be exempted from business tax. Notice on Adjusting the Business Tax Policies on Individual Housing Transfer promulgated on 22 December 2009 was abolished.

- On 8 March 2011, the General Office of China Banking Regulatory Commission issued the Notice on Promoting Housing Financial Services and Strengthening Risk Management (中國銀監會辦公廳關於做好住房金融服務加強風險管理的通知), which stipulates that in handling the individual housing loan business after the promulgation of 2011 Notice 1, banking financial institutions shall strictly implement the provision that with respect to families that purchase second residential properties through loans, the down payment shall not be less than 60%, and the loan interest rate shall not be less than 1.1 times of the benchmark rate.

Our Directors believe that the introduction of those regulations and policies has, to a certain extent, affected the profitability of the property developers in the PRC and the general appetite for property investment in the PRC. Despite the aforesaid, we have not encountered any material difficulties in the pre-sales and sales of our properties and we have received deposits from the customers for over 70% of our residential units in phase 1 and the completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) within 2 months after we have made the relevant residential units available for sale in the market. There was also no significant drop in the selling prices of our properties during the Track Record Period. Our Directors confirm that our Group will have sufficient working capital for the following 12 months after Listing. Further, we have commenced the pre-sales of our properties in phase 1 of Fuzhou Huacui Tingyuan (撫州華萃庭院) since the beginning of this year and 70% of the units in phase 1 of Fuzhou Huacui Tingyuan (撫州華萃庭院) were sold within one month and the average sales prices were higher than the average residential property prices in Fuzhou. However, it is not possible to ascertain the full extent of the impact of such regulations and policies on the performance of our Group or to accurately estimate what the sales volume and turnover of our Group might have been if those regulations and policies had not been implemented. In the future, these regulations and policies may negatively impact on the overall demand and prices in the PRC property market and in particular, the demand and prices for high-end and luxury residential properties. Moreover, the PRC government's regulations and measures to curtail the growth of the property sector could limit our access to capital resources, increase our operating costs in adapting to these regulations and measures, or restrict our business operations. Such policies may also curtail the ability of our customers to obtain mortgage loans from banks to purchase our properties, which will in turn affect our revenue. Our PRC legal advisers have confirmed that the Group and its current business operations have fully complied with all applicable laws, rules and regulations in all material respects. However, the PRC government may implement additional and more stringent regulations or measures to further slow down the growth in the property market in the PRC in the future, which could have a material adverse impact on our business, financial condition, results of operations and prospects.

Our ability to secure new projects and related investments may be restricted by policies and regulations introduced by the PRC government

The PRC government has introduced a number of policies and regulations aimed at regulating overseas investment in the property industry in the past few years.

On 11 July 2006, Ministry of Construction of the PRC, MOFCOM, NDRC, PBOC, the State Administration for Industry and Commerce and SAFE issued the Opinion on Regulating the Access and Management of Foreign Capital in the Real Estate Market (關於規範房地產市場外資准入和管理的意見), which states that, among other things, a foreign entity or individual investing in a property in the PRC, other than for self-use, must apply for the establishment of a FIREE in accordance with the applicable PRC laws and can only conduct operations within the authorised business scope. The opinion attempts to impose additional restrictions on the establishment and operation of a FIREE by measures including regulating the amount of registered capital as a percentage of total investment in certain circumstances, limiting the validity of a FIREE or the transfer of its projects and prohibiting the borrowing of money from domestic and foreign lenders where, among other things, the registered capital is not paid up, land use rights are not obtained, or the capital fund is less than 35% of the total investment amount in the intended development project. In addition, the opinion also limits the ability of certain foreign individuals to purchase residential properties in the PRC.

On 23 May 2007, MOFCOM and SAFE issued the Circular on Further Strengthening and Regulating the Approval and Supervision of Foreign Direct Investment in the Real Estate Sector (關於進一步加強、規範外商直接投資房地產業審批和監督的通知) (the "May Circular"), which states that, among other things, a foreign investor must apply to establish FIREE in accordance with the PRC laws if it plans to develop or operate property business in the PRC. The May Circular states that foreign investors cannot bypass the examination and approval requirements applicable to foreign-invested property businesses by changing the actual controllers of the domestic property enterprises in the PRC. If foreign-invested enterprises wish to engage in property development or operation business, or FIREEs wish to engage in new project development operations, they must apply to the relevant examination and approval authorities for their expansion of scope of business or scale of business operation.

On 10 July 2007, the Comprehensive Department of SAFE issued the Circular on the Distribution of the List of the First Batch of Foreign-Invested Real Estate Projects Filed with MOFCOM (國家外匯管理局綜合司關於下發第一批通過商務部備案的外商投資房地產項目名單的通知). According to this circular, local branches of SAFE must not register any foreign debt of a FIREE if it obtained approval for its new establishment or capital increase from the local MOFCOM branches and filed with MOFCOM on or after 1 June 2007. The local SAFE must not process any foreign exchange registration (or amendment of registration) or foreign exchange settlement for capital account items for a foreign-invested real estate enterprise that has been approved by the relevant MOFCOM branches on or after 1 June 2007, but has not been filed with MOFCOM. This circular is another restrictive measure taken by the PRC government to limit foreign investment in the PRC property market. Pursuant to the requirements in the above circulars, we must apply to the relevant examination and approval authorities if we plan to expand the scope of our business or the scale of our business operations, engage in new project developments or operations or increase the registered capital of our PRC foreign-invested subsidiaries in the future. As advised by our PRC legal advisers:

- Jiangxi Asia City and Jiangxi Ganghong were established before 1 June 2007 and no filing with MOFCOM is required for their establishments. The subsequent increases in the respective registered capitals of Jiangxi Asia City and Jiangxi Ganghong have been duly filed at MOFCOM;

- the establishment of, the reduction of registered capital of, and the transfer of equity interest in, Fuzhou Pan Hong have been duly filed at MOFCOM; and

- since Leping Feng Huang was established before 1 June 2007 and no change has been made by it since the implementation of such regulatory requirement, no filing with MOFCOM is required for the time being.

If the PRC government issues further policies or regulations with a goal of further regulating or restricting foreign investment in the PRC property industry, and if these policies or regulations are applicable on our Group's business and operations, our ability to secure new projects may suffer and our business, financial condition, results of operations and prospects could be materially and adversely affected.

On 31 October 2007, MOFCOM and NDRC jointly issued a revised Foreign Investment Industrial Guidance Catalogue (外商投資產業指導目錄) effective from 1 December 2007, which provides, among other things, that the development and construction of ordinary residential properties will be removed from the category of industries for which foreign investment is encouraged and emphasises that the development and construction of villas, high-end hotels and office buildings by foreign-invested enterprises are restricted. For the purpose of this rule, a "foreign-invested enterprise" refers to an entity established and existing as a wholly foreign-owned enterprise, sino-foreign equity joint venture or sino-foreign cooperative joint venture under the PRC laws and regulations. Except for Nanchang Dingxun, currently all our real estate subsidiaries in the PRC are "foreign-invested enterprises."

We may be unable to transfer the proceeds from the Share Offer into the PRC for property developments and onshore equity investments

We, as an offshore holding company, typically conduct our property development operations in the PRC through our real estate project companies in the PRC. We must file with MOFCOM and register with the local SAFE, and pending until such filing and registration are completed before we may transfer the proceeds from the Share Offer to the PRC for the property developments contemplated in this prospectus. Pursuant to the Implementation Opinions on Some Issues concerning Law Application for the Administration of Examination and Approval and Registration of Foreign-funded Companies (關於外商投資的公司審批登記管理法律適用若干問題的執行意見) issued jointly on 24 April 2006 by the State Administration for Industry and Commerce, MOFCOM, China Customs and SAFE, when a foreign-invested company wishes to increase its registered capital, it should first obtain approvals from the relevant MOFCOM, and its shareholders shall pay no less than 20% of the newly increased capital when the company registers the increased capital with the industry and commerce administration authorities. We may be required to apply for approvals for increases in registered capital from the relevant governmental authority for our operating project companies after we have received the proceeds from the Share Offer. We may be unable to obtain in a timely manner the required filing with MOFCOM or registration with the local SAFE office in the future. Failure to obtain such government approvals, filings and registration or any material delay in the approval, filing or registration process may adversely affect our development plans and/or causing us to suffer from foreign exchange loss, thereby affecting our results of operations.

In addition, on 29 August 2008, the Comprehensive Department of SAFE issued the Notice regarding Improvement of Operation of Settlement on Foreign Invested Enterprises' Foreign Exchange of Capital Fund (國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知). Pursuant to this notice, RMB settled from foreign-invested enterprise's capital fund may not be used for equity investment in the PRC. Any foreign-invested enterprise, other than foreign-invested real estate development enterprises, shall not purchase domestic real estate for purposes other than self-use purpose with RMB funds derived from its capital fund. Therefore, except as otherwise approved, we are not allowed to utilize the proceeds from the Share Offer for the increase in registered capital for our subsidiaries in the PRC.

Further, we cannot assure you that the PRC government will not introduce new policies that may further restrict our ability to inject funds raised in the future, including this Share Offer, into the PRC for our operations.

Our business is subject to LAT

According to the Provisional Regulations of the PRC on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) and the relevant implementation rules, if an entity or individual derives a profit from selling or transferring real properties, he/she/it shall be liable to pay LAT at a progressive rates from 30% to 60%, of the appreciated value of the property, with certain exemptions available for the sale of ordinary residential properties if the appreciated value does not exceed 20% of the deductible items as defined in the relevant LAT regulations. Sales of villas and commercial properties are not eligible for such exemption. Pursuant to a circular issued by the State Taxation Bureau, with effect from 1 February 2007, LAT obligations must be settled with the relevant tax bureaus in most cases.

We estimate and make provision for the amount of the applicable LAT at the time the relevant property sales revenue is recognised and recorded in our books, and the actual LAT payment will only be made at the time specified by the relevant PRC tax laws and regulations. For each of the three years ended 31 March 2011, we made LAT prepayment of approximately RMB0.2 million, nil and approximately RMB3.6 million respectively. Provision of LAT of approximately RMB541,000, approximately RMB20,468,000 and approximately RMB9,176,000 for the three years ended 31 March 2011 respectively have been provided in our financial statements. Based on the best estimate of the Directors, full provision of LAT has been made in the Company's financial statements in accordance with the applicable requirements set forth in the relevant PRC tax laws and regulations and our Group has fully paid all LAT which was required by the relevant PRC governmental authority during the Track Record Period. In the event that the assessment of the PRC government on the LAT payable by us upon the sale of our property is significantly higher than our LAT prepayment or should there be any change in the rules and regulations relating to LAT which increase our liabilities on LAT, our business and financial conditions will be adversely affected. We have not finalized our LAT calculations and payments with the tax authorities for our property development projects. Each of our Controlling Shareholders has jointly and severally undertaken to indemnify our Group on a full indemnity basis in the event that our Group is required to pay any LAT not provided for in our Company's financial statements.

Furthermore, relevant notices issued by the PRC government relating to the settlement of LAT allow provincial tax authorities to formulate their own implementation rules according to the local situation. If the implementation rules promulgated in the cities in which our property development projects are located require us to settle all unpaid LAT at the same time, or impose other onerous conditions, our cash flows may be materially and adversely affected.

Our development plan may be affected in the event that the relocation matters cannot be handled by the relevant PRC governmental authority smoothly

According to the Regulation on the Expropriation and Compensation of Buildings on State-owned Land (國有土地上房屋征收與補償條例) (the "Regulation") which came into effect on 21 January 2011, it is stipulated that those expropriated owners of buildings which are located on state-owned land are entitled to a fair indemnification. Compensation agreements shall be entered into between those expropriated owners and the relevant PRC governmental authorities responsible for property expropriation regarding the compensation methods, compensation amount, payment terms and other relevant issues. In the event that no compensation agreement can be reached within the time limit, the city or county government may make an administrative decision on the indemnification according to the application of the relevant PRC governmental authorities responsible for property expropriation and publish government notice within the area of the expropriation. Indemnification shall be made prior to the relocation. Property developers are prohibited from participating in the relocation arrangements. In the event that the relevant PRC governmental authority fails to handle the relocation matters smoothly and efficiently, our development plan may be delayed and our business may in turn be adversely affected.

Changes in laws and regulations in relation to the pre-sales of properties may affect our business

We usually pre-sell our properties before the construction work of the relevant properties is completed. The proceeds from the pre-sales of our properties are an important source of funds for our operations. However, due to various problems arising from the pre-sales of uncompleted properties in the past, on 5 August 2005, PBOC has recommended to discontinue such practice. Although the recommendation of PBOC has not been implemented as at the Latest Practicable Date, there is no assurance that the PRC government will not implement any regulations or policies which prohibit or restrict the practice of pre-sales of uncompleted properties in the future. In the event that the PRC government prohibit or restrict such practice, we may encounter cash flow problems and our operations may be adversely affected.

The overall land supply for low-density and large-size residential property developments will be restricted

On 30 May 2006, Ministry of Land and Resources issued the “Urgent Notice on Ulterior Strengthening the Administration of Land” (國土資源部關於當前進一步從嚴土地管理的緊急通知) (the “Urgent Notice”), pursuant to which the rules prohibiting the property development projects for villas will be strictly enforced and the land supply for development of villas ceased with effect from the date of the Urgent Notice. The Urgent Notice also states that the relevant PRC governmental authorities will strictly restrict the land supply for low-density and large-size residential property developments. Accordingly, the overall land supply for low-density and large-size residential property developments in the PRC will be restricted.

As advised by our PRC legal advisers, according to the Catelogue on Projects with Restricted Land Use (2006 Version) (限制用地項目目錄 (2006年本)), “low-density and large-size residential properties projects” means those residential property projects the plot ratio of which residential area is below 1.0 and the GFA of the individual residential flats/ houses is more than 144 sq. m..

The respective average plot ratios of each of the projects developed/to be developed by our Group are set out as follows:

Project	Plot ratio
Nanchang Honggu Kaixuan (南昌紅谷凱旋)	≤3.986
Nanchang Dingxun Project (南昌鼎迅項目)	≤1.5
Yichun Project (宜春項目)	residential portion: ≤2.5 commercial portion: ≤1.5
Fuzhou Huacui Tingyuan (撫州華萃庭院)	≤2.5
Leping Project (樂平項目)	Not yet available

The size in terms of the total GFA of our projects are set out in the section headed "Business" of this prospectus. In the event that our future development is determined by the relevant PRC governmental authorities as being "low-density" and "large-size" residential properties and are thus prohibited under the Urgent Notice, our business prospects may be adversely affected. Further, we will have to design our projects in compliance with the requirements of the Urgent Notice and our profits may thus be affected.

Further, according to the Certain Opinion regarding the Implementation of the Ratio of Structure of Newly-constructed Residential Houses (關於落實新建住房結構比例要求的若干意見), commencing from 1 June 2006, for newly approved and developed commodity residential houses, the ratio of houses with a built up area of no more than 90 sq.m. should comprise at least 70% of the total construction area. For details of the legal opinion of our PRC legal advisers, please refer to the paragraph headed "Regulatory compliance" of the section headed "Business" of this prospectus. In the event that the planning requirements of the government or the implementation of the same is adjusted in the future, the design and planning of our projects held for future development may be affected, which will in turn affect our business and the profitability of our development projects.

The property market in the PRC is in its early stage of development and is volatile

The property market in the PRC is in its early stage of development. In view of the lack of comprehensive legal and regulatory framework, frequent implementation of new policies by the PRC government, as well as lack of accurate financial and market information on the property market, it is difficult to estimate the market trend in the near and distant future with certainty or accurately assess the potential return of our development.

In addition, the PRC property market is volatile with property price fluctuations and may experience under-supply or over-supply. The PRC government has been and will continue to adjust monetary and other economic policies so as to stimulate the PRC economy or to prevent or curtail the overheating of the national and local economies, where such economic adjustments may affect the property market in the PRC and lead to price instability as well as imbalance of supply and demand of properties. We also cannot assure you that there will not be over-development in the property sector in the PRC in the future. Any future over-development in the property sector in the PRC may result in an over-supply of properties and a decrease in property prices, as well as an under-supply of available sites for future development and an increase in land acquisition cost in our target property markets, may adversely affect our business, financial condition and results of operations. Given that (i) changes in the property markets are difficult to predict; and (ii) the long lead times required to develop projects from planning through construction to completion, we may not be able to respond to property market fluctuations in a timely manner to prevent losses.

The market demand for our properties may be affected by the changes in the terms of the mortgage loans

Some of our customers need mortgage loans to finance their purchases. Accordingly, any adverse amendments to the terms of the mortgage loans, including but not limited to increase in the interest rates, increase in the proportion of first payments payable by the customers, changes in the terms and repayment schedules of the mortgage loans, may directly affect the costs of property purchase and affect the incentive of our potential customers to purchase our properties. The PRC government may also impose other regulatory requirements on the provision of mortgage loans in order to reduce speculation in the property market of the PRC. In the event that the financing cost to purchase properties increases, the market demand for properties may decrease, which will in turn adversely affect our business and results of operations.

Further, for our project of Nanchang Honggu Kaixuan (南昌紅谷凱旋), we provide corporate guarantees in favour of the banks advancing mortgage loans to our customers. In the event that the PRC government implements any laws, regulations or rules which prohibit or restrict such guarantee arrangements in the future and these banks do not accept any alternative guarantees by other third parties, or if no third party is available in the market to provide such guarantees, our potential customers may encounter difficulties in obtaining mortgage loans from the banks, which will in turn affect the pre-sales of our properties, thereby affecting our business and results of operations.

Our land may be forfeited by the PRC government if we fail to comply with the terms of the land use rights grant contracts

Under the relevant PRC law, if a developer fails to develop any land in accordance with the terms and conditions of the relevant land use rights grant contract (including those relating to the payment of fees including the land premium, the designated use of the land, the respective specific dates for commencement and completion of the construction of the development), the relevant PRC governmental authority may issue a warning to, or impose a penalty on, such developer or order forfeiture of such land. Specifically, under the relevant PRC laws and regulations, (i) if we fail to commence the construction of the development of the land for more than one year (but less than two years) from the commencement date of the construction as specified in the land use rights grant contract, the relevant PRC land bureau may serve a warning notice to us and impose on us an idle land levy equal to less than 20% of the assignment price; and (ii) if we fail to commence development for two years or more from the commencement date of the construction as specified in the land use rights grant contract, the land is subject to forfeiture without any compensation. Moreover, even if the development of the land is carried out in accordance with the construction schedule as stipulated in the land use rights grant contract, there are circumstances that the land will also be treated as idle land, e.g. the development and construction of the land has begun, but the actual developed land area of such land is less than one-third of its approved land development area or the actual total investments on the development of such land is less than one-fourth of its approved total investments or the development and construction has been continuously suspended for one year or more without approval. For further details on the PRC laws and regulations on idle land, please refer to the sub-paragraph headed “The Land System of the PRC” in Appendix V to this prospectus.

We have not been adjudged by the relevant PRC governmental authorities of any material non-compliance with the terms of our land use rights grant contracts. Further, none of the land held by our Group has been treated by the relevant PRC governmental authorities as idle land. For details of the legal opinion of our PRC legal advisers, please refer to the paragraph headed “Regulatory Compliance” of the section headed “Business” of this prospectus. There can be no assurance that circumstances, whether within or beyond our control, leading to forfeiture of land or delays in the completion of a property development may not arise in the future. If our land is forfeited, we will not be able to continue our property development on the forfeited land or recover the land acquisition cost and development cost, our business and financial positions thereby will be adversely affected.

Any constructed GFA of our projects under development or future property developments deemed by the local government authorities to be non-compliant may be subject to governmental approval and additional payments

Local government authorities inspect our property developments after the completion of construction and will issue a completion certificate if they are of the view that our property developments are in compliance with the relevant laws and regulations. We are then able to deliver the developed projects to property purchasers. If the total GFA or plot ratio constructed exceeds the GFA or plot ratio originally authorised in the relevant land use rights grant contracts or governmental permits, or if the completed projects contain areas that do not conform with the plan as set forth in the relevant governmental permits, we may be required to pay additional amount or take remedial action in relation to such non-compliant GFA before we are able to obtain the relevant completion certificate for the relevant property development. If we fail to obtain the required completion certificate due to any such excess, we will not be allowed to deliver the relevant properties or to recognise the revenue from the relevant pre-sold properties and may also be subject to liabilities under the sale and purchase agreements with our customers.

We undertake construction in accordance with the relevant land use rights grant contracts or governmental permits, but the local government authorities may find the total constructed GFA of our projects under development, or any of our future projects, have exceeded the relevant authorised GFA under such contracts or permits upon completion of construction. Any finding that a substantial portion of such GFA does not comply with the relevant contracts or permits could have a material adverse effect on our business, financial condition, results of operations and prospects.

RISKS ASSOCIATED WITH THE PRC

Substantially all of our assets are located in the PRC and substantially all of our revenue is sourced from the PRC. Accordingly, our results of operations, financial position and prospects are subject to a significant degree to the economic, political and legal developments in the PRC.

Political and social conditions may affect our business

Since 1978, the PRC government has been undergoing a series of reforms, with emphasis on its political systems. Such reforms have resulted in significant economic growth and social progress and many of the reforms are expected to be refined and improved. Other political and social factors may also lead to further readjustment and refinement of the reform measures. There is no assurance that such reform measures introduced by the PRC government will have a favourable effect on the operations of our Group. Our Group's performance may be adversely affected by changes in the PRC political and social conditions resulting from changes in the policies adopted by the PRC government.

Economic conditions may affect our business

The economy of the PRC has been transformed from a planned economy to a market economy with socialist characteristics. There is no certainty that the PRC government will or will not slow down the pace of its pursuit for economic reforms. As the PRC legal system matures, there can be no assurance that changes in its legislation or the related interpretation will not have an adverse effect on the business and prospects of our Group. In particular, the financial position and results of operations may be adversely affected by the PRC government's control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to our Group. Further, change in economic conditions will lead to change in the income level and living standards of the people, which may also lead to change in their preference and demand for different kinds of properties. If we are unable to respond to the ever-changing market conditions in a timely manner, our business may be adversely affected.

The legal system of the PRC may affect our business

Since 1979, the PRC government has promulgated laws and regulations in relation to general economic matters, including but not limited to, foreign investment, corporate organisation, taxation, with a view to develop a comprehensive system of commercial laws. Despite the fact that considerable progress has been made in introducing new laws and regulations, the legal system of the PRC has not been fully developed. In addition, there are limited number of published cases and the non-binding nature of prior court decisions, interpretation and enforcement of these PRC laws and regulations involve uncertainties. Interpretations of laws and regulations may differ depending on the way an application or case is presented to a PRC government agent, as well as to which PRC government agent such application or case is being presented. We cannot assure that we will receive the same, or more favourable, interpretations of laws and regulations as our competitors.

We also cannot predict with certainty the effect of future legal development in the PRC, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the inconsistencies between local rules and regulations and the national laws. In addition, the PRC legal system is sometimes affected by the government policies.

Dividends payable by us to our foreign investors and gains on the sales of our Shares may become subject to withholding tax under the PRC tax laws

Under the PRC Enterprise Income Tax Law and implementation regulations issued by the State Council, the PRC income tax at the rate of 10% is applicable to dividends payable to investors that are “non-resident enterprises” (that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business) to the extent such dividends have their source within the PRC. Similarly, any gain realised on the transfer of shares by such investors is also subject to 10% of the PRC income tax if such gain is regarded as income derived from sources within the PRC. If we are considered a PRC “resident enterprise”, it is unclear whether the dividends we pay with respect to our Shares, or the gain you may realise from the transfer of our Shares, would be treated as income derived from sources within the PRC and be subject to the PRC tax. If we are required under the PRC Enterprise Income Tax Law to withhold the PRC income tax on our dividends payable to our foreign Shareholders who are not within the PRC, or if you are required to pay the PRC income tax on the transfer of your Shares, the value of your investment in your Shares may be materially and adversely affected.

Fluctuation of RMB may adversely affect our operations and financial results

Our sale proceeds and expenses are denominated in Renminbi, a currency not freely convertible into other currencies. The value of RMB against other foreign currencies is subject to changes in the PRC government’s policies and international economic and political developments. With effect from 21 July 2005, the PRC government had reformed exchange rate regime of the PRC by moving into a managed floating exchange regime based on market supply and demand with reference to a basket of currencies, pursuant to which RMB is no longer pegged solely to the US dollar. From 2005 to 2007, there were several instances where the PRC government and the PBOC widened the daily trading band for RMB against non-US dollar currencies and enlarged the floating band for the trading prices in the inter-bank spot exchange market of RMB against the US dollar around the central parity rate.

With the pressure from foreign countries on the PRC government to adopt a more flexible currency system, RMB could appreciate. The exchange rate may become volatile, the RMB may be revalued further against the US dollar or other currencies, or the RMB may be permitted to enter into a full or limited free float, which may result in an appreciation or depreciation in the value of the RMB against the US dollar or other currencies. Fluctuations in exchange rates may adversely affect the value, translated or converted into US dollars or Hong Kong dollars (which are pegged to the US dollar), of our net assets, earnings or any declared dividends (which would be funded by RMB but paid in Hong Kong dollars). However, any unfavorable movement in the exchange rate may lead to an increase in our costs or a decline in sales, which could materially affect our results of operations. We have not entered into any agreements to hedge our exchange rate exposure.

We are subject to the PRC government controls on currency conversion

Substantial portion of our revenue is denominated in RMB, which is currently not a freely convertible currency. A portion of our revenue will be converted into other currencies in order to meet our foreign currency obligations including payment of declared dividends to our Shareholders. Subject to certain procedural requirements under existing foreign exchange regulations in the PRC, our Company and our PRC project companies are generally able to undertake current account foreign exchange transactions without prior approval from SAFE. However, the PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC. Shortages in the availability of foreign currency may restrict the ability of our PRC project companies to remit sufficient foreign currency to pay dividends (which would be funded by RMB but paid in Hong Kong dollars) or other payments to us, or otherwise satisfy their foreign currency denominated obligations, and we, in turn, may be unable to pay dividends to our Shareholders.

In addition, the PRC government may, at its discretion, take further measures to restrict access to foreign currencies for current account transactions in the future and any such change may also adversely affect our ability, as well as the ability of our PRC project companies, to pay dividends or satisfy other foreign exchange requirements.

Further, approval from appropriate PRC governmental authorities is required when RMB is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of indebtedness denominated in foreign currencies. In addition, restrictions on foreign exchange transactions under capital accounts could also affect our project companies' ability to obtain foreign exchange through debt or equity financing, including by means of loans or capital contribution from us. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders.

It may be difficult to effect service of process or to enforce judgments in the PRC

Almost all our assets and our operating project companies are located in the PRC. Most of our Directors and senior management reside in the PRC, and most of the assets of our Directors and senior management may also be located in the PRC. It may be difficult to effect service of process from outside the PRC upon us or most of our Directors and senior management. A judgment of a court of another jurisdiction may be recognized or enforced by the PRC courts either through treaties between the PRC and the relevant countries or regions, or through the application of the principle of reciprocity, subject to the relevant legal and regulatory requirements. However, the PRC does not have treaties with Japan, the United Kingdom, the United States and most other countries providing for the reciprocal enforcements of judgments. As a result, recognition and enforcement in the PRC of judgments in such jurisdictions is subject to uncertainties.

The occurrence of natural disasters in the PRC may affect our business

On 12 May 2008, strong earthquake occurred in Sichuan Province of the PRC which has caused vast destruction to buildings and infrastructure in the region. We currently do not have any assets or business in the Sichuan Province of the PRC. However, in the event that any natural disasters occurred in the region where our properties and business are located, our business and operating results will be adversely affected.

RISKS ASSOCIATED WITH THE SHARES AND THE SHARE OFFER

The liquidity and price of the Shares may be volatile

Prior to the Share Offer, there has been no public market for the Shares. The Offer Price may not be indicative of the price at which the Shares will trade following the completion of the Share Offer. There is no assurance that the market price of the Shares will not fall below the Offer Price. Prices for the Shares may also fluctuate significantly. The trading price of the Shares subsequent to the Share Offer may also be subject to significant volatility in response to, among other factors, the following:

- investor perceptions of our Group and our Group's future plans and prospects;
- variations in the operating results of our Group;
- technological advance;
- changes in pricing by our Group or our competitors;
- changes in our Group's key and senior management; and
- general economic and other factors.

There is no prior market for the Shares

Prior to the Share Offer, there has been no public market for the Shares. There is no assurance that an active trading market for the Shares, if it does develop, will be sustained following the completion of the Share Offer.

Statistics and related facts in this prospectus may be inaccurate

All of the statistics relating to the PRC property market and most of the related facts as set out in this prospectus have been extracted from various governmental official resources. While our Directors have taken reasonable care in the reproduction of the information and have no reason to believe that such information is false or misleading, they have not been prepared or independently verified by us, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters or any of our or their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such statistics and facts. Due to possibly flawed or ineffective collection methods or discrepancies between government publications and market practice and other problems, the statistics and the related facts herein may be inaccurate or may not be comparable to statistics and related facts produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts, forecasts or statistics.

Historical dividends are not indicative of future dividends

During the Track Record Period, members of our Group declared and paid an aggregate of RMB105 million as dividends. Such dividends should not be used by potential investors as a guide to the future dividend policy of our Group. There is no assurance that dividends will be declared or paid in the future, at a similar level or at all. The past dividend rates should not be used as a reference or basis to determine the amount of dividends in the future. The amount of any dividends to be declared in the future will be subject to, among other factors, the discretion of our Directors, having considered the working capital requirements in the future, the availability of distributable profits, our Group's results of operation, working capital, capital and funding requirements, tax requirements, the applicable laws and other relevant factors.

Future disposals of a substantial number of our Shares by our major Shareholders in the public market may cause downward pressure to the market prices of our Shares

The disposals of a substantial number of our Shares in the public market after the Share Offer, or the possibility for such disposals, could adversely affect the market price of our Shares. Some of the Shares are subject to certain lock-up periods, the details of which are set out in the section headed "Underwriting" of this prospectus. The relevant Shareholders will be able to dispose of their Shares upon expiration of the lock-up period. Disposals of any substantial number of our Shares may cause downward pressures on the market price of our Shares.

As the Offer Price is higher than the net tangible book value per Share, investors will experience immediate dilution

The Offer Price of our Shares is higher than the net tangible assets book value per Share immediately prior to the Share Offer. Therefore, investors of our Shares in the Share Offer will experience an immediate dilution in the pro forma combined net tangible asset book value of HK$0.92 per Share based on the maximum price of HK$1.68 per Share. Further, we may consider issuing additional new Shares in the future. Investors of our Shares may experience further dilution in the net tangible assets book value per Share if we issue additional new Shares in the future at a price which is lower than the net tangible asset book value per Share.

Investors should not rely on any information contained in the press articles or other media regarding our Group and the Share Offer

There has been press coverage in certain news publications regarding our Group and the Share Offer which included certain financial information, financial projections and other information about our Group that do not appear in this prospectus (the "**Information**"). Our Group wishes to emphasize to potential investors that our Group does not accept any responsibility for the accuracy or completeness of the Information and that the Information was not sourced from or authorised by our Group. Our Group makes no representation as to the appropriateness, accuracy, completeness or reliability of any of the information and underlying assumptions. To the extent that any of the Information is inconsistent with, or conflicts with, the information contained in this prospectus, our Group disclaims it. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

In preparation for the Listing, our Group has applied for the following waiver from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong, which normally requires at least two of its executive directors must be ordinarily resident in Hong Kong. Our Company does not and, for the foreseeable future, will not have a sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules. Our Company has therefore applied for a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules on the basis that since our Group's core business operations are, and are expected to be, based, managed and conducted in the PRC, and that our Group's assets are primarily situated in the PRC, our management is best able to attend our Group's functions by our management's being based in the PRC.

For the purposes of the management and operations of our Group, which are mainly in the PRC, the appointment to the Board of an additional executive Director who is ordinarily resident in Hong Kong would not only unduly increase the administrative expenses of our Group, but would also reduce the effectiveness and efficiency of the executive Directors in administering the daily operations of our Group, especially when business decisions are required to be made within a short period of time. In addition, appointing a new executive Director who may not be familiar with the operations of our Group for the sole purpose of satisfying the requirements under Rule 8.12 of the Listing Rules may not be in the best interests of our Company and the Shareholders as a whole. The existing executive Director(s) may be relocated to Hong Kong in order to comply with Rule 8.12 of the Listing Rules. However, after relocation, the executive Directors would not be present on a day-to-day basis in the PRC where our Group's operations take place and therefore may encounter the management difficulties described above.

Further, each of our executive Directors has a vital role in managing our Group's business in the PRC and it is necessary for them to remain physically close to our Group's operations in the PRC. If such an additional executive Director as described above is appointed, or an existing executive Director is relocated, he will not be able to participate in the daily operations of our Group or appreciate the circumstances surrounding or affecting the business operations and development of our Group from time to time. Such an executive Director may not be able to exercise his discretion on a fully informed basis, or make appropriate business decisions or judgments in administering the daily operations of our Group.

Our Company has received from the Stock Exchange a waiver from compliance with Rule 8.12 of the Listing Rules subject to the following conditions:

(a) our Company will appoint two authorised representatives pursuant to Rule 3.05 of the Listing Rules who will act as the principal channel of communication between our Company and the Stock Exchange and, together with our Directors, ensure that our Company complies with the Listing Rules at all times. The two authorised representatives to be appointed are Mr. Wong Lui, an executive Director and Mr. Siu Ho Fai, the company secretary of our Company, both of whom are ordinarily resident in Hong Kong. Each of the authorised representatives and our Directors will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of the authorised representatives is authorised to communicate in his/her sole capacity on behalf of our Company with the Stock Exchange;

(b) all the authorised representatives have means to contact all members of the Board (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the Directors for any matters. To enhance the communication between the Stock Exchange, the authorised representatives and the Directors, our Company will implement a number of measures to ensure that (i) all the Directors will provide their respective mobile phone numbers, residential phone numbers, office phone numbers, fax numbers and email addresses to the authorised representatives and notify them from time to time any change thereof; (ii) in the event that any Director expects to travel and be out of office, he/she will provide the phone number of the place of his/her accommodation to the authorised representatives; and (iii) all the Directors will provide their mobile phone numbers, residential phone numbers, office phone numbers, fax numbers and email addresses to the Stock Exchange and notify the Stock Exchange from time to time any change thereof;

(c) if the circumstances require, meetings of the Board can be convened and held in such manner as permitted under the bye-laws of the Company at short notice to discuss and address any issue with which the Stock Exchange is concerned in a timely manner;

(d) Kingsway Capital Limited will be appointed by our Company upon Listing as its compliance adviser to provide our Company with professional advice on continuing obligations under the Listing Rules, and to act at all times, in addition to the two authorised representatives of our Company, as our Company's additional channel of communication with the Stock Exchange for the period commencing on the date of the initial listing of our Company's shares on the Stock Exchange and ending on the date on which our Company publishes its annual report in respect of its first full financial year commencing after the date of its initial listing pursuant to Rule 3A.19 of the Listing Rules;

(e) meetings between the Stock Exchange and the Directors could be arranged through the authorised representatives or the compliance adviser, or directly with the Directors by a reasonable prior notice. Our Company will inform the Stock Exchange promptly of any change in the authorised representatives or the compliance adviser; and

(f) all the Directors have confirmed that they possess or can apply for valid travel documents to travel freely to Hong Kong and would be able to come to Hong Kong and meet with the Stock Exchange upon reasonable short notice.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules, Chapter 571V of the Laws of Hong Kong and the Listing Rules for the purpose of giving information with regard to our Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

FULLY UNDERWRITTEN

The Share Offer comprises the Placing and the Public Offer. The Share Offer comprises an offer by our Company of 30,000,000 Shares under the Public Offer (subject to reallocation) and 270,000,000 Shares under the Placing (subject to reallocation and the Over-allotment Option), in each case at the Offer Price. Details of the structure of the Share Offer are set out in the section headed "Structure of the Share Offer" of this prospectus. This prospectus and the Application Forms relating thereto set out the terms and conditions of the Share Offer.

The Share Offer is sponsored by the Sponsor, managed by the Joint Lead Managers and is fully underwritten by the Underwriters as referred to in the paragraph headed "Placing and Public Offer Underwriters" in the section headed "Underwriting" of this prospectus.

In the event that the Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) are unable to reach an agreement on the Offer Price at or before 12:00 noon on Monday, 18 July 2011 or such other date or time as may be agreed between the Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters), the Share Offer will not become unconditional and will lapse immediately.

OFFER SHARES TO BE OFFERED IN HONG KONG ONLY

No action has been taken in any jurisdiction other than Hong Kong to permit the offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make an unauthorised offer or invitation. The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus. No person is authorised in connection with the Share Offer to give any information, or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Sponsor, the Joint Lead Managers, the Sole Bookrunner, the Underwriters, any of their respective directors or affiliates or any other person or party involved in the Share Offer.

PROPOSED SPIN-OFF

Information on Pan Hong Property

Pan Hong Property, a listed company on the main board of the SGX, is principally engaged in property development with focuses primarily on developing residential and commercial properties in Zhejiang Province and Jiangxi Province, the PRC. As at the Latest Practicable Date, the property development projects of Pan Hong Property were located in (i) Huzhou and Hangzhou cities of Zhejiang Province, the PRC through the Pan Hong Group and (ii) Nanchang, Fuzhou, Yichun and Leping cities of Jiangxi Province, the PRC through our Group.

Pan Hong Group has more than 15 years of property development experience in Zhejiang Province, which is located adjacent to Shanghai, a richer and more economically developed region in the PRC. With regard to Jiangxi Province, which is located in the central region of the PRC, its development has taken place slightly later and at a slower pace. However, the recent policies implemented by the PRC government in favour of the central region of the PRC have brought about an accelerated development to the economy of Jiangxi Province and the other central provinces and southern part of the PRC.

The recent PRC's government policies to promote development of the central region of the PRC, in particular the Plan to Encourage the Development of the Central Region of the PRC (促進中部地區崛起規劃) (the "**Central Region Plan**"), was proclaimed in 2009 and the relevant implementation opinion was released in early and mid-2010. According to the Central Region Plan and the implementation opinion, six provinces including Jiangxi, Anhui, Hunan, Hubei, Henan and Shanxi are the targeted provinces for development promotion. The PRC government will adopt various strategies to promote the development of the central region of the PRC, including, among others, the encouragement of foreign investments, the implementation of incentive measures and ancillary policies, as well as the development of food production base, energy resource base, modern equipment and advanced technology production base, transportation network, etc.

In view of the potential business opportunities offered by the Central Region Plan, and in order to unlock the value of the investments of Pan Hong Property in Jiangxi Province, Pan Hong Property has endeavoured to restructure its business portfolio by way of the Proposed Spin-off, with the Southern Region (as shown on the map set out on page 174 of this prospectus and thereon coloured red) serving as a spring board to spearhead the business development in the southern part of the PRC. Meanwhile, Pan Hong Property will focus on the development of the Northern Region (as shown on the map set out on page 174 of this prospectus and thereon coloured yellow).

Our Directors consider that it is an opportune moment to develop those projects held by Pan Hong Property in Jiangxi Province as Jiangxi Province is one of the targeted provinces under the Central Region Plan. As such, our Directors believe that Jiangxi Province is ideally positioned to capture the immediate benefits offered by the Central Region Plan in a timely manner.

Under the current strategy of Pan Hong Property, each of the Southern Region and the Northern Region will respectively cover three out of six targeted provinces of the central region of the PRC under the Central Region Plan. Among the six provinces included in the Central Region Plan, Jiangxi Province, Hubei Province and Hunan Province are the target markets of our Group, while the remaining three targeted provinces, namely Shanxi Province, Anhui Province and Henan Province are the target markets of Pan Hong Property. Such geographical delineation was mainly due to the location of Hubei Province and Hunan Province being adjacent to Jiangxi Province, the existing principal place of business of our Group, where separate management teams are responsible for the property development projects in the Southern Region and the Northern Region respectively.

Our Directors believe that the current strategy of each of the Southern Region and the Northern Region covering three out of six targeted provinces of the Central Region Plan will therefore enable both the Southern Region and the Northern Region to capture the benefit of the Central Region Plan in the long run, with Jiangxi Province being able to benefit from the same immediately.

About the spun-off group

The focus of our Group is to develop our property development projects in Jiangxi Province. The key element of our unique positioning involves strengthening our focus in Jiangxi Province to take advantage of the immediate benefits offered by the Central Region Plan.

As compared to the more developed Zhejiang Province, the economy of Jiangxi Province is currently in the developing stage with the population having a comparatively lower per capita income. Jiangxi Province had recorded a lower per capita disposable income of RMB15,481 in 2010 as compared with the national per capita disposable income of RMB19,109 in 2010 in the PRC. Our Directors are of the view that as compared with other highly developed cities and provinces in the PRC, Jiangxi Province has a higher growth potential, as there is still much room for improvement in terms of the income of the residents in that area, and it is expected that the quality and living conditions will continue to improve in line with the accelerated economic development in the region.

In this regard, the current focus and strategy for the property development business in Jiangxi Province will be on the development of residential properties in order to better meet the basic needs and requirements of the population in Jiangxi Province. Our Directors therefore believe that Jiangxi Province will experience strong development and growth in the following ten years. Please refer to the paragraph headed "Reasons and benefits of the Proposed Spin-off" under this section for further details in respect of other major reasons and benefits of the Proposed Spin-Off.

As Jiangxi Province is able to take immediate advantage in a timely manner of the benefit offered by the Central Region Plan, our Directors are of the view that the Proposed Spin-Off is in the best interest of the Shareholders as a whole.

Immediately following completion of the Share Offer and the Capitalisation Issue (taking no account of any Shares which may be allotted and issued under the Over-allotment Option and any options that may be granted under the Share Option Scheme), Pan Hong Property will be interested in 75% of the issued share capital of our Company.

The SGX has given an in-principle approval to the listing of Pan Hong Property's property development business and land parcel available for development located in Nanchang, Fuzhou, Yichun and Leping Cities in Jiangxi Province (the "**Jiangxi Property Business**") on the Stock Exchange subject to an undertaking being provided by Pan Hong Property to the SGX that in the event that Pan Hong Property contemplates a proposal that results in Pan Hong Property holding less than 50% interest in the Jiangxi Property Business:

(i) Pan Hong Property will consult the SGX prior to announcement and implementation of such proposal;

(ii) the Pan Hong Group's remaining business outside of the Jiangxi Property Business must satisfy the admission criteria for listing on the main board of the SGX;

(iii) in the event that Pan Hong Property's interest in the Jiangxi Property Business falls below 50% and the Pan Hong Group's remaining business is not able to meet the requirements for listing on the main board of the SGX, Pan Hong Property will be delisted from the SGX and an exit offer will be made to the shareholders of Pan Hong Property; and

(iv) Pan Hong Property will comply with such other conditions as may be imposed by the SGX.

Pan Hong Property has given the required undertaking to the SGX.

For details concerning the reasons and benefits of the Proposed Spin-off, please refer to the paragraph headed "Reasons and benefits of the Proposed Spin-off" in this section.

The Listing is conditional upon, inter alia, the approval of the shareholders of Pan Hong Property being obtained at the special general meeting for the disposal of part of Pan Hong Property's shareholding interest in our Company (the "**Proposed Disposal**") and the material dilution of Pan Hong Property's shareholding interest in our Company (the "**Proposed Material Dilution**"). At the special general meeting of Pan Hong Property held on 6 January 2011, the shareholders of Pan Hong Property approved the Proposed Disposal and the Proposed Material Dilution.

Pan Hong Property has obtained all the required approvals from and fulfilled all the conditions imposed by the relevant regulatory authorities in Singapore for the Proposed Spin-off.

Reasons and benefits of the Proposed Spin-off

The Directors believe that the Listing will be in the interests of the Pan Hong Group and our Group and their respective shareholders for the reasons below:

(i) Market valuation

As at the Latest Practicable Date, the market capitalisation of Pan Hong Property was approximately S$214 million. The directors of Pan Hong Property and our Directors believe that the current market valuation of Pan Hong Property does not adequately reflect the value of the New Group Business given the prevailing market valuation of its land parcels in the Jiangxi Province, the PRC and its growth prospects. A main objective of the Listing is to unlock the value of the investments of our Group. Based on the earnings attributable to the owners of our Company for the year ended 31 March 2011 and based on the Offer Price of HK$1.39 per Share (being the mid-point of the stated range of the Offer Price between HK$1.10 per Share and HK$1.68 per Share), the historical price/earnings ratio of our Group is approximately 11.4 times. Based on the earnings attributable to the owners of Pan Hong Property as disclosed in the latest published financial statements of Pan Hong Property for the year ended 31 March 2011 and based on the closing trading share price of Pan Hong Property on the SGX for the Latest Practicable Date, the historical price/earning ratio of the Pan Hong Group was approximately 5 times. The price/earnings ratio of our Group is thus much higher than that of Pan Hong Property. Given the different geographic location in the PRC, the directors of Pan Hong Property and our Directors believe that the Listing will further enhance the potential valuation of the Pan Hong Property as investors will have the opportunity to separately assess the potential market value of the business of our Group and the Pan Hong Group, taking into account their respective geographic market (such as different gross domestic product growth rates), customers (e.g. different affordability and income level) and risk profiles. The Listing will result in the achievement of an independent valuation of our Group which, in turn, may result in a value enhancement to the shareholders of Pan Hong Property and our Shareholders.

Our Directors consider that a dual primary or secondary listing of Pan Hong Property (including both the Pan Hong Group and our Group) on both the Stock Exchange and the SGX is not in the interest of the Shareholders. Where a company is listed on two stock markets at the same time, the trading share price of the company on the two stock markets will be interdependent due to arbitrage. Given that the trading volume of the shares of Pan Hong Property on the SGX has been rather small and the valuation of Pan Hong Property (as well as the overall valuation for PRC property developers listed on the SGX) is rather low as compared with those PRC property developers listed on the Stock Exchange, a primary dual listing or secondary listing will not achieve the intended result to unlock the value of the investments of our Group.

(ii) Better focus and accountability

The Listing will enable our Group and the Pan Hong Group to independently establish their respective management focus, business directions and growth strategies. Pan Hong Property and our Group intend that our Group and the Pan Hong Group are to be managed by separate operational, financial and accounting teams, hence improving corporate visibility, management control and accountability, and enhancing performance measurement.

(iii) Better capability to obtain financing from the equity markets

The Listing will provide greater clarity for credit profiling for financial institutions who wish to lend against the credit of our Group and the Pan Hong Group. Our Company will be able to enlarge its capital base and engage in fund raising in the equity capital markets to fund its own growth and investment plans. As Pan Hong Property is listed on the main board of the SGX, the directors of Pan Hong Property and our Group believe that it is beneficial for our Company to be listed on the Stock Exchange so that the Pan Hong Group (as a whole) and our Group can have ready access to tap into the different equity markets in Asia when opportunities arise for each of the respective businesses. Additionally, the two equity markets will also attract different investor profiles, thereby widening the investor base of Pan Hong Property and our Company, which potentially lead to a greater exposure of a wider pool of private, corporate and institutional investors both in Singapore and Hong Kong. The Listing will also enable our Group to raise new capital to fund the New Group Business and its growth.

(iv) Capturing of the opportunities offered by relatively favourable policies of the PRC government

Our Group's existing property projects and land parcels are located in Nanchang, Fuzhou, Yichun and Leping of the Jiangxi Province, the PRC. Given that our Group's property projects are located in cities, business of our Group could benefit from the PRC government's policy in shifting the property development focus to small to medium cities in the PRC under the "Twelfth Five-Year Plan (十二五規劃)".

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued as mentioned in this prospectus, and any Shares which may fall to be allotted and issued upon the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme.

No part of our Company's share or loan capital is listed or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek the listing of or permission to deal in its Shares and loan capital on any other stock exchange.

STAMP DUTY

All Offer Shares will be registered on our Company's branch register of members maintained in Hong Kong. Only Shares registered in our Company's branch register of members maintained in Hong Kong may be traded on the Stock Exchange. Dealings in Shares registered in our Company's branch register of members maintained in Hong Kong will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for or purchasing, holding or disposing of or dealing in the Offer Shares, you should consult an expert. None of our Company, the Directors, the Sponsor, the Joint Lead Managers, the Sole Bookrunner, the Underwriters, their respective directors and affiliates and any other person or party involved in the Share Offer accepts responsibility for any tax effects on, or liability of, any person or holders of Shares resulting from subscribing for, purchasing, holding or disposing of or dealing in the Offer Shares.

OVER-ALLOTMENT OPTION AND STABILISATION

Details of the arrangements relating to the Over-allotment Option and the related stabilisation exercise are set out in the section headed "Structure of the Share Offer" of this prospectus.

PROCEDURE FOR APPLICATION FOR THE PUBLIC OFFER SHARES

The procedure for application for the Public Offer Shares is set out in the section headed "How to apply for the Public Offer Shares" of this prospectus and on the relevant Application Forms.

STRUCTURE OF THE SHARE OFFER

Details of the structure of the Share Offer, including conditions of the Share Offer, are set out in the section headed "Structure of the Share Offer" of this prospectus.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or such other date HKSCC chooses. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect their rights, interest and liabilities.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All necessary arrangements have been made for the Shares to be admitted to CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Main Board of the Stock Exchange are expected to commence at 9:00 a.m. on Friday, 22 July 2011.

The Shares will be traded in board lots of 2,000 Shares each.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. If there is any inconsistency between the Chinese names of the Chinese entities mentioned in this prospectus and their English translation, the Chinese names shall prevail.

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

DIRECTORS

Name	Residential address	Nationality
Chairlady and Non-executive Director:		
Chan Heung Ling (陳晌玲)	Flat C & D, 33rd Floor Tower 18 Laguna Grande Verde Kowloon Hong Kong	Chinese
Executive Directors:		
Shi Feng (石峰)	Room 403, 4th Building Hunan Construction Engineering Group Corporation No. 788 First Segment of Furong South Road Changsha City Hunan Province PRC	Chinese
Wong Lui (汪磊)	Flat C & D, 33rd Floor Tower 18 Laguna Grande Verde Kowloon Hong Kong	Chinese
Independent Non-executive Directors:		
Xie Gang (解剛)	Flat G, 2nd Floor Tower 1, Harbour Place 8 Oi King Street Kowloon Hong Kong	Chinese
Lee Man To (李敏滔)	Flat H, 1st Floor Block 5 31 Laguna Street Laguna City Lam Tin Kowloon Hong Kong	Chinese
Zhang Juan (張娟)	Room 1501 No. 27 300 Nong Jin Xiu Road Pudong Xin District Shanghai PRC	Chinese

PARTIES INVOLVED

Sponsor	Kingsway Capital Limited 5th Floor, Hutchison House 10 Harcourt Road, Central Hong Kong
Sole Bookrunner	Kingsway Financial Services Group Limited 5th Floor, Hutchison House 10 Harcourt Road, Central Hong Kong
Joint Lead Managers	Kingsway Financial Services Group Limited 5th Floor, Hutchison House 10 Harcourt Road, Central Hong Kong OSK Securities Hong Kong Limited 12th Floor, World-Wide House 19 Des Voeux Road Central Hong Kong
Public Offer Underwriters	Kingsway Financial Services Group Limited 5th Floor, Hutchison House 10 Harcourt Road, Central Hong Kong OSK Securities Hong Kong Limited 12th Floor, World-Wide House 19 Des Voeux Road Central Hong Kong KGI Capital Asia Limited 41st Floor, Central Plaza 18 Harbour Road Wanchai, Hong Kong First Shanghai Securities Limited 19th Floor, Wing On House 71 Des Voeux Road Central Hong Kong

Placing Underwriters	Kingsway Financial Services Group Limited 5th Floor, Hutchison House 10 Harcourt Road, Central Hong Kong
	OSK Securities Hong Kong Limited 12th Floor, World-Wide House 19 Des Voeux Road Central Hong Kong
	KGI Capital Asia Limited 41st Floor, Central Plaza 18 Harbour Road Wanchai, Hong Kong
	First Shanghai Securities Limited 19th Floor, Wing On House 71 Des Voeux Road Central Hong Kong
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Certain information provided in this section is derived from various official or publicly available sources comprising certain articles, reports and publications, the preparations of which were not commissioned by the Group. The information for the years from 2004 to 2009 are derived from the Statistical Yearbooks published by the relevant national or local PRC governmental authorities while the information for the year 2010 are derived from certain communiqué published by the national or local PRC governmental authorities. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Such official information, however, has not been prepared or independently verified by our Company, the Sponsor, the Joint Lead Managers, the Sole Bookrunner, the Underwriters or their respective directors or advisers. Our Company, the Sponsor, the Joint Lead Managers, the Sole Bookrunner, the Underwriters, their respective directors and advisers or any other parties involved in the Share Offer make no representation as to the accuracy or completeness of such official information, which may not be consistent with information compiled from other sources, and accordingly such information contained in this section may not be accurate and should not be unduly relied upon.

OVERVIEW OF THE PRC ECONOMY

The PRC is located in the east of the Asian continent, on the western shore of the Pacific Ocean, with a land area of approximately 9.6 million square kilometers. The PRC is the third-largest country in the world in terms of area, next to Russia and Canada, with a population of approximately 1.3 billion, representing approximately 19.5% of the world's population.

Since 1978, the PRC has reformed and opened its economy. In the 1980s, the PRC tried to combine central planning with market-oriented reforms to increase productivity, living standards, and technological quality without exacerbating inflation, unemployment, and budget deficits. The government also encouraged non-agricultural activities such as village enterprises in rural areas, and promoted more self-management for state-owned enterprises, increased competition in the market place, and facilitated direct contact between Chinese and foreign trading enterprises. During the 1980s, these reforms led to average annual rates of growth of 10% in agricultural and industrial output. As the role of the PRC in world's trade has steadily grown, its importance to the international economy has also increased apace. Foreign trade of the PRC has grown faster than its GDP for the past 25 years. Growth of the PRC comes from both huge state investments in infrastructure and heavy industry as well as private sector expansion in light industry.

The economy of the PRC had experienced expansion from 2004 to 2007, where its real GDP growth rate had accelerated from 10.1% in 2004 to 14.2% in 2007. Then, the PRC experienced an economic slow-down with the onset of the global financial crisis in 2008. Real GDP growth of the PRC dropped to 9.6% in 2008 and continued to drop to 9.2% in 2009. The PRC launched its economic stimulus plan to deal with the global financial crisis of 2008. The PRC government had primarily focused on increasing affordable housing, easing credit restrictions for mortgage and small medium enterprises, lowering taxes such as those on real estate sales and commodities, pumping more public investment into infrastructure development, such as the railway network, roads and ports. By the end of 2009, it appeared that the economy of the PRC was showing signs of recovery. By 2010, real GDP growth of the PRC climbed back to the double-digit growth rate with 10.3%. The PRC was poised to move from export dependency to development of an internal market. In mid-2010, the PRC became the world's second largest economy, surpassing Japan's economy and second only to the US economy. In the second quarter of 2010, the PRC's economy was valued at US$1.33 trillion, as compared with the Japan's economy at US$1.28 trillion.

The table below sets out some major economic indicators of the PRC between 2004 and 2010.

Major economic indicators of the PRC (2004-2010)

	2004	2005	2006	2007	2008	2009	2010	2004-2010 CAGR
Population (million)	1,300	1,308	1,314	1,321	1,328	1,335	1,340	0.5%
Nominal GDP (RMB billion)	15,988	18,494	21,631	26,581	31,405	34,051	39,798	16.4%
Real GDP growth (%)	10.1	11.3	12.7	14.2	9.6	9.2	10.3	N/A
GDP per capita (RMB)	12,336	14,185	16,500	20,169	23,708	25,575	29,706	15.8%
Urbanisation (%)	41.8	43.0	43.9	44.9	45.7	46.6	49.7	N/A
Per capita disposable income (RMB)	9,422	10,493	11,760	13,786	15,781	17,175	19,109	12.5%
Retail sales of consumer goods (RMB billion)	5,950	6,835	7,915	9,357	11,483	13,268	15,700	17.6%
Foreign direct investment (US$ billion)	60.6	60.3	63.0	74.8	92.4	90.0	105.7	9.7%
Fixed asset investment (RMB billion)	7,048	8,877	11,000	13,732	17,283	22,485	27,814	25.7%

Source: *China Statistical Yearbooks, 2005-2010*
2010 China National Economy and Social Development Statistical Communique
Website of National Bureau of Statistics of China

Notes: *(1) "N/A" means not applicable or not available; and (2) CAGR refers to compound annual growth rate.*

The economic development in the PRC has resulted in growth in per capita disposable income, rising from RMB9,422 in 2004 to RMB19,109 in 2010, almost doubled in six years. Disposable income has a direct impact on domestic consumption, which includes spending on consumer goods and residential properties. The total retail sales of consumer goods increased from RMB5,950 billion in 2004 to RMB15,700 billion in 2010, representing a CAGR of 17.6%.

The PRC's economic development had boosted the pace of urbanisation, where its urbanisation rate had increased from 41.8% in 2004 to 49.7% in 2010. Rapid urbanisation, coupled with contemporaneous industrialisation, had led to an increase in demand for investment in infrastructure facilities and housing as well as consumer goods, which together contribute positively to further economic growth.

OVERVIEW OF THE PRC'S PROPERTY MARKET

In 1998, the state allocated housing policy was abolished by the PRC government, with effect that people have since been able to purchase their own properties. Since then, the PRC's real estate and housing sector began the transition to a market-oriented system.

The table below sets out some property market indicators of the PRC between 2004 and 2010:

Property Market Indicators of the PRC (2004-2010)

	2004	2005	2006	2007	2008	2009	2010	2004-2010 CAGR
Real estate investment (RMB billion)	1,316	1,591	1,942	2,529	3,120	3,624	4,827	24.2%
GFA of commodity properties completed (million sq.m.)	425	534	558	606	665	727	760	10.2%
GFA of commodity properties sold (million sq.m.)	382	555	619	774	660	948	1,043	18.2%
GFA of residential properties sold (million sq.m.)	338	496	554	701	559	862	931	18.4%
Average selling price of commodity properties (RMB per sq.m.)	2,778	3,168	3,367	3,864	3,800	4,681	5,029	10.4%
Average selling price of residential properties (RMB per sq.m.)	2,603	2,937	3,119	3,645	3,576	4,459	N/A	11.4%

Source: *China Statistical Yearbooks, 2005-2010;*
2010 China National Economy and Social Development Statistical Communique
Website of National Bureau of Statistics of China

Notes: *(1) "N/A" means not available; (2) GFA refers to gross floor area; and (3) * 2004-2009 CAGR*

During the period between 2004 and 2010, the overall PRC's property market experienced an upward trend with the real estate investment increased at CAGR of 24.2%, reaching a new record of RMB4,827 billion, representing an increase of approximately 33.2% as compared to 2009.

The GFA of commodity properties sold increased from 382 million sq.m. in 2004 to 1,043 million sq.m. in 2010. The GFA of residential properties sold increased from 338 million sq.m. in 2004 to 931 million sq.m. in 2010. Meanwhile, the average selling price of commodity properties and residential properties had increased from RMB2,778 per sq.m. and RMB2,608 per sq.m. in 2004 to RMB5,029 per sq.m. in 2010 and RMB4,459 per sq.m. in 2009 respectively.

THE CENTRAL PROVINCES OF THE PRC

Overview of the economy of the central provinces

The central provinces of the PRC, namely Jiangxi Province, Henan Province, Hubei Province, Hunan Province, Anhui Province and Shanxi Province, occupy an area of approximately 1,027,579 square kilometers, which makes up approximately 10.7% of the area in the PRC. In 2010, the combined GDP of these six central provinces amounted to approximately RMB8,544 billion, representing a growth of 21.1% as compared to the previous year and accounted for approximately 21.5% of the PRC's total GDP for the same year. The central region of the PRC is next to the PRC's eastern coastal provinces and the central provinces and focus on resource-based industries like mining and labour force export. According to the "Twelfth Five-Year Plan" (十二五規劃) published by the State Council, the PRC government had proposed to shift the development focus of property market to small to medium cities in the PRC.

Property market of the central provinces

Sale of properties in the central provinces of the PRC have experienced an upward trend in recent years. The total GFA of properties sold in the central provinces of the PRC had increased from approximately 79.5 million sq.m. in 2004 to approximately 211.9 million sq.m. in 2010, representing a CAGR of approximately 17.8%. The table below sets out the selected data relating to the property market in the central provinces of the PRC between 2004 and 2010:

Selected data of property market in central provinces of the PRC (2004-2010)

	2004	2005	2006	2007	2008	2009	2010	2004-2010 CAGR
Total GFA sold (million sq.m.)	79.5	95.2	117.3	153.7	133.0	179.1	211.9	17.8%
Total sales revenue (RMB billion)	103.0	183.6	239.2	374.9	336.5	531.9	729.2	38.6%
Average price of properties (RMB per sq.m.)	1,611	1,952	2,086	2,421	2,514	2,941	3,442	13.5%
Investment in properties (RMB billion)	165.0	223.2	289.5	390.2	529.2	662.0	875.2	32.1%

Source: *China Statistical Yearbooks, 2005-2010*
Website of National Bureau of Statistics of China
2010 Economy and Social Development Statistical Communique of Jiangxi, Henan, Hubei, Hunan, Anhui and Shanxi

Notes: *(1) "N/A" means not applicable or not available; and*
(2) CAGR refers to compound annual growth rate

JIANGXI PROVINCE

Overview of Jiangxi's economy

Jiangxi Province is one of the PRC's inland provinces, which lies in the southeast part of the PRC and along the southern bank of the middle and lower reaches of the Yangzi River. Jiangxi Province shares its borders with Zhejiang Province and Fujian Province to the east, Guangdong Province to the south, Hunan Province to the west and Hubei Province and Anhui Province to the north. Surrounded by mountains on three sides and facing the Yangtze River on the other, Jiangxi Province has rolling hills and broad plains. It covers an area of approximately 166,900 square kilometers and has a total population of approximately 43 million. Jiangxi Province is rich in various mineral resources, such as copper, gold, silver, etc.

According to the statistics from Jiangxi Statistics Bureau, the nominal GDP of Jiangxi Province had increased from RMB346 billion in 2004 to RMB944 billion in 2010, representing a CAGR of 18.2%. The average real GDP growth rate of Jiangxi Province was about 13% during the period from 2004 to 2010. In terms of per capita disposable income, it had increased from RMB7,560 in 2004 to RMB15,481 in 2010, representing a CAGR of 12.7%. The table below sets out some major economic indicators of Jiangxi Province between 2004 and 2010:

Major economic indicators of Jiangxi Province (2004-2010)

	2004	2005	2006	2007	2008	2009	2010	2004-2010 CAGR
Nominal GDP (RMB billion)	346	406	482	580	697	766	944	18.2%
Real GDP growth rate (%)	13.2	12.8	12.3	13.2	13.2	13.1	14.0	N/A
GDP per capita (RMB)	8,097	9,440	11,145	13,322	15,900	17,335	N/A	16.4%*
Foreign direct investment (US$ billion)	2.1	2.4	2.8	3.1	3.6	4.0	5.1	16.4%
Fixed asset investment (RMB billion)	182	229	268	330	475	664	878	30.0%
Real estate investment (RMB billion)	27	30	35	44	55	63	71	17.7%
Retail sales (RMB billion)	107	124	145	172	214	248	293	18.2%
Urbanisation (%)	35.6	37.1	38.7	39.8	41.4	43.2	N/A	N/A
Per capita disposable income (RMB)	7,560	8,620	9,551	11,222	12,866	14,022	15,481	12.7%

Source: *Jiangxi Statistical Yearbooks, 2005-2010*
2010 Jiangxi Economy and Social Development Statistical Communique

Notes: *(1) "N/A" means not applicable or not available; (2) CAGR refers to compound annual growth rate; and (3) *2004-2009 CAGR*

Being one of the six central provinces in the PRC, Jiangxi Province is situated at a strategic location with geographical and economic advantages. While the economic development of Jiangxi Province has been accelerated by the recent policies implemented by the PRC government, the urbanisation rate of Jiangxi Province increased from 35.6% in 2004 to 43.2% in 2009, reaching a total population of approximately 19 million of urban dwelling citizens.

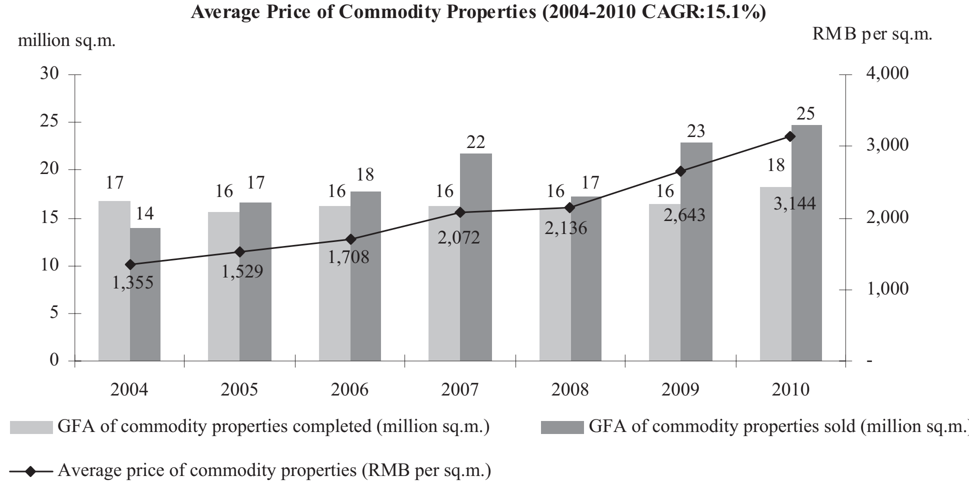
The capital city of Jiangxi Province is Nanchang City, which has a total area of approximately 7,402 square kilometers and a population of approximately 4.8 million. According to the statistics published by the Bureau of Statistics of Jiangxi Province (江西統計局), the foreign direct investments in Nanchang City ranked the top of US$2.0 billion in 2010, contributing about 39% of all 11 cities in Jiangxi Province. In addition, the Seventh Chinese City Game (第七屆全國城市運動會) will be held in Nanchang City in 2011, which is expected to drive up the overall economy and the tourism industry of Nanchang City.

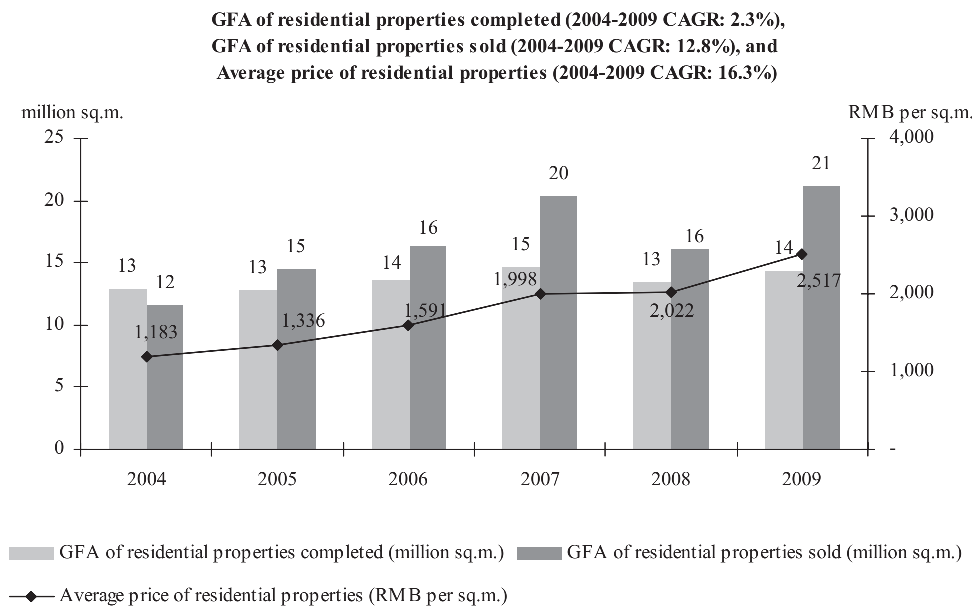
Jiangxi Province property market

During the period between 2004 and 2010, the GFA of commodity properties completed in Jiangxi Province remained stable between 2004 and 2010 with a CAGR of 1.5%, leading to a flat supply of property market in Jiangxi Province. Meanwhile, the property demand has been increasing over the years. Since 2005, the GFA of commodity and residential properties sold has been higher than that completed in the same year. As a result of the shortage in property supply, the GFA of commodity properties and residential properties sold during the period between 2004 and 2010 increased at CAGRs of 10.1% and 12.8% respectively. Meanwhile, the average price of commodity properties during the period between 2004 and 2010 has been increasing at a CAGR of 15.1% from RMB1,355 per sq.m. in 2004 to RMB3,144 per sq.m. in 2010.

The charts below set out the selected property market indicators of Jiangxi Province:

GFA of Commodity Properties Completed (2004-2010 CAGR: 1.5%), GFA of Commodity Properties Sold (2004-2010 CAGR: 10.1%), and Average Price of Commodity Properties (2004-2010 CAGR:15.1%)





Source: *Jiangxi Statistical Yearbooks, 2005-2010*
2010 Jiangxi Economy and Social Development Statistical Communique

Notes: *(1) GFA refers to gross floor area; (2) CAGR refers to compound annual growth rate; and (3) the data of residential properties in 2010 are not available.*

GUANGDONG PROVINCE

Overview of Guangdong Province's economy

Guangdong Province is located on the southern coast of the PRC, and shares its borders with Fujian Province to the northeast, Jiangxi Province and Hunan Province to the north, Guangxi Autonomous Region to the west, and Hong Kong and Macau Special Administrative Regions to the south. It covers an area of approximately 177,900 square kilometers with an approximately 96 million population as at 2009.

According to the statistics from Guangdong Statistics Bureau, the nominal GDP of Guangdong Province had increased from RMB1,886 billion in 2004 to RMB4,547 billion in 2010, representing a CAGR of 15.8%. Between 2004 and 2010, Guangdong Province recorded the highest real GDP growth rate of 14.9% in 2007 and the highest GDP per capita of RMB41,166 in 2009, which was approximately 61.0% higher than the national amount of RMB25,575 in 2009. In 2010, the foreign direct investment of Guangdong Province reached US$20.3 billion, accounting in the same year for nearly a quarter of the national foreign direct investment of US$105.7 billion. In terms of per capita disposable income, it has increased from RMB13,628 in 2004 to RMB23,898 in 2010, representing a CAGR of 9.8%. The table below sets out some major economic indicators of Guangdong Province between 2004 and 2010:

Major economic indicators of Guangdong Province (2004-2010)

	2004	2005	2006	2007	2008	2009	2010	2004-2010 CAGR
Nominal GDP (RMB billion)	1,886	2,256	2,659	3,178	3,680	3,948	4,547	15.8%
Real GDP growth rate (%)	14.8	14.1	14.8	14.9	10.4	9.7	12.2	N/A
GDP per capita (RMB)	20,876	24,647	28,747	33,890	38,748	41,166	N/A	14.5%*
Foreign direct investment (US$ billion)	10.0	12.4	14.5	17.1	19.2	19.5	20.3	12.5%
Fixed asset investment (RMB billion)	603	716	813	960	1,117	1,335	1,611	17.8%
Real estate investment (RMB billion)	136	159	184	252	293	296	366	18.0%
Retail sales (RMB billion)	685	792	919	1,073	1,299	1,489	1,741	16.8%
Urbanisation (%)	N/A	60.7	63.0	63.1	63.4	63.4	N/A	N/A
Per capita disposable income (RMB)	13,628	14,770	16,016	17,699	19,733	21,575	23,898	9.8%

Source: *Guangdong Statistical Yearbooks, 2005-2010*
2010 Guangdong Economy and Social Development Statistical Communique

Notes: *(1) "N/A" means not applicable or not available; (2) CAGR refers to compound annual growth rate; and (3) * 2004-2009 CAGR*

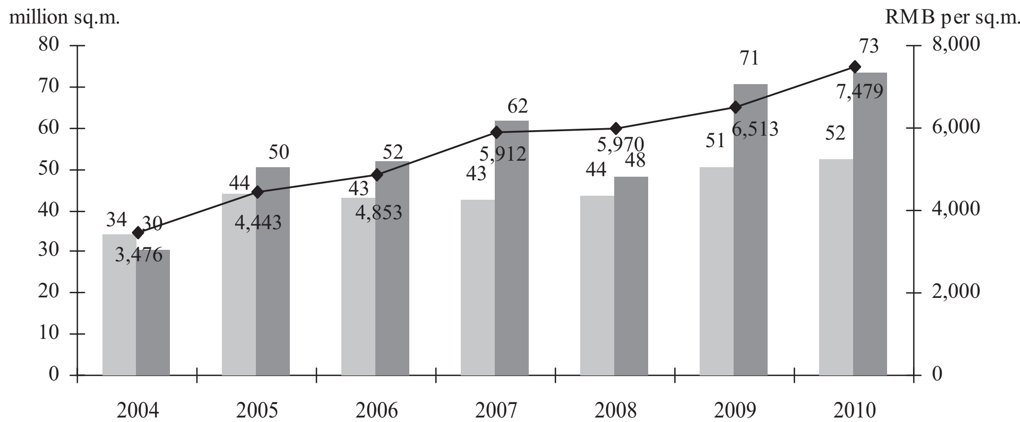
Guangdong Province property market

During the period between 2004 and 2010, the property market in Guangdong Province experienced an upward trend with the real estate investment of RMB136 billion in 2004 to RMB366 billion in 2010, representing a CAGR of 18.0%.

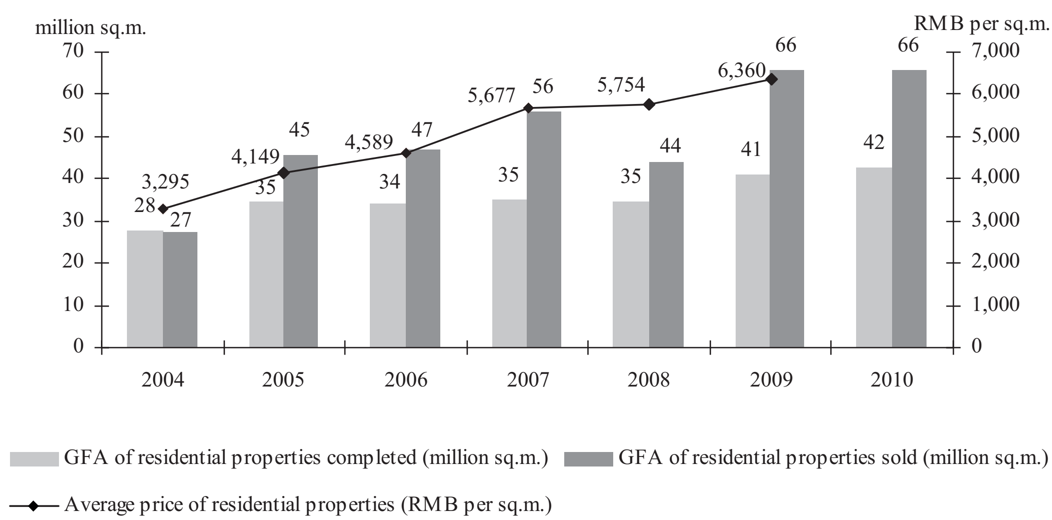
GFA of commodity properties and residential properties completed in Guangdong Province increased at 7.4% and 7.3% of CAGRs respectively during the period from 2004 to 2010. Meanwhile, the GFA of residential properties sold had increased from 27 million sq.m. in 2004 to 66 million sq.m. in 2010, representing a CAGR of 15.6%, which is slightly lower than that of the PRC's overall property market of 18.4%. The average price of commodity properties and residential properties had also increased to RMB6,513 per sq.m. and RMB6,360 per sq.m. respectively in 2009, representing CAGRs of 13.4% and 14.1% respectively from 2004 to 2009.

The charts below set out the selected property market indicators of Guangdong Province:

GFA of Commodity Properties Completed (2004-2010 CAGR: 7.4%), GFA of Commodity Properties Sold (2004-2010 CAGR: 15.7%), and Average Price of Commodity Properties (2004-2010 CAGR: 13.6%)



GFA of Residential Properties Completed (2004-2010 CAGR: 7.3%), GFA of Residential Properties Sold (2004-2010 CAGR: 15.6%), and Average Price of Residential Properties (2004-2009 CAGR: 14.1%)



Source: *Guangdong Statistical Yearbooks, 2005-2010*
2010 Guangdong Economy and Social Development Statistical Communique

Notes: *(1) GFA refers to gross floor area; (2) CAGR refers to compound annual growth rate; and (3) Average price of residential properties in 2010 is not available.*

GUANGXI PROVINCE

Overview of Guangxi Province's economy

Guangxi Zhuang Autonomous Region is one of the PRC's autonomous regions. It is located in the southwest of the PRC, sharing a border with Vietnam, covering an area of approximately 236,700 square kilometers.

According to the statistics from Guangxi Statistics Bureau, the nominal GDP of Guangxi Province increased from RMB343 billion in 2004 to RMB950 billion in 2010, representing a CAGR of 18.5%. The highest real GDP growth rate was 15.1% in 2007 and there was a double-digit growth for seven consecutive years from 2004 to 2010. In 2010, the real GDP growth rate was 14.2%, which is 3.9% higher than the national real GDP growth rate of 10.3%. In terms of per capita disposable income, it has increased from RMB8,177 in 2004 to RMB17,064 in 2010, representing a CAGR of 13.0%. The table below sets out some selected major economic indicators of Guangxi Province between 2004 and 2010:

Major economic indicators of Guangxi Province (2004-2010)

	2004	2005	2006	2007	2008	2009	2010	2004-2010 CAGR
Nominal GDP (RMB billion)	343	398	475	582	702	776	950	18.5%
Real GDP growth rate (%)	11.8	13.2	13.6	15.1	12.8	13.9	14.2	N/A
GDP per capita (RMB)	7,461	8,590	10,121	12,277	14,652	16,045	N/A	16.5%*
Foreign direct investment (US$ billion)	0.3	0.4	0.4	0.7	1.0	1.0	0.9	20.6%
Fixed asset investment (RMB billion)	126	177	225	297	378	571	786	35.6%
Real estate investment (RMB billion)	21	29	37	54	63	81	121	33.6%
Retail sales (RMB billion)	122	141	162	193	240	279	327	17.8%
Urbanisation (%)	31.7	33.6	34.6	36.2	38.2	39.2	N/A	N/A
Per capita disposable income (RMB)	8,177	8,917	9,899	12,200	14,146	15,451	17,064	13.0%

Source: *Guangxi Statistical Yearbooks, 2005-2010*
2010 Guangxi Economy and Social Development Statistical Communique

Notes: *(1) "N/A" means not applicable or not available; (2) CAGR refers to compound annual growth rate; and (3)* 2004-2009 CAGR*

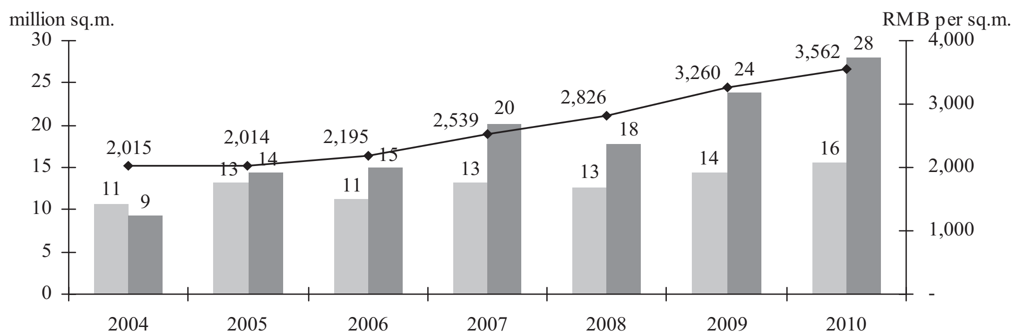
Guangxi Province property market

During the period between 2004 and 2010, the property market in Guangxi Province experienced an upward trend with the real estate investment of RMB21 billion in 2004 to RMB121 billion in 2010, representing a CAGR of 33.6%.

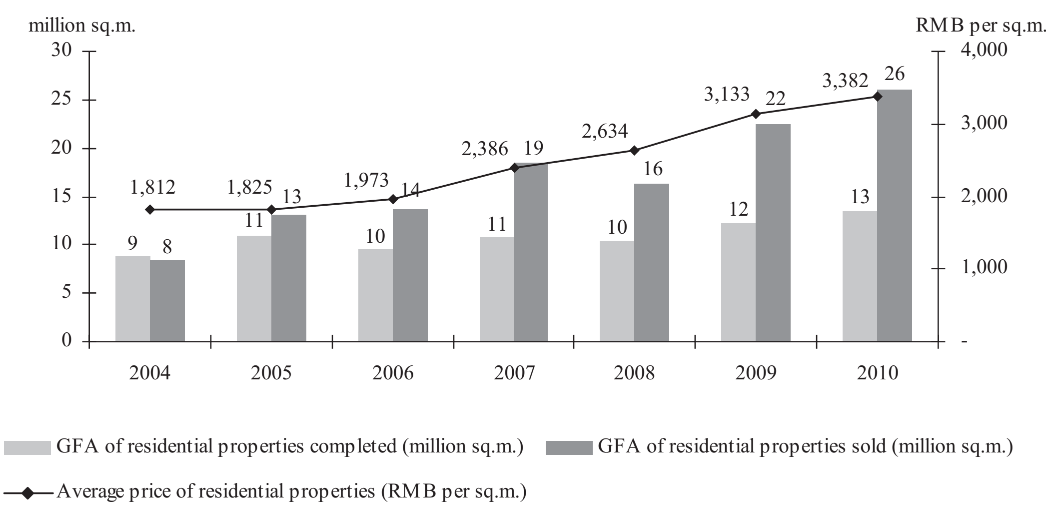
GFA of commodity properties and residential properties completed in Guangxi Province had been increasing at a CAGR of 6.8% and 7.2% respectively during the period from 2004 to 2010. Meanwhile, the GFA of residential properties sold had increased for more than two times from 8 million sq.m. in 2004 to 26 million sq.m. in 2010, representing a CAGR of 20.8%, which was slightly higher than that of the PRC's overall property market of 18.4%. The average price of commodity properties and residential properties had also increased to RMB3,562 per sq.m. and RMB3,382 per sq.m. respectively in 2010, representing CAGRs of 10.0% and 11.0% respectively from 2004 to 2010.

The charts below set out the selected property market indicators of Guangxi Province:

GFA of Commodity Properties Completed (2004-2010 CAGR: 6.8%), GFA of Commodity Properties Sold (2004-2010 CAGR: 20.0%), and Average Price of Commodity Properties (2004-2010 CAGR: 10.0%)



GFA of Residential Properties Completed (2004-2010 CAGR: 7.2%), GFA of Residential Properties Sold (2004-2010 CAGR: 20.8%), and Average Price of Residential Properties (2004-2010 CAGR: 11.0%)



Source: *Guangxi Statistical Yearbooks, 2005-2010*
2010 Guangxi Economy and Social Development Statistical Communique

Notes: *(1) GFA refers to gross floor area; and (2) CAGR refers to compound annual growth rate*

HUNAN PROVINCE

Overview of Hunan Province's economy

Hunan Province is located to the south of the middle reaches of the Yangtze River, bordered on the north by Hubei Province, on the south by Guangdong Province and Guangxi Province, on the east by Jiangxi Province and the west by Chongqing Municipality and Guizhou Province. Hunan Province has an area of approximately 211,800 square kilometers. Due to the location of Hunan Province joined to the Yangtze River and adjacent to the southern coastal arrears as well as to Hong Kong and Macao, it serves as a junction between and an extension of the PRC's two major open and developmental regions – South China Coastal Special Economic Zones and the Yangtze Riverside Economic Zones.

According to the statistics from Hunan Statistics Bureau, the nominal GDP of Hunan had increased from RMB564 billion in 2004 to RMB1,590 billion in 2010, representing a CAGR of 18.9%. In terms of per capita disposable income, it has increased from RMB8,618 in 2004 to RMB16,566 in 2010, representing a CAGR of 11.5%. The table below sets out some major economic indicators of Hunan Province between 2004 and 2010:

Major economic indicators of Hunan Province (2004-2010)

	2004	2005	2006	2007	2008	2009	2010	2004-2010 CAGR
Nominal GDP (RMB billion)	564	651	757	920	1,116	1,293	1,590	18.9%
Real GDP growth rate (%)	12.1	11.6	12.2	14.5	12.8	13.6	14.5	N/A
GDP per capita (RMB)	9,165	10,426	11,950	14,492	17,521	20,226	N/A	17.2%*
Foreign direct investment (US$ billion)	1.4	2.1	2.6	3.3	4.0	4.6	5.2	24.1%
Fixed asset investment (RMB billion)	198	256	324	429	565	770	982	30.6%
Real estate investment (RMB billion)	33	46	56	75	90	108	147	28.0%
Retail sales (RMB billion)	215	246	283	336	412	491	578	17.9%
Urbanisation (%)	35.5	37.0	38.7	40.5	42.1	43.2	N/A	N/A
Per capita disposable income (RMB)	8,618	9,524	10,505	12,294	13,821	15,084	16,566	11.5%

Source: *Hunan Statistical Yearbooks, 2005-2009*
2009 and 2010 Hunan Economy and Social Development Statistical Communique

Notes: *(1) "N/A" means not applicable or not available; (2) CAGR refers to compound annual growth rate; and (3) * 2004-2009 CAGR*

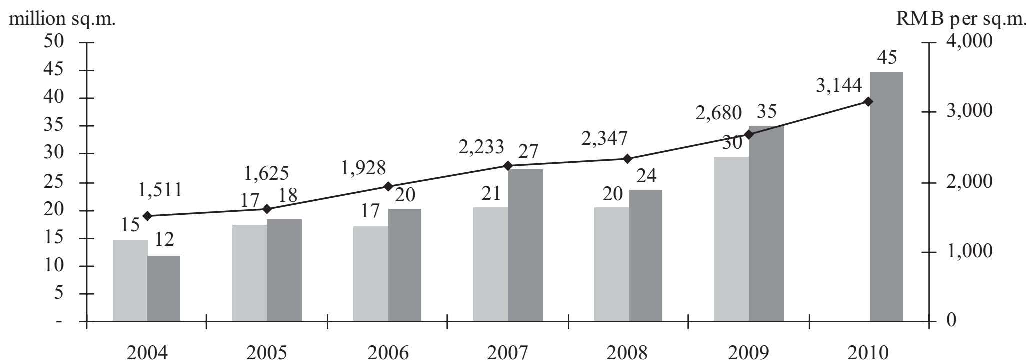
Hunan Province property market

During the period between 2004 and 2010, the property market in Hunan Province experienced an upward trend with the real estate investment of RMB33 billion in 2004 to RMB147 billion in 2010, representing a CAGR of 28.0%.

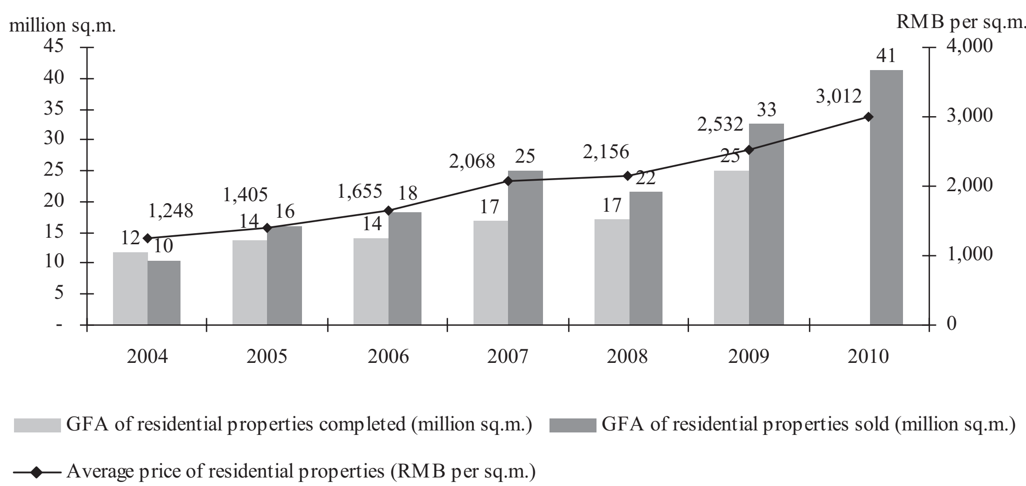
GFA of commodity properties and residential properties completed in Hunan Province had been increasing at a CAGR of 15.2% and 16.3% respectively during the period from 2004 to 2009. Meanwhile, the GFA of residential properties sold had increased from 10 million sq.m. in 2004 to 41 million sq.m. in 2010, representing a CAGR of 26.1%, which was higher than that of the PRC's overall property market of 18.4%. The average price of commodity properties and residential properties had also increased to RMB3,144 per sq.m. and RMB3,012 per sq.m. respectively in 2010, representing CAGRs of 13.0% and 15.8% respectively from 2004 to 2010.

The charts below set out the selected property market indicators of Hunan Province:

GFA of Commodity Properties Completed (2004-2009 CAGR: 15.2%),
GFA of Commodity Properties Sold (2004-2010 CAGR: 24.7%), and
Average Price of Commodity Properties (2004-2010 CAGR: 13.0%)



GFA of Residential Properties Completed (2004-2009 CAGR: 16.3%),
GFA of Residential Properties Sold (2004-2010 CAGR: 26.1%), and
Average Price of Residential Properties (2004-2010 CAGR: 15.8%)



Source: *Hunan Statistical Yearbooks, 2005-2009*
2010 Hunan Economy and Social Development Statistical Communique
Website of Hunan Statistics Bureau

Notes: *(1) GFA refers to gross floor area; (2) CAGR refers to compound annual growth rate; and (3) GFA of commodity and residential properties completed in 2010 are not available.*

HISTORY AND DEVELOPMENT

The history of the PRC property development business of the Pan Hong Group and our Group can be traced back to the development of Hangzhou Asia City project (杭州亞洲城項目) in 1992 by Hangzhou Asia City Real Estate Development Co., Ltd. (杭州亞洲城房地產開發有限公司) ("Hangzhou Asia City"), a sino-foreign equity joint venture enterprise established in the PRC on 23 June 1992 with a registered capital of US$6,000,000. Hangzhou Asia City was owned as to 30% by 浙信房地產公司 (Zhexin Real Estate Company), 30% by 余杭縣經濟建設發展公司 (Yuhang County Economic Construction and Development Company), both being Independent Third Parties, and 40% by Pan Hong Company Limited, a company incorporated in Hong Kong and owned as to 90% by Mr. Wong and 10% by Ms. Chan at the material time.

The Pan Hong Group has more than 15 years of property development experience in Zhejiang Province, where the regions around Shanghai have predominantly been the richer and more economically developed region in the PRC. With regard to Jiangxi Province, which is located in the central region of the PRC, its development had taken place slightly later and at a slower pace. However, the recent policies implemented by the PRC government for the central region of the PRC have brought about an accelerated development to the economy of Jiangxi Province and the other central provinces in the PRC. In addition, as compared to the more developed Zhejiang Province, Jiangxi Province is currently in the economic development stage with the population having a comparatively lower per capita income. As such, the focus for the property development projects in Jiangxi Province is more towards the improvement of the quality and living conditions of the residential properties. In this regard, the current focus and strategy for the property development business in Jiangxi Province will be on the development of residential properties in order to better meet the basic needs and requirements of the population in Jiangxi Province. As such, the Pan Hong Group has, in 2003, entered into the property development market in Jiangxi Province and our Directors believe that Jiangxi Province will experience strong development and growth in the following ten years.

Our first project in Jiangxi Province was Nanchang Honggu Kaixuan (南昌紅谷凱旋), a residential and commercial development near Honggu Tan New District of Nanchang (南昌紅谷灘新區). Nanchang Honggu Kaixuan occupies a site area of approximately 80,520.6 sq. m., comprising residential and commercial development with an aggregate saleable GFA of approximately 300,299 sq. m.

In 2007, we further explored and capitalised opportunities in the property development market in Fuzhou, Jiangxi Province, the PRC by establishing Fuzhou Pan Hong. We also started developing other projects in Yichun, Nanchang and Leping through newly established project companies. These property development projects included the Yichun Project (宜春項目), the Nanchang Dingxun Project (南昌鼎迅項目) and the Leping Project (樂平項目).

On 5 January 2011, our Company was incorporated in contemplation of the Share Offer.

ESTABLISHMENT OF OUR OPERATING SUBSIDIARIES AND JOINTLY CONTROLLED ENTITY

Jiangxi Asia City

Jiangxi Asia City was established as a wholly-foreign owned enterprise on 4 July 2003 with a registered capital of US$5,000,000 and was wholly-owned by Pan Hong Investment. The business scope of Jiangxi Asia City at the material time as shown on its business licence was the development and sales of real estate and property management.

As approved by the relevant MOFCOM on 31 May 2007, the registered capital of Jiangxi Asia City had increased from US$5,000,000 to US$25,000,000. The relevant registration procedures with the relevant PRC authority responsible for the administration of industry and commerce had been completed on 20 August 2007.

As approved by the relevant MOFCOM on 12 May 2010, the business scope of Jiangxi Asia City was amended to development and sales of real estate in certain part of the Land Portion C-3, C-4 and C-5 of Honggu Tan New District. The number of directors was decreased from five to three. The relevant registration procedures with the relevant PRC authority responsible for the administration of industry and commerce had been completed on 18 May 2010.

As a part of the Reorganisation, on 9 December 2010, Pan Hong Investment and Sino Harbour entered into an equity transfer agreement, pursuant to which Pan Hong Investment agreed to sell, and Sino Harbour agreed to acquire, the entire registered capital of Jiangxi Asia City at the consideration of HK$195,104,560 (US$25,000,000), which was equivalent to the entire registered capital of Jiangxi Asia City and the capital contribution made by Pan Hong Investment. Such consideration was determined through negotiations between the parties on the basis of equality and mutual benefit. The consideration was settled by setting off the debt due from Pan Hong Investment to Sino Harbour.

The said equity transfer was approved by the relevant MOFCOM on 11 January 2011 and the relevant registration procedures with the relevant authority responsible for the administration of industry and commerce had been completed on 21 January 2011. Since then, Jiangxi Asia City has been wholly-owned by Sino Harbour. The business scope of Jiangxi Asia City as shown on its business licence is development and sales of real estate in certain part of Land Portion C-3, C-4 and C-5 of Honggu Tan New District.

Nanchang Dingxun

Nanchang Dingxun was established on 25 February 2003 with a registered capital of RMB10,000,000 and was owned by Shanghai Dingxun and Mr. Su Wenfeng (蘇文峰) as to 95% and 5% respectively.

After years of business development in Nanchang, our Group has secured certain market recognition in the property market in Nanchang. In light of the implementation of the Plan to Encourage the Development of the Central Region of the PRC (促進中部地區崛起規劃) and the future economic development of Nanchang, our Group has tried to identify new investment opportunities in Nanchang. Nanchang Dingxun has acquired a parcel of land in Nanchang, particulars of which are set out in Property No. 5 in Appendix III to this prospectus, which our Group considered to be suitable for its property development business in the coming few years. In light of the aforesaid, on 29 December 2009, Shanghai Dingxun and Mr. Su Wenfeng (蘇文峰) entered into an equity transfer agreement, pursuant to which Shanghai Dingxun and Mr. Su Wenfeng agreed to sell their respective 50% and 5% equity interest in Nanchang Dingxun to Jiangxi Asia City at the consideration of RMB201,656,000 and RMB20,165,600 respectively. Such consideration was determined with reference to the market price of the parcel of land held by Nanchang Dingxun at the material time. The relevant registration procedures in respect of the said equity transfer with the relevant authority responsible for the administration of industry and commerce have been completed on 12 January 2010. Since the aforesaid transfers, Nanchang Dingxun has been owned by Shanghai Dingxun and Jiangxi Asia City as to 45% and 55% respectively. Nanchang Dingxun remains as a domestic enterprise of the PRC, which is re-invested by a foreign investment enterprise after the transfers.

On 6 August 2010, the shareholders of Nanchang Dingxun resolved to increase the registered capital from RMB10,000,000 to RMB66,865,000. Nanchang Dingxun has obtained all the relevant and necessary approvals from the relevant authority responsible for the administration of industry and commerce in respect of the said increase in registered capital, and the relevant registration procedures with the relevant authority responsible for the administration of industry and commerce have been completed. As at 25 August 2010, the said capital increase had been fully paid up. The respective shareholding of the shareholders of Nanchang Dingxun remained unchanged after the capital increase. The business scope of Nanchang Dingxun as shown on its business licence is development, sales and management of real estate, provision of agency and consultation services of real estate, gardening services and management of urban construction work.

Jiangxi Ganghong

Apart from property development in Nanchang, our Group has tried to identify new investment opportunities in other cities of the Jiangxi Province, the PRC. In 2007, our Group identified the Yichun Project (宜春項目), a jointly developed project with Jiangxi Hongkelong and considered it a good investment opportunity for our Group. The group of companies of which Jiangxi Hongkelong forms part is principally engaged in retail business, property development and hotel operation. Jiangxi Hongkelong is an enterprise with significant amount of investments in the Jiangxi Province, the PRC. In view of the background and the financial resources of Jiangxi Hongkelong, our Directors considered that it would be in the interest of our Group to jointly develop the Yichun Project (宜春項目) with Jiangxi Hongkelong at that time.

Jiangxi Ganghong was established as a sino-foreign joint venture enterprise on 29 March 2007 with a registered capital of RMB60,000,000 and was owned by Jiangxi Hongkelong and Pan Hong Investment as to 50% and 50% respectively.

On 22 May 2007, Jiangxi Ganghong was approved by the relevant MOFCOM to increase its registered capital from RMB60,000,000 to RMB100,000,000. The respective shareholding of the shareholders of Jiangxi Ganghong remained unchanged after the capital increase.

As a part of the Reorganisation, on 9 December 2010, Pan Hong Investment and Sino Harbour entered into an equity transfer agreement, pursuant to which Pan Hong Investment agreed to sell, and Sino Harbour agreed to acquire, 50% equity interest in Jiangxi Ganghong at the consideration of RMB50,000,000. Such consideration was determined through negotiations between the parties with reference to the registered capital of Jiangxi Ganghong and the capital contribution made by Pan Hong Investment. The consideration was settled by setting off the debt due from Pan Hong Investment to Sino Harbour.

The said equity transfer was approved by the relevant MOFCOM on 11 January 2011 and the relevant registration procedures with the relevant authority responsible for the administration of industry and commerce have been completed on 17 January 2011. Since then, Jiangxi Ganghong has been owned by Sino Harbour and Jiangxi Hongkelong as to 50% and 50% respectively. The business scope of Jiangxi Ganghong as shown on its business licence is development and sales of real estate.

Fuzhou Pan Hong

Fuzhou Pan Hong was established as a wholly-foreign owned enterprise on 19 November 2007 with a registered capital of RMB450,000,000 and was wholly-owned by Sino Harbour. On 20 October 2009, Fuzhou Pan Hong was approved by the relevant MOFCOM to reduce its registered capital to RMB200,000,000. The relevant registration procedures with the relevant PRC governmental authority has been completed on 16 November 2009. The reason for such reduction in registered capital was that our Group decided to design the project with development of lower plot ratio in order to avoid direct competition with other competitors, which usually developed high-rise apartments with higher plot ratio at the material time. Lesser GFA to be developed led to the lesser amount of the total investment required and hence, the registered capital.

In April 2010, prior to the decision of Pan Hong Property to carry out the Proposed Spin-off and the Listing on the Stock Exchange, Pan Hong Property intended to streamline the investment holding structure of the operating subsidiaries of the Pan Hong Group which included our Group at that time. Accordingly, on 20 April 2010, Sino Harbour and Pan Hong Investment entered into an equity transfer agreement, pursuant to which Sino Harbour agreed to transfer, and Pan Hong Investment agreed to acquire, the entire registered capital of Fuzhou Pan Hong at a consideration of HK$163,038,860 (RMB148,481,543.28), which was equivalent the capital contribution made by Pan Hong Investment. The consideration was settled by setting off the debt due from Sino Harbour to Pan Hong Investment. After the said transfer, Pan Hong Property decided to carry out the Proposed Spin-off and the Listing on the Stock Exchange. Under the Proposed Spin-off, the New Group Business and the Pan Hong Group's Business will be delineated by geographical locations of the property development projects.

As at 27 January 2010, 74.2% of the registered capital of Fuzhou Pan Hong had been paid up. The remaining unpaid registered capital of Fuzhou Pan Hong was paid by Pan Hong Investment after the said equity transfer on 2 December 2010. The transfer was approved by the PRC governmental authority on 31 August 2010 and the relevant registration procedures with the relevant authority responsible for the administration of industry and commerce were completed on 6 September 2010. After the said transfer, Fuzhou Pan Hong was wholly-owned by Pan Hong Investment.

As a part of the Reorganisation and to clearly delineate the holding structure with Pan Hong Investment as the investment holding company for the Pan Hong Group's Business and Sino Harbour as the investment holding company for the New Group Business, on 9 December 2010, Pan Hong Investment and Sino Harbour entered into an equity transfer agreement, pursuant to which Pan Hong Investment agreed to sell, and Sino Harbour agreed to acquire, the entire registered capital of Fuzhou Pan Hong at a consideration of HK$223,038,860 (RMB200,000,000), which was equivalent to the entire registered capital of Fuzhou Pan Hong and the capital contribution made by Pan Hong Investment. The consideration was settled by setting off the debt due from Pan Hong Investment to Sino Harbour.

The said equity transfer was approved by the relevant MOFCOM on 4 January 2011 and the relevant registration procedures with the relevant authority responsible for the administration of industry and commerce have been completed on 10 January 2011. Since then, Fuzhou Pan Hong has been wholly-owned by Sino Harbour. The business scope of Fuzhou Pan Hong as shown on its business licence is development, sales and leasing of real estate on Land Portion No. FJ (2009) 028 in Fuzhou.

As both of the above transfers were part of the internal restructuring of the Pan Hong Group which included our Group at the relevant time, the consideration for each of the transfers was determined with reference to the then paid-up registered capital of Fuzhou Pan Hong.

After completion of the transfer of equity interest in Jiangxi Asia City, Jiangxi Ganghong and Fuzhou Pan Hong, the total amount of consideration for the transfers due from Sino Harbour to Pan Hong Investment was HK$313,928,090 (the "**Outstanding Amount**"). It is proposed that the Outstanding Amount will not be capitalised before Listing but will be assigned by Pan Hong Investment to our Company as part of the Reorganisation. Please refer the paragraph headed "Group Reorganisation" as set out in Appendix I to this prospectus.

Leping Feng Huang

Leping Feng Huang was established on 24 December 2004 with a registered capital of RMB12,000,000. At that time, Leping Feng Huang was owned by the following persons:

Name of shareholders	**Shareholding**
Jiangxi Feng Huang Construction Limited (江西鳳凰建業有限責任公司) ("**Jiangxi Feng Huang**") *(Note 1)*	42%
Chen Houchun (諶厚春) *(Note 2)*	25%
Huang Dong (黃棟) *(Note 3)*	19%
Wang Buhua (王步華) *(Note 4)*	13%
Liao Xinshan (廖心善) *(Note 5)*	1%

The shareholders of Leping Feng Huang entered into certain equity transfer agreements thereafter and the shareholders after such transfers were as follows:

Date of equity transfer agreement	Name of shareholders after the transfers	Shareholding
8 November 2006 *(Note 10)*	Jiangxi Feng Huang	42%
	Chen Jun (陳軍) *(Note 6)*	35.12%
	Chen Liming (陳黎明) *(Note 7)*	17.68%
	Dai Tingming (戴廷明) *(Note 8)*	3.2%
	Wang Buhua (王步華)	2%
18 January 2007 *(Note 11)*	Chen Jun (陳軍)	58%
	Zhou Xu (周煦) *(Note 9)*	42%

Note:

1. Jiangxi Feng Huang was a company established in the PRC on 11 January 2002 and its business scope is development of real estate, garden landscaping projects, architectural decoration and property management. Save as disclosed in this prospectus, Jiangxi Feng Huang is an Independent Third Party.

2. Mr. Chen Houchun was the deputy chairman and general manager of Leping Feng Huang before our Group had acquired the equity interest of Leping Feng Huang. Save as disclosed in this prospectus, Mr. Chen is an Independent Third Party.

3. Mr. Huang was a director of Leping Feng Huang before our Group has acquired the equity interest of Leping Feng Huang. Save as disclosed in this prospectus, Mr. Huang is an Independent Third Party.

4. Mr. Wang was a director of Leping Feng Huang before our Group has acquired the equity interest of Leping Feng Huang. Save as disclosed in this prospectus, Mr. Wang is an Independent Third Party.

5. Ms. Liao was a director and the deputy general manager of Leping Feng Huang before our Group has acquired the equity interest of Leping Feng Huang. Save as disclosed in this prospectus, Ms. Liao is an Independent Third Party.

6. Mr. Chen Jun is the vice-chairman, a director and the general manager of Leping Feng Huang and the chairman, legal representative and manager of Jiangxi Dongjing.

7. Mr. Chen Liming is a supervisor of Leping Feng Huang and a director of Jiangxi Dongjing.

8. Mr. Dai Tingming was a director of Leping Feng Huang in 2006, is a supervisor of Leping Feng Huang and was a director of Jiangxi Dongjing until November 2010.

9. Mr. Zhou Xu is a director and the deputy general manager of Leping Feng Huang.

10. The consideration of this equity transfer was RMB6,720,000 as determined with reference to the then market price of the parcel of land held by Leping Feng Huang. The relevant registration procedures with the relevant authority responsible for the administration of industry and commerce have been completed on 14 November 2006.

11. The consideration of this equity transfer was RMB7,785,600 as determined with reference to the then market price of the parcel of land held by Leping Feng Huang. Such consideration was funded by profits generated from other businesses operated by Mr. Chen and Mr. Zhou. The relevant registration procedures with the relevant authority responsible for the administration of industry and commerce have been completed on 24 January 2007.

On 29 January 2007, the shareholders of Leping Feng Huang resolved to increase the registered capital of Leping Feng Huang to RMB24,500,000. The relevant registration procedures of the said capital increase with the relevant authority responsible for the administration of industry and commerce have been completed on 5 February 2007. As at 1 February 2007, the said capital increase has been fully paid up. The respective shareholding of the shareholders remained the same after the capital increase.

On 8 February 2007, Mr. Chen Jun entered into an equity transfer agreement with Enrich HK, pursuant to which Mr. Chen Jun agreed to sell his 51% equity interest in Leping Feng Huang at a consideration of RMB12,495,000, which was equivalent to the 51% of the registered share capital of Leping Feng Huang owned by Mr. Chen Jun at the material time. On 28 February 2007, Mr. Chen Jun and Mr. Zhou Xu entered into an equity transfer agreement with Jiangxi Dongjing, pursuant to which Mr. Chen Jun and Mr. Zhou Xu agreed to sell their respective 7% and 42% equity interest in Leping Feng Huang to Jiangxi Dongjing at the consideration of RMB1,715,000 and RMB10,290,000 respectively. Such consideration was determined with reference to the respective capital contributions of Mr. Chen Jun and Mr. Zhou Xu. The said equity transfers were approved by the relevant MOFCOM on 23 March 2007 and the relevant registration procedures with the relevant authority responsible for the administration of industry and commerce have been completed on 29 March 2007. Since then, Leping Feng Huang has been owned by Jiangxi Dongjing and Enrich HK as to 49% and 51% respectively. The business scope of Leping Feng Huang as shown on its business licence is development and sales of real estate and sales of construction materials.

Nanchang Liyang

In order to diversify our business and enhance the quality control over the development of our properties and with a view to adopting different branding strategies for our decoration business, Nanchang Liyang was established on 17 September 2009 with a registered capital of RMB500,000. The registered shareholders of Nanchang Liyang at the time of incorporation and up to 20 April 2011 were Mr. Fan Tian Xiang (樊天祥) and Mr. Zheng Xunning (鄭訓寧), holding 80% and 20% interest in Nanchang Liyang respectively. Mr. Fan and Mr. Zheng are both senior staff members of Jiangxi Asia City. According to the trust agreement dated 16 September 2009 entered into between Jiangxi Asia City, Mr. Fan and Mr. Zheng, Mr. Fan and Mr. Zheng were only the nominee shareholders of Nanchang Liyang, who were holding the equity interest in Nanchang Liyang on trust for and on behalf of Jiangxi Asia City. The entire registered capital in the sum of RMB500,000 was contributed by Jiangxi Asia City and Jiangxi Asia City has all along been the sole beneficial owner of the entire registered capital of Nanchang Liyang. An equity transfer agreement dated 22 March 2011 (and supplemented by a supplemental agreement dated 23 March 2011) was entered into between Jiangxi Asia City, Mr. Fan and Mr. Zheng, pursuant to which Mr. Fan and Mr. Zheng transferred their respective entire equity interest in Nanchang Liyang to Jiangxi Asia City whereupon the aforesaid trust agreement was also terminated. The relevant registration procedure with the relevant authority responsible for the administration of industry and commerce in respect of the said equity transfer was completed on 21 April 2011. Our PRC legal advisers have confirmed that the said trust agreement, the said equity transfer agreement and the termination of the said trust agreement are legal, valid and binding on the aforesaid parties.

Mr. Fan is the legal representative and a director of Nanchang Liyang. Mr. Zheng is a supervisor of Nanchang Liyang.

The business scope of Nanchang Liyang as shown on its business licence is interior and exterior decoration works for building structures. Nanchang Liyang has not commenced any business yet.

Save for the respective joint venture arrangements with our Group and the loan arrangement between each of Jiangxi Asia City and Jiangxi Ganghong on the one hand, and Jiangxi Hongkelong on the other hand, Jiangxi Hongkelong, Shanghai Dingxun or Jiangxi Dongjing are Independent Third Parties. Please refer to the sub-paragraph headed “Loan arrangement between Jiangxi Asia City and Jiangxi Hongkelong” under the paragraph headed “Indebtedness and contingent liabilities” in the section headed “Financial Information” of this prospectus.

JOINT VENTURE ARRANGEMENTS OF NANCHANG DINGXUN, JIANGXI GANGHONG AND LEPING FENG HUANG

According to the constitution of Nanchang Dingxun and the joint venture agreements of Jiangxi Ganghong and Leping Feng Huang, the terms of the cooperation between our Group and each of our joint venture partners are as follows:

	Jiangxi Ganghong	**Nanchang Dingxun**	**Leping Feng Huang**
Name of Project	Yichun Project (宜春項目)	Nanchang Dingxun Project (南昌鼎迅項目)	Leping Project (樂平項目)
Scope of business	Development and sales of real estate.	Development, sales and management of real estate, provision of agency and consultation services of real estate, gardening services and management of urban construction work.	Development and sales of real estate and sales of construction materials.
Registered capital	RMB100,000,000, which shall be contributed by each of our Group and Jiangxi Hongkelong as to RMB50,000,000 and RMB50,000,000 respectively, representing 50% and 50% of the entire registered capital respectively.	RMB66,865,000, which shall be contributed by our Group and Shanghai Dingxun as to RMB36,775,750 and RMB30,089,250 respectively, representing 55% and 45% of the entire registered capital respectively.	RMB24,500,000, which shall be contributed by our Group and Jiangxi Dongjing as to RMB12,495,000 and RMB12,005,000 respectively, representing 51% and 49% of the entire registered capital respectively.

	Jiangxi Ganghong	Nanchang Dingxun	Leping Feng Huang
Board composition	The board of directors shall comprise 6 directors. Each of our Group and Jiangxi Hongkelong shall be entitled to appoint 3 directors.	The board of directors shall comprise 5 directors. Our Group and Shanghai Dingxun shall be entitled to appoint 3 directors and 2 directors respectively.	The board of directors shall comprise 5 directors. Our Group and Jiangxi Dongjing shall be entitled to appoint 3 directors and 2 directors respectively.
Chairman of the board	The chairman of the board shall be appointed by Jiangxi Hongkelong.	The chairman of the board shall be appointed by our Group.	The chairman of the board shall be appointed by our Group.
Quorum of board meetings	The quorum of board meetings shall be 4 directors.	The quorum of board meetings shall be more than half of all directors.	The quorum of board meetings shall be not less than two-thirds of all directors.
Board resolutions	The approval of not less than two-thirds of the directors shall be required for the following matters: • approval of reports of the supervisor; • approval of annual financial budget and final account proposal; • approval of proposal on the distribution of profits or loss treatment; • decision on increase or reduction of registered capital; • decision on issue of debentures; • decision on merger, spin-off, dissolution, winding-up or change of corporate nature of the company; and • amendments to the constitution.	All board resolutions must be passed by 3 or more directors, which must comprise directors appointed by both shareholders.	All board resolutions must be passed by not less than two-thirds of the directors attending the board meetings. Unanimous approvals of all directors attending the board meetings shall be required for the following matters: • amendments to the constitution; • dissolution of the company; • change of registered capital; • spin-off of the company and merger with other economic entities; • transfer of equity interests of the company; • pledge of equity interests of the company; • mortgage of the company's assets; • provision of guarantee to third parties; and • any other matters for which unanimous approval is considered necessary by the board of directors.

	Jiangxi Ganghong	Nanchang Dingxun	Leping Feng Huang
Daily management of the company	A management committee shall be responsible for the daily operation and management of the company.	The manager of the company shall be responsible for the daily management.	A management committee shall be responsible for the daily operation and management of the company.
Obligations of joint venture partner	• Arranging for the design and construction of the company's production plant and other construction facilities; • Assisting in procuring or leasing, inter alia, raw materials, transportation and communication facilities; • Assisting in liaising for the provision of basic facilities such as water, electricity and transportation; and • Any other matters as shall be assigned by the company.	• Payment of its capital contribution on a timely basis; and • No withdrawal of its investment after the relevant registration procedures have been completed.	• Assisting in procuring office utilities and communication facilities; • Assisting in liaising for the provision of basic facilities such as water, electricity and transportation; • Assisting in recruiting management, technical and labour staff and any other staff necessary; and • Any other matters as shall be assigned by the company.
Obligations of our Group	Any other matters as shall be assigned by the company.	• Payment of its capital contribution on a timely basis; and • No withdrawal of its investment after the relevant registration procedures have been completed.	• Arranging for the design, construction and sales of the company's project facilities; and • Any other matters as shall be assigned by the company.
Sharing of profits and liabilities	Profits and liabilities shall be shared and borne between the parties according to the ratio of their respective capital contribution.	• Profits shall be shared between the parties according to the ratio of their respective capital contribution; and • Liabilities shall be borne between the parties according to the ratio of their respective capital contribution.	Profits and liabilities shall be shared and borne between the parties according to the ratio of their respective capital contribution.

	Jiangxi Ganghong	Nanchang Dingxun	Leping Feng Huang
Deadlock provision/ Dispute resolution	• There is no specific deadlock provision in the constitution/joint venture agreements. • In the event of dispute, it shall be resolved by friendly negotiation, failing which the same shall be settled by the relevant court of the PRC.		
Restriction on transfer of equity interest	• Either party must obtain the approval of the other party before transferring any of its equity interest in the company to any third party; and • If any of the parties sells any of its equity interest in the company, the other party shall have the pre-emptive right to acquire the same under the same conditions.	• If any of the parties sells any of its equity interest in the company to any third party, it shall seek the consent of a majority of the shareholders. The dissenting shareholder shall be obliged to acquire the relevant equity interest. If the dissenting shareholder refuses to acquire the same, it shall be deemed to have consented to the transfer; and • Given that the terms of the transfer are the same, the other party shall have the pre-emptive right to acquire the equity interest in the company.	• Either party must obtain the approval of the other party before transferring any of its equity interest in the company to any third party; and • If any of the parties sells any of its equity interest in the company, the other party shall have the pre-emptive right to acquire the same under the same conditions.

Termination of joint venture

The joint venture company shall be dissolved upon:

- expiry of operation period;
- the shareholders resolved that the joint venture company shall be dissolved;
- merger and subdivision;
- being ordered to dissolved due to violation of the laws and regulations of the PRC; and
- other reasons which requires dissolution.

For each of Nanchang Dingxun and Leping Feng Huang:

- our Group has the power to appoint or remove the majority of the directors or the members of the governing body of the aforesaid joint venture companies;

- our Group exercises controls through the boards of directors or members of the governing body of the aforesaid joint venture companies, and our Group has had sufficient representatives to exercise such control ever since the acquisition of the aforesaid joint venture companies; and

- our Group has over 50% equity interest in the aforesaid joint venture companies and is able to obtain the economic benefits from them, such as entitlement to dividend.

In respect of Nanchang Dingxun, our Group has cast a majority of the votes at the meetings of the board of directors or the relevant governing body of Nanchang Dingxun and our Group has received an undertaking from our joint venture partner, Shanghai Dingxun to the effect that it will (i) attend all meetings of the board of directors, shareholders' meetings and other meetings of Nanchang Dingxun according to the constitution of Nanchang Dingxun; and (ii) in connection with each proposal discussed at the board meetings of Nanchang Dingxun, on condition that such proposal is beneficial to the development of Nanchang Dingxun and provided that the interests of Nanchang Dingxun and Shanghai Dingxun will not be prejudiced, Shanghai Dingxun will vote at the board meetings of Nanchang Dingxun in line with, in principle, the proposal of our Group.

In light of the aforesaid, the Reporting Accountants are of the view that our Group has control over Nanchang Dingxun and Leping Feng Huang and the financial results of the aforesaid joint venture companies have been consolidated in our Group's financial statements and the non-controlling interest has been recognised as subsidiaries' benefits which was not attributable to our Group.

During the Track Record Period, the revenue and the net profit of Nanchang Dingxun and Leping Feng Huang and their respective percentages to the total revenue and net profit of our Group are set out as follows:

	Year ended 31 March		
	2009 *(Note 1)*	**2010**	**2011**
Nanchang Dingxun			
Revenue	N/A	Nil	Nil
– percentage to total revenue of our Group	N/A	Nil	Nil
Net loss	N/A	Nil	RMB515,000
– percentage to total net profit of our Group	N/A	Nil	-0.42%
Leping Feng Huang *(Note 2)*			
Revenue	Nil	Nil	Nil
– percentage to total revenue of our Group	Nil	Nil	Nil
Net loss	RMB77,000	RMB147,000	RMB429,000
– percentage to total net profit/(loss) of our Group	0.64%	-0.20%	-0.35%

Notes:

1. Nanchang Dingxun was only acquired by our Group and the registration at the relevant PRC governmental authorities was completed in January 2010.

2. Leping Feng Huang was acquired by our Group and the registration at the relevant PRC governmental authorities was completed in March 2007.

DISPOSAL OF SUBSIDIARY

On 16 August 2007, Jiangxi Asia City entered into a joint venture agreement (the "JV Agreement") with Mr. Wang Yan (王彥), an Independent Third Party, to establish a joint venture company in the PRC with a view to bidding a land parcel at No. 11 Jiangnan Road, Jiangmen City, Guangdong Province, the PRC with a site area of approximately 28,130 sq.m. and a construction area of approximately 27,221 sq.m. (the "**Jiangmen Land**"), and developing the Jiangmen Land jointly through such joint venture company. Mr. Wang Yan successfully won the tender for the Jiangmen Land for a consideration of approximately RMB38.1 million. Pursuant to the JV Agreement, Jiangmen Pan Hong was established in the PRC with a registered capital of RMB40.0 million and principal scope of business was property development. The sole asset of Jiangmen Pan Hong prior to the disposal by our Group was the Jiangmen Land.

To focus our Group's energies and resources on the development of other plots in its land bank (such as those in the Nanchang, Fuzhou, Yichun and Leping Cities of the PRC), which are relatively larger projects in terms of GFA compared to the development of the Jiangmen Land, we decided in February 2010 to dispose of our entire equity interest in Jiangmen Pan Hong.

On 10 February 2010, Jiangxi Asia City and Mr. Wang Yan (as vendors) entered into a share transfer agreement with Hu Xi Chang (胡錫昌), Tan Kong Yao (譚孔耀), Feng Tan Kai (馮淡開) (the "Purchasers"), pursuant to which Jiangxi Asia City and Mr. Wang Yan sold their respective entire equity interest in Jiangmen Pan Hong to the Purchasers at the consideration of RMB52 million, of which a sum of RMB39 million had been paid to Jiangxi Asia City. Apart from the acquisition of the Jiangmen Land, the Purchasers are Independent Third Parties. No development work on the Jiangmen Land had been commenced by Jiangmen Pan Hong prior to the disposal and Jiangmen Pan Hong had not carried out any business activities since its incorporation and prior to the disposal of the Jiangmen Land other than as an investment holding company. Our Group recorded a gain of approximately RMB9.1 million from the disposal in the financial year ended 31 March 2010.

REGULATION ON THE ACQUISITION OF DOMESTIC ENTERPRISES BY FOREIGN INVESTORS

On 8 August 2006, six governmental authorities of the PRC, including MOFCOM and the CSRC, promulgated a new regulation, namely the Regulations on the Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the "**Acquisition Regulation**"), took effect on 8 September 2006. The Acquisition Regulation was amended, re-promulgated and came into effect on 22 June 2009. Article 40 of the Acquisition Regulation ("**Article 40**") requires that an offshore special purpose vehicle formed for listing purposes and controlled directly or indirectly by companies of the PRC or domestic natural person residents of the PRC shall obtain the approval of the CSRC prior to the listing and trading of the securities of such offshore special purpose vehicle on an overseas stock exchange. Our PRC legal advisers have advised us that Article 40 does not apply to our Group and that the listing of our Company on the Stock Exchange does not require CSRC approval as our ultimate controlling shareholders, Mr. Wong and Ms. Chan, are the residents of Hong Kong and are not considered a domestic natural person of the PRC. Accordingly, our Company is not considered a special-purpose company as defined in Article 39 of the Acquisition Regulation which falls within the scope of Article 40.

CORPORATE REORGANISATION

Our Company undergone the Reorganisation in preparation for the listing of the Shares on the Stock Exchange, pursuant to which our Company became the ultimate holding company of our Group. In summary the following major steps have been taken:

- Our Company was incorporated in Bermuda on 5 January 2011, the entire issued share capital of which was held by Pan Hong Property.
- Pan Hong Investment transferred 100% equity interest in Jiangxi Asia City; 100% equity interest in Fuzhou Pan Hong; and 50% equity interest in Jiangxi Ganghong to Sino Harbour.
- SHPH subscribed for 99 new shares in Enrich HK (representing 99% of the issued share capital as enlarged by the aforesaid subscription).
- SHPH subscribed for 9,999 new shares in Sino Harbour (representing 99.99% of the issued share capital as enlarged by the aforesaid subscription).
- SHPH acquired 1 issued share of Enrich HK (representing 1% of the issued share capital of Enrich HK) from Pan Hong Property.
- SHPH acquired 1 issued share of Sino Harbour (representing 0.01% of the issued share capital of Sino Harbour) from Pan Hong Property.
- On 30 June 2011, Pan Hong Property, Pan Hong Investment, SHPH and our Company entered into a reorganisation agreement, pursuant to which:

  (a) the Company acquired 1 issued share of SHPH from Pan Hong Property;

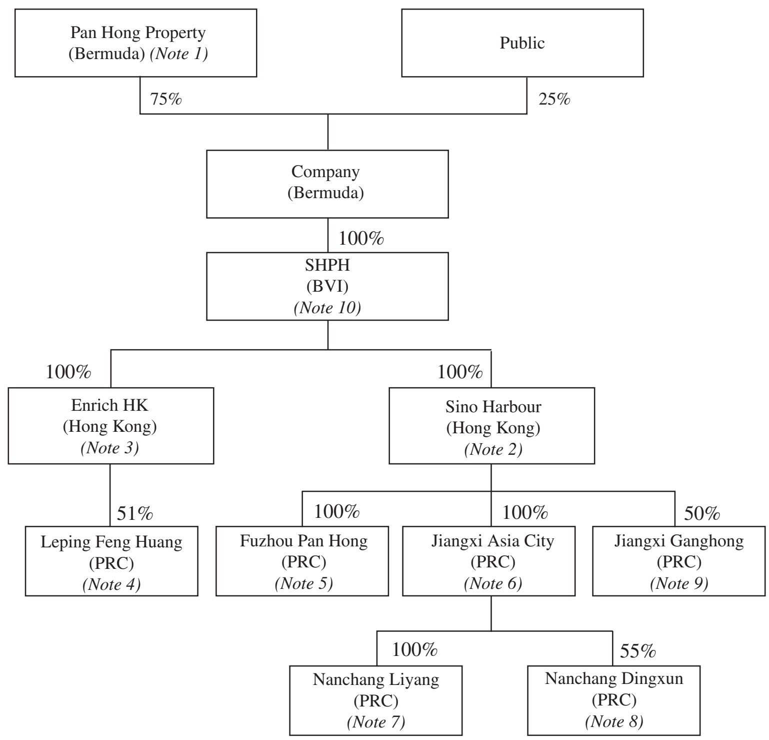
  (b) Pan Hong Investment assigned the Outstanding Amount to our Company; and

  (c) our Company allotted and issued 4,999,999 new Shares to Pan Hong Property credited as fully paid and the 1 share held by Pan Hong Property was credited as fully paid at par as consideration.

As advised by our PRC legal advisers, our Group has obtained all requisite permits, licences and approvals for each stage of the Reorganisation. Details of the Reorganisation are set out in the paragraph headed "Corporate Reorganisation" in Appendix VI to this prospectus.

GROUP STRUCTURE

The corporate structure and the main business activities of the members of our Group immediately after completion of the Share Offer and the Capitalisation Issue are set out below:



Notes:

1. Pan Hong Property is a company incorporated in Bermuda with limited liability on 20 December 2005, whose shares are listed on the main board of the SGX. Prior to Listing, our Company is wholly-owned by Pan Hong Property.

2. Sino Harbour is a company incorporated in Hong Kong with limited liability on 10 October 2007.

3. Enrich HK is a company incorporated in Hong Kong with limited liability on 23 November 2006.

4. Leping Feng Huang is a sino-foreign equity joint venture enterprise established in the PRC on 24 December 2004. Our Company indirectly owns 51% equity interest in Leping Feng Huang and the remaining 49% equity interests is owned by Jiangxi Dongjing. The principal business of Leping Feng Huang is carrying out the development of real estate in Leping City, Jiangxi Province, the PRC and is currently under preparation.

5. Fuzhou Pan Hong is a wholly-foreign owned enterprise established in the PRC on 19 November 2007. Our Company indirectly owns the entire equity interest in Fuzhou Pan Hong. The principal business of Fuzhou Pan Hong is development and operation of real estate on Land Portion No. FJ (2009) 028 in Fuzhou, Jiangxi Province, the PRC.

6. Jiangxi Asia City is a wholly-foreign owned enterprise established in the PRC on 4 July 2003. Our Company indirectly owns the entire equity interest in Jiangxi Asia City. The principal business of Jiangxi Asia City is development and operation of real estate in certain part of Land Portion C-3, C-4 and C-5 of Honggu Tan New District, Jiangxi Province, the PRC.

7. Nanchang Liyang is a company established in the PRC on 17 September 2009. According to the trust agreement dated 16 September 2009 entered into between Jiangxi Asia City, Mr. Fan Tian Xiang (樊天祥) and Mr. Zheng Xunning (鄭訓寧), Mr. Fan and Mr. Zheng are only the nominee shareholders of Nanchang Liyang, who are holding the equity interest in Nanchang Liyang on trust for and on behalf of Jiangxi Asia City. The entire registered capital in the sum of RMB500,000 was contributed by Jiangxi Asia City and Jiangxi Asia City has all along been the sole beneficial owner of the entire registered capital of Nanchang Liyang. An equity transfer agreement dated 22 March 2011 (and supplemented by a supplemental agreement dated 23 March 2011) was entered into between Jiangxi Asia City, Mr. Fan and Mr. Zheng, pursuant to which Mr. Fan and Mr. Zheng transferred their respective entire equity interest in Nanchang Liyang to Jiangxi Asia City whereupon the aforesaid trust agreement was also terminated. The relevant registration procedure with the relevant authority responsible for the administration of industry and commerce in respect of the said equity transfer was completed on 21 April 2011. Our PRC legal advisers have confirmed that the said trust agreement, the said equity transfer agreement and the termination of the said trust agreement are legal, valid and binding on the aforesaid parties. Nanchang Liyang is currently under preparation and has not yet commenced any business.

8. Nanchang Dingxun is a company established in the PRC on 25 February 2003 and was owned by Jiangxi Asia City and Shanghai Dingxun as to 55% and 45% respectively. Our Company indirectly owns 55% equity interest in Nanchang Dingxun. The principal business of Nanchang Dingxun at present is carrying out preparation works for the development of real estate on Huangjia Huxi Road, Nanchang Economic and Technological Development District, the Jiangxi Province (江西省南昌經濟技術開發區).

9. Jiangxi Ganghong is a sino-foreign equity joint venture enterprise established in the PRC on 29 March 2007. Our Company indirectly owns 50% equity interest in Jiangxi Ganghong and the remaining 50% equity interests is owned by Jiangxi Hongkelong. The principal business of Jiangxi Ganghong is development and operation of real estate in the parcel of land beside No. 320 Guodu, Yuanzhou district, Yichun City (宜春市袁州區320國道旁).

10. SHPH, a company incorporated in BVI with limited liability on 26 January 2011.

Delineation of business

Before the completion of the Proposed Spin-off, Pan Hong Property indirectly held the relevant equity interest of our Group's project companies in the PRC. After the completion of the Proposed Spin-off, it is intended that Pan Hong Group will focus on the Pan Hong Group's Business, while our Group will focus on the New Group Business. The following map shows the geographical areas of the PRC which the respective property development business of the Pan Hong Group (i.e. the Northern Region as highlighted in yellow on the map below) and our Group (i.e. the Southern Region as highlighted in red on the map below) will focus on:

OVERVIEW

We are a property development company focused on residential properties in Jiangxi Province, the PRC. The property development business of the Pan Hong Group can be traced back to 1993. The shares of Pan Hong Property were listed on the main board of the SGX in 2006 and our Group is spun off from Pan Hong Property. We have obtained certain awards for one of our property development projects, namely Nanchang Honggu Kaixuan (南昌紅谷凱旋) in 2007 and 2010, including the "Best Property Project (最佳樓盤)", the "Most Popular Real Estate Project of Nanchang Award (南昌市最具人氣房地產項目獎)", the "Brand of Public Confidence of Jiangxi Market 2007 (2007年度江西市場公信力品牌)" and the "Golden 10 Years – Jiangxi Most Influential Real Estate Projects (黃金十年 – 江西最具影響力樓盤)".

We currently devote ourselves in developing residential projects coupled with retail shops and other commercial office premises and going forward, we will adopt the strategy in developing projects with a combination of residential and commercial properties in Jiangxi Province, the PRC. According to the Jiangxi Statistical Yearbook 2010, Jiangxi Province had maintained a high GDP growth rate, with a CAGR of 18.2% during the period from 2004 to 2010. The GFA of commodity properties sold had increased at a CAGR of 10.1% from 2004 to 2010. As at the Latest Practicable Date, we had five composite residential and commercial projects located in Nanchang, Fuzhou, Yichun and Leping of Jiangxi Province, the PRC at various stages of development. The aforesaid cities have benefited by the recent policies of the PRC government in accelerating the pace of economic development of the central region of the PRC.

To the best knowledge and belief of our Directors, the market share of our Group in Jiangxi Province for the year ended 31 December 2010 (in terms of total GFA of residential and commercial properties sold) is approximately 0.3%. According to the Jiangxi Real Estate Golden 10 Years Summit (江西房地產黃金十年峰會), we ranked ninth in terms of the most influential real estate projects in Jiangxi Province in 2010. Our Directors have confirmed that there are no official rankings of property developers in Jiangxi Province.

We believe that our understanding of the property market in Jiangxi Province, the PRC will continue to enable us to effectively identify and capture market opportunities and trends in the region.

As at the Latest Practicable Date, we had a total of five projects at various stages of development in Jiangxi Province, including an aggregate saleable GFA of approximately 229,790 sq. m. in our completed projects, an aggregate planned saleable GFA of approximately 256,424 sq. m. in our projects under development and an aggregate planned saleable GFA of approximately 2,729,497 sq. m. in our projects held for future development, totalling an aggregate saleable GFA of approximately 3,215,711 sq. m., regardless of the percentages of our respective interests in such projects. In order to diversify our income stream, we also retain a small portion of our developed properties for investment purposes.

The following table sets out the breakdown of GFA and other key information as at 30 June 2011 of our projects under various stages of development. Land use right certificates have been obtained in respect of all projects. For Nanchang Honggu Kaixuan (南昌紅谷凱旋), the site area in respect of the entire project is less than the actual saleable GFA of the relevant phase of the project due to (i) the higher number of storeys of the building and hence the greater quantity of properties constructed; and (ii) the higher plot ratio allowed for the project compared to the other projects, i.e. the total GFA of all buildings erected compared to the site area is higher. For all the other projects (i.e. Fuzhou Huacui Tingyuan (撫州華萃庭院), Yichun Project (宜春項目), Nanchang Dingxun Project (南昌鼎迅項目) and Leping Project (樂平項目)), the site areas in respect of the entire project are greater than the planned saleable GFA of the relevant phase of the projects due to (i) the lower planned number of storeys of the buildings and hence the lesser quantity of properties constructed; and/or (ii) the lower plot ratio allowed for the project, i.e. the total GFA of all buildings erected compared to the site area is lower. The GFA set out in the following table does not include the GFA of car parking spaces and those investment properties which have been/will be leased out:

Project	Main Use	Our interest in the project (%)	Approximate total site Area in respect of the entire project (sq. m.)	Actual total saleable GFA (sq. m.)	Approximate total actual saleable GFA (sq. m.) attributable to our Group (sq. m.)	Approximate total saleable GFA sold and pre-sold (sq. m.)	Approximate total saleable GFA unsold (sq. m.)	Approximate saleable GFA held for investment (sq.m.)	Actual commencement date	Actual completion date for the relevant phase of the project	Actual date of pre-sale permit	Approximate budgeted costs for the relevant phase of the project (RMB)	Reference to the valuation report (Property number)
COMPLETED PROJECT													
Phase 1 of Nanchang Honggu Kaixuan (南昌紅谷凱旋)	Residential	100	80,520.6	135,642	139,480	138,720	760	3,108	August 2006	December 2007	April 2007	445 million	N/A
	Commercial			3,838									
Completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋)	Residential	100	80,520.6	81,619	90,310	87,694	2,616	1,353	November 2007	June 2010	July 2008	310 million	N/A
	Commercial			8,691									

Project	Planned Main Use	Our interest in the project (%)	Approximate site Area in respect of the entire project (sq. m.)	Planned saleable GFA (sq. m.)	Approximate total planned saleable GFA (sq. m.) attributable to our Group (sq. m.)	Approximate total saleable GFA pre-sold (sq. m.)	Approximate total saleable GFA unsold (sq. m.)	Approximate saleable GFA held for investment (sq. m.)	Actual commencement date	Estimated completion date for the relevant phase of the project	Actual/expected date of pre-sale permit	Approximate budgeted costs for the relevant phase of the project (RMB)	Reference to the valuation report (Property number)
PROJECTS UNDER DEVELOPMENT													
Developing portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) (comprising 2 buildings)	Residential	100	80,520.6	32,955	70,509	32,962	37,547	–	January 2008	September 2011	April 2010	275 million	7
	Commercial			37,554									
Phase 1 of Fuzhou Huacui Tingyuan (撫州華萃庭院)	Residential	100	190,753	89,115	93,838	41,772	52,066	–	3rd quarter of 2010	4th quarter of 2011	1st quarter of 2011	282 million	8
	Commercial			4,723									
Phase 1 of Yichun Project (宜春項目)	Residential	50	607,084	75,300	46,039	–	92,077	30,000	4th quarter of 2010	3rd quarter of 2012	3rd quarter of 2011	260 million	9
	Commercial			12,525									
	Rehabilitation hospital			4,252									

Project	Planned Main Use	Our interest in the project (%)	Approximate site Area in respect of the entire project (sq. m.)	Planned saleable GFA (sq. m.)	Approximate total planned saleable GFA (sq. m.) attributable to our Group (sq. m.)	Approximate total saleable GFA sold/ pre-sold (sq. m.)	Approximate total saleable GFA unsold (sq. m.)	Approximate saleable GFA held for investment (sq. m.)	Estimated commencement date	Estimated completion date for the relevant phase of the project	Expected date of pre-sale permit	Approximate budgeted costs for the relevant phase of the project (RMB)	Reference to the valuation report (Property number)
PROJECTS HELD FOR FUTURE DEVELOPMENT													
Phase 1 of Nanchang Dingxun Project (南昌鼎迅項目)	Residential	55	719,547.5	137,668	79,273	–	144,132	2,133	4th quarter of 2011	3rd quarter of 2013	4th quarter of 2012	416 million	5
	Commercial			6,464									
Phase 2 of Nanchang Dingxun Project (南昌鼎迅項目)	Residential	55	719,547.5	169,763	94,466	–	171,756	2,133	3rd quarter of 2012	1st quarter of 2014	2nd quarter of 2013	610 million	5
	Commercial			1,993									
Phase 3 of Nanchang Dingxun Project (南昌鼎迅項目)	Residential	55	719,547.5	58,174	115,156	–	209,374	–	2nd quarter of 2013	1st quarter of 2015	3rd quarter of 2014	694 million	5
	Commercial			40,000									
	Service apartments			111,200									
Phase 4 of Nanchang Dingxun Project (南昌鼎迅項目)	Residential	55	719,547.5	217,876	126,427	–	229,868	17,157	2nd quarter of 2014	1st quarter of 2016	3rd quarter of 2015	860 million	5
	Commercial			11,992									
Phase 5 of Nanchang Dingxun Project (南昌鼎迅項目)	Residential	55	719,547.5	249,658	137,312	–	249,658	–	2nd quarter of 2015	1st quarter of 2017	2nd quarter of 2016	1,040 million	5
Phase 2 of Fuzhou Huacui Tingyuan (撫州華萃庭院)	Residential	100	190,753	52,524	55,310	–	55,310	–	3rd quarter of 2011	1st quarter of 2013	1st quarter of 2012	172 million	3
	Commercial			2,786									
Phase 3 of Fuzhou Huacui Tingyuan (撫州華萃庭院)	Residential	100	190,753	111,068	122,561	–	122,561	–	4th quarter of 2012	4th quarter of 2014	4th quarter of 2013	428 million	3
	Commercial			11,493									
Phase 2 of Yichun Project (宜春項目)	Residential	50	607,084	105,000	52,500	–	105,000	30,000	1st quarter of 2012	4th quarter of 2013	3rd quarter of 2012	362 million	4

Project	Planned Main Use	Our interest in the project (%)	Approximate site Area in respect of the entire project (sq. m.)	Planned saleable GFA (sq. m.)	Approximate planned saleable GFA (sq. m.) attributable to our Group (sq. m.)	Approximate saleable GFA sold/ pre-sold (sq. m.)	Approximate saleable GFA unsold (sq. m.)	Approximate saleable GFA held for investment (sq. m.)	Actual/estimated commencement date	Estimated completion date for the relevant phase of the project	Actual/expected date of pre-sale permit	Approximate budgeted costs for the relevant phase of the project (RMB)	Reference to the valuation report (Property number)
Phase 3 of Yichun Project (宜春項目)	Residential	50	607,084	277,200	147,712	–	295,424	–	2nd quarter of 2013	4th quarter of 2014	1st quarter of 2014	1,020 million	4
	Commercial			18,224									
Phase 4 of Yichun Project (宜春項目)	Residential	50	607,084	238,600	124,765	–	249,529	–	4th quarter of 2014	1st quarter of 2016	1st quarter of 2015	861 million	4
	Commercial			10,929									
Phase 5 of Yichun Project (宜春項目)	Residential	50	607,084	270,000	142,312	–	284,623	7,790	1st quarter of 2015	4th quarter of 2017	3rd quarter of 2016	983 million	4
	Commercial			14,623									
Phase 6 of Yichun Project (宜春項目)	Residential	50	607,084	209,400	108,731	–	217,462	–	1st quarter of 2017	1st quarter of 2019	3rd quarter of 2018	751 million	4
	Commercial			8,062									
Phase 1 of Leping Project (樂平項目)	Residential	51	333,340.9	94,000	47,940	–	94,000	–	2nd quarter of 2013	1st quarter of 2015	3rd quarter of 2014	240 million	6
Phase 2 of Leping Project (樂平項目)	Residential	51	333,340.9	112,800	57,528	–	112,800	–	2nd quarter of 2014	1st quarter of 2016	3rd quarter of 2015	326 million	6
Phase 3 of Leping Project (樂平項目)	Residential	51	333,340.9	178,000	95,880	–	188,000	–	2nd quarter of 2015	1st quarter of 2017	3rd quarter of 2016	597 million	6
	Commercial			10,000									

Our Directors are of the view that it is impractical to separate the actual/ estimated commencement dates of construction between residential and commercial properties since our Group normally constructs our properties by phases which comprise both residential and commercial units.

BUSINESS STRATEGIES

We intend to strengthen our market position in Jiangxi Province, the PRC and expand our property development projects in the Southern Region with the benefit from the recent policies of the PRC government in accelerating the pace of economic development of the central region of the PRC. To achieve these goals, we shall adopt the following strategies:

Continue to strengthen our position in various cities in Jiangxi Province, the PRC and expand our business to the Southern Region

The increasing number of rural villagers migrating to urban areas to work in factories had led to urbanisation and increase in population in urban areas. This in turn will generate a constant demand for residential properties in such urban areas. Further, the recent PRC's government policies for the central region of the PRC have accelerated the pace of development of Jiangxi Province, the PRC as well as other provinces in the central part of the PRC. According to the Plan to Encourage the Development of the Central Region of the PRC (促進中部地區崛起規劃) and the relevant implementation opinion implemented in early and mid-2010, the PRC government has adopted various strategies to develop the central region of the PRC, including, inter alia, the encouragement of foreign investments, the implementation of incentive measures and ancillary policies, as well as the development of food production base, energy resource base, modern equipment and advanced technology production base, transportation network, etc.

We will continue to focus on our property development projects in Jiangxi Province, the PRC, in order to strengthen our market position in this region. The development of Jiangxi Province, which is located in the central region of the PRC, is slightly slower than other parts of the PRC. The population in Jiangxi Province, the PRC has a relatively lower household income per capita. Jiangxi Province had recorded a lower per capita disposable income of RMB15,481 in 2010 than the national per capita disposable income of RMB19,109 in 2010. Nevertheless, our Directors are of the view that compared with other highly developed cities and provinces in the PRC, the central regions of the PRC, including Jiangxi Province, have higher growth potential and more opportunities as the quality and living conditions in Jiangxi Province, the PRC will continue to improve in line with the accelerated economic development in the region.

In the meantime, we will continue to explore business opportunities in other regions of the PRC, including but not limited to, cities in Hunan Province, Guangdong Province and Guangxi Province, the PRC, in order to diversify the geographical varieties of our projects and capture the benefit of the economic growth in aforesaid regions.

Enhance the market awareness of the properties developed by our Group

We aim to enhance the market awareness of our Group by promoting our Group's project name and company name, such as "紅谷凱旋" (Honggu Kaixuan) and "江西亞洲城" (Jiangxi Asia City). By increasing the public awareness of the aforesaid names, we believe that it will, to a certain extent, help to promote our other property development projects in the PRC. We also advertise our projects across a variety of media, including newspapers, internet, television and bill boards.

Continue to expand our land reserves to sustain our future growth

We will continue to identify potential land parcels suitable for our development projects and expand our land reserves in Jiangxi Province and other parts of the PRC in order to sustain our growth. We will continue to acquire land through various means, such as public tender, auction and listing-for-sale organised by the relevant PRC governmental authorities or acquisitions of controlling equity interests in entities that hold land use rights. As at the Latest Practicable Date, we have not identified any land for future acquisition.

We believe that our knowledge in the property market of Jiangxi Province, the PRC, will enable us to identify and acquire land in strategic locations which can benefit our business in the long run.

Endeavour to diversify our business model by developing commercial properties

As at the Latest Practicable Date, all our projects were residential projects coupled with a small portion of commercial premises and retail shops. We believe that the demand for commercial premises will continue to increase. We aim to maintain a balanced business portfolio by diversifying into commercial property markets.

While we continue to put emphasis on the development of residential properties in the PRC, we will endeavour to increase the proportion of commercial properties such as retail shops in our property projects. We intend to develop a more diversified property portfolio so as to reduce over-reliance on any particular type of property.

Increase the number of our investment properties in order to secure rental as long-term income of our Group

We retain a small portion of our developed properties for investment purposes. During the Track Record Period, the amount of rental generated from the leases of our investment properties for the three years ended 31 March 2011 were nil, RMB228,000 and RMB1,218,000 respectively.

We endeavour to diversify our source of revenue by maintaining a portfolio of investment properties and increase our revenue proportion generated from the rental income of our investment properties. We intend to retain some of our developed properties, in particular commercial properties such as offices and retail shops at prime locations to generate a stable rental income and for long-term value appreciation. We intend to enter into tenancy agreements with reputable tenants in order to secure stable and recurring rental income streams. In this way, we aim to achieve steady cash flows and lower the risk of over-reliance on sales of properties.

Continue to exercise financial discipline in our business in order to ensure sustainable growth and sufficient financial resources

We aim to maintain an organised management structure and continue to exercise fiscal prudence in the operation of our business, including setting detailed financial policies and guidelines. In order to maintain sufficient financial resources to ensure steady and sustainable long-term growth, we will actively monitor our capital and cash positions and carefully manage key indicators such as construction costs and cash flows. We believe that, by adhering to such prudent financial management strategies and increasing sources of capital financing, we will be able to maintain a healthy capital structure, capture market opportunities to expand our business operations, and build up a platform for steady and sustainable long-term growth.

COMPETITIVE STRENGTHS

We consider that we have the following competitive strengths:

We are recognised as a developer of residential properties in Jiangxi Province, the PRC

We believe that we are recognised as a developer of residential properties in Jiangxi Province, the PRC.

During the Track Record Period, we have received awards and certificates as testimony of our properties. Our landmark property project, Nanchang Honggu Kaixuan (南昌紅谷凱旋), had been awarded, inter alia, the "Best Property Project (最佳樓盤)" by the Association of Real Estate Industry of Nanchang (南昌市房地產業協會) in 2007, the "Most Popular Real Estate Project of Nanchang Award (南昌市最具人氣房地產項目獎)" by the Organising Committee of the Real Estate of the Central Region of the PRC Festival and the Exhibition and Trading Expo of Real Estate of Nanchang City (Spring) 2007 (2007中部地產節暨中國南昌 (春季) 房地產展示交易會組委會) in May 2007, the "Brand of Public Confidence of Jiangxi Market 2007 (2007年度江西市場公信力品牌)" by Xinfazhi Press (新法制報社) in March 2007. We have also been awarded one of the "Golden 10 Years – Jiangxi Most Influential Real Estate Projects (黃金十年 – 江西最具影響力樓盤)" by the Jiangxi Daily Press (江西日報社) and the Association of Real Estate Industry of the Jiangxi Province (江西省房地產業協會) in November 2010, which was given to ten real estate projects in Jiangxi Province.

We believe that our experience in the property market will facilitate us to anticipate the demand and preferences of our target customers, which is crucial to our growth and success.

We have land reserves in prime locations in various cities of Jiangxi Province, the PRC

We believe that our ability to acquire land resources for our property development at relatively lower costs is critical to our success and long-term growth. As at the Latest Practicable Date, we had a total of five projects at various stages of development, including an aggregate saleable GFA of approximately 229,790 sq. m. in our completed projects, an aggregate planned saleable GFA of approximately 256,424 sq. m. in our projects under development and an aggregate planned saleable GFA of approximately 2,729,497 sq. m. in our projects held for future development, totaling an aggregate saleable GFA of approximately 3,215,711 sq. m., regardless of the percentages of our respective interests in such projects. During the Track Record Period and up to the Latest Practicable Date, none of our land was subject to any idle land fee or forfeiture. The locations of our land reserves in Jiangxi Province, the PRC are diversified, which include Nanchang, Yichun, Fuzhou and Leping. The aforesaid cities are benefited by the recent policies of the PRC government for accelerating the pace of economic development of the central region of the PRC. By possessing land reserves in such locations, we will be able to capture the opportunities offered by the increasing working opportunities, the ever-improving quality and standards of living and the increasing market demands for residential properties in those cities. Further, with the improving national railway systems and transportation networks of the PRC and the more affordable costs of living in Jiangxi Province, the PRC as compared with other developed cities and provinces of the PRC, such region will be more attractive to people who demand for a better living quality, thereby benefiting the residential property market in the region.

Our experienced and dedicated management team has extensive experience in property development sector in the PRC

Pan Hong Group has more than 15 years of property development experience in the PRC. Pan Hong Property has been listed on the main board of the SGX since September 2006. Pan Hong Property, which is chaired by Mr. Wong, the spouse of Ms. Chan, is a property developer that focuses primarily on developing residential and commercial properties in Zhejiang Province and Jiangxi Province, the PRC. Immediately before the Proposed Spin-off, the property projects of Pan Hong Property are located in (i) Huzhou and Hangzhou cities in Zhejiang Province, the PRC; and (ii) Nanchang, Fuzhou, Yichun and Leping cities in Jiangxi Province, the PRC.

Our management team, led by our executive Directors, also has extensive experience in the property sector in the PRC. Our Chairlady, Ms. Chan, has been engaged in property development and property investments in the PRC since 1990s. Our executive Director, Mr. Shi Feng, has more than 20 years of experience in the construction and property industry. For details of the biographical details of our management team, please refer to the section headed "Directors, Senior Management and Staff" of this prospectus. With the experience of our Directors, we believe that we are able to strengthen our presence in the property development markets where we operate as well as to expand into new property development markets.

In addition, we also encourage continuous professional development of our staff. We are selective in our hiring process with a focus on recruiting and training employees who have the potential to become effective long-term members of our management. Training programs on technical knowledge and safety issues are conducted regularly so as to ensure that our employees are updated on the latest safety regulations and technologies relating to property development.

Our focus on developing projects in those cities in the central region of the PRC enables us to have insight and understanding on the economic development and market demand in this area

The PRC covers a vast area and the local governments in each area may have different policies. People living in different areas may have different preferences. During the Track Record Period, we focused our property development projects in the Jiangxi Province, the PRC. As such, the management of our Group will be able to have more insight and understanding to the local government policies and development plans, specific social customs and preference of the local society. Leveraging on our insight and understanding, we have been able to select suitable development sites and design our properties tailored to the social customs and local preferences. After comparing the prices at which we acquired the land use rights with the market prices of similar land at the material time, our Directors believe that our Group has managed to acquire suitable land at lower costs. Further, by concentrating our property development projects in a specific area, we can enjoy economies of scale since the underlying principles of the concept, design and construction plans of one property development project may be equally applicable to other projects in the same region.

Further, both our executive Directors, Mr. Shi Feng and Mr. Wong Lui, have certain social and political commitments in Jiangxi Province, the PRC. Mr. Shi Feng is a member of the Chinese People's Political Consultative Conference of Donghu District of Nanchang City, the PRC. Meanwhile, Mr. Wong Lui is a standing committee member of the Jiangxi Federation of Industry and Commerce. As such, our executive Directors are able to have more insight in the development of Jiangxi Province, the PRC.

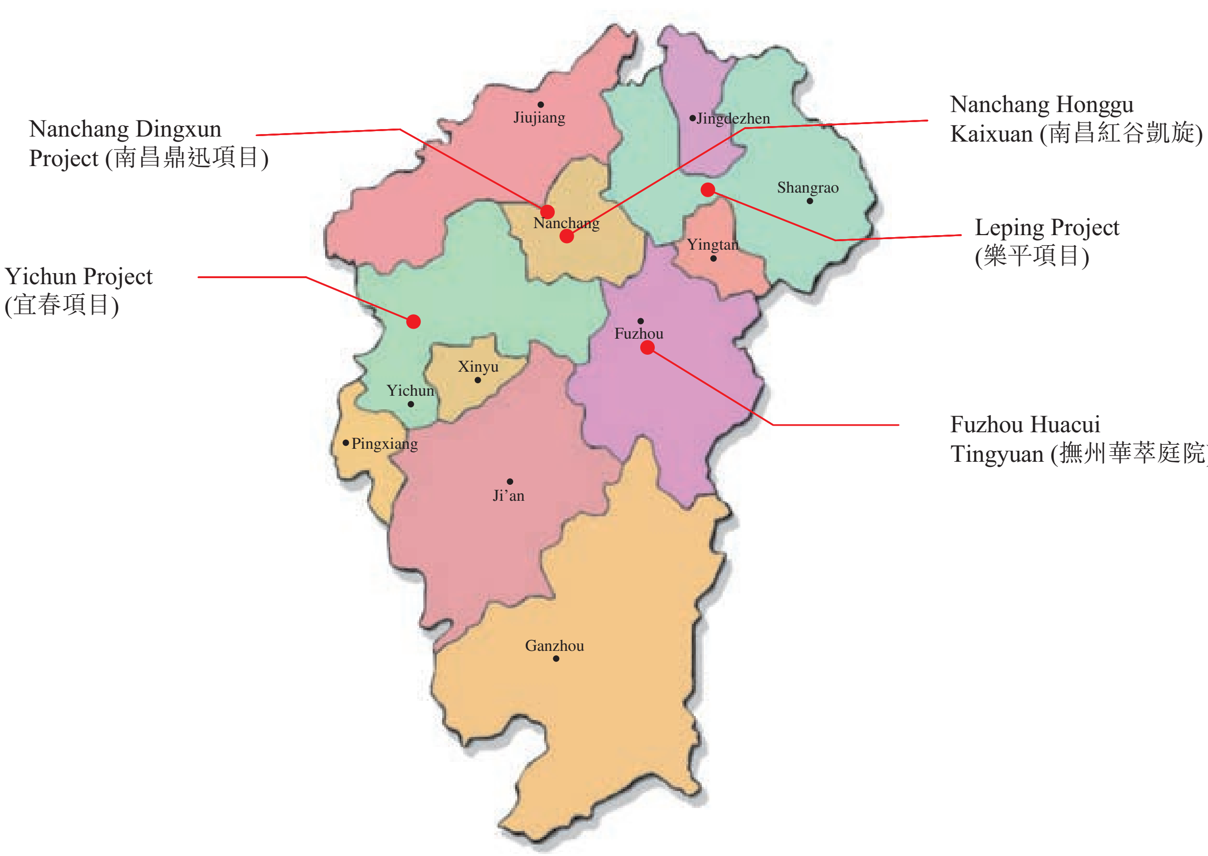
We have our own sales and marketing workforce

We have our own sales department and marketing staff. Our Directors believe that, by having our own sales department and marketing staff, we will be able to understand our customers' needs directly and fully control the sales process. By having our own sales department and marketing staff, we could implement customised strategies for each project and adjust our marketing strategies in an efficient manner whenever necessary. Further, we do not need to rely on sales agents to promote and sell our properties for and on our behalf. Accordingly, we do not need to pay agency fees to sales agents, which could affect our profitability.

OUR BUSINESS

As at the Latest Practicable Date, we had five composite residential and commercial projects located in the Jiangxi Province, the PRC (some of which comprise different phases), namely Nanchang Honggu Kaixuan (南昌紅谷凱旋), Nanchang Dingxun Project (南昌鼎迅項目), Yichun Project (宜春項目), Fuzhou Huacui Tingyuan (撫州華萃庭院) and Leping Project (樂平項目), details of which are set out in the table on pages 120 to 122 of this prospectus. Our projects include residential properties, detached houses and apartments, as well as commercial properties, which comprise office and retail areas.

The following map shows the geographical locations of our development projects in the Jiangxi Province, the PRC:



Categorisation and description of our property developments

We categorise our projects according to their stages of development as follows:

Completed project

Completed project is a project which we have obtained the completion certificate in respect of the project. As at the Latest Practicable Date, phase 1 and the completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) were our completed projects.

Project under development

Project under development is a project which we have obtained the required land use rights certificates and the construction works commencement permit but not the completion certificate in respect of the project. As at the Latest Practicable Date, the developing portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) (comprising 2 buildings), phase 1 of Fuzhou Huacui Tingyuan (撫州華萃庭院) and phase 1 of Yichun Project (宜春項目) were our projects under development.

Project held for future development

Project held for future development is a project which we have obtained the required land use rights certificate but not the construction works commencement permit in respect of the project. As at the Latest Practicable Date, Nanchang Dingxun Project (南昌鼎迅項目), phases 2 and 3 of Fuzhou Huacui Tingyuan (撫州華萃庭院), phases 2 – 6 of Yichun Project (宜春項目) and Leping City (樂平項目) were our projects held for future development.

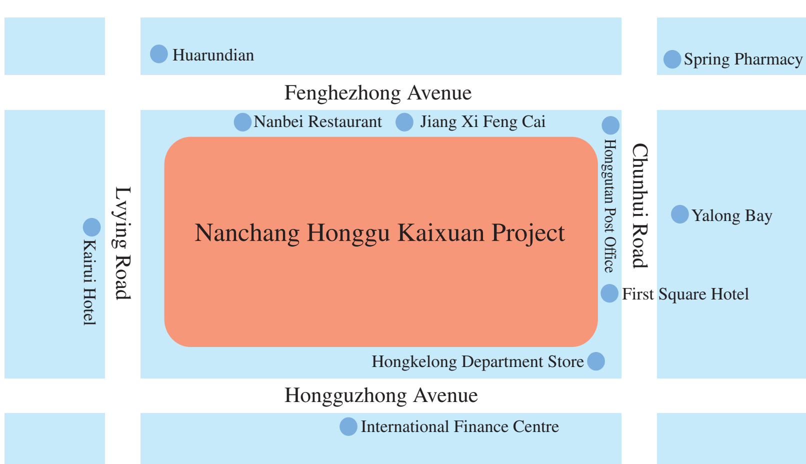
COMPLETED PROJECT

Phase 1 and the completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋)

Phase 1 and the completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) were developed by Jiangxi Asia City, which is wholly-owned by our Group.

Our first completed residential and commercial project, phase 1 and the completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋), is located at Honggu Tan Central District, Nanchang City, Jiangxi Province, the PRC. Phase 1 was completed in December 2007 while the completed portion of phase 2 was completed in June 2010. The entire project of Nanchang Honggu Kaixuan (南昌紅谷凱旋) has a total site area of approximately 80,520.6 sq. m.. Phase 1 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) comprises five 28 to 33-storey residential buildings (with commercial properties on the ground floors) with an aggregate saleable GFA of approximately 139,480 sq. m.. The completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) also comprises four residential buildings of 28 to 33-storeys (with commercial properties on the ground floors with an aggregate saleable GFA of approximately 90,310 sq.m.).

The following map shows the location of Nanchang Honggu Kaixuan (南昌紅谷凱旋) in Nanchang:



Nanchang Honggu Kaixuan (南昌紅谷凱旋) adopts a combination of European classic architectural style and green living environment, which aims to offer its residents a feeling of delicate, classic and high-class living style. Being the first residential project developed by our Group, Nanchang Honggu Kaixuan (南昌紅谷凱旋) had obtained the following awards:

Name of awards	Awarding institution	Date
Best Property Project (最佳樓盤)	Association of Real Estate Industry of Nanchang (南昌市房地產業協會)	2007
Brand of Public Confidence of Jiangxi Market 2007 (2007年度江西市場公信力品牌)	Xinfazhi Press (新法制報社)	March 2007
Harmony Demonstration Project 2007 (2007年和諧典範樓盤)	Jiangnan Du Shi Press (江南都市報)	March 2007
Harmony Residence Project 2007 (2007年 "和諧人居" 樓盤)	Du Shi Xiaofei Press (都市消費報)	April 2007
Most Popular Real Estate Project of Nanchang Award (南昌市最具人氣房地產項目獎)	Organising Committee of the Real Estate of the Central Region of the PRC Festival and the Exhibition and Trading Expo of Real Estate of Nanchang City (Spring) 2007 (2007中部地產節暨中國南昌 (春季) 房地產展示交易會組委會)	May 2007
Golden 10 Years – Jiangxi Most Influential Real Estate Projects (黃金十年 – 江西最具影響力樓盤)	Jiangxi Daily Press (江西日報社) Association of Real Estate Industry of Jiangxi Province (江西省房地產業協會)	November 2010

We commenced construction of phase 1 and the completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) in August 2006 and November 2007 respectively and completed the project in December 2007 and June 2010 respectively. Details of the project as at 30 June 2011 are as follows:

	Phase 1	Completed portion of phase 2
Construction period:	August 2006 – December 2007	November 2007 – June 2010
Total saleable GFA of residential units (sq. m.)	135,642	81,619
Total saleable GFA of residential units sold (sq. m.)	135,538	81,326
Total saleable GFA of commercial units (sq. m.) *(Note)*	3,838	8,691
Total saleable GFA of commercial units sold (sq. m.)	3,183	6,368
Number of car parking spaces:	450	793
Number of car parking spaces sold:	275	260

Note: These saleable GFA do not include the GFA of car parking spaces and those investment properties which have been leased out.

The approximate percentage of the respective sizes of the residential units in phase 1 and the completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) is as follows:

	Phase 1	Completed portion of phase 2
Less than 90 sq. m.	0.5%	9.2%
90 sq. m. or more but less than 144 sq. m.	91.0%	60.9%
144 sq. m. or more	8.5%	29.9%
Total	**100.0%**	**100.0%**

As at the Latest Practicable Date, all of the considerations in respect of (i) the residential units for phase 1 and the completed portion of phase 2 sold; (ii) the commercial units for phase 1 and the completed portion of phase 2 sold; and (iii) car parking spaces of phase 1 sold have been received by our Group.

The total development costs incurred by Jiangxi Asia City for phase 1 and the completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) were approximately RMB445 million and RMB310 million respectively. The land acquisition cost for Nanchang Honggu Kaixuan (南昌紅谷凱旋) was satisfied by the capital contribution from the shareholder of Jiangxi Asia City, while the costs of construction were satisfied by bank loans, proceeds from pre-sale of the properties and/or other internal financial resources of Jiangxi Asia City.

The average selling price of the property in phase 1 and the completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) in respect of properties sold as at 30 June 2011 are as follows:

	Phase 1	Completed portion of phase 2
Residential	RMB4,729 per sq. m.	RMB5,144 per sq. m.
Commercial	RMB24,901 per sq. m.	RMB22,931 per sq. m.

As advised by our PRC legal advisers, we have obtained all the required permits and certificates in relation to the project, including the land use rights certificate, the construction land planning permit (in respect of the entire project of Nanchang Honggu Kaixuan (南昌紅谷凱旋), the construction works planning permit, the construction works commencement permit, the pre-sale permit and the completion certificate and the development of Nanchang Honggu Kaixuan (南昌紅谷凱旋) by Jiangxi Asia City has been in compliance with the relevant PRC laws up to the Latest Practicable Date. We have fully paid approximately RMB45.4 million for the land premium payable under the land use rights grant contract in respect of the entire parcel of land for Nanchang Honggu Kaixuan (南昌紅谷凱旋).

PROJECTS UNDER DEVELOPMENT

Developing portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋)

The developing portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) (comprising two buildings) is being developed by Jiangxi Asia City, which is wholly-owned by our Group.

The developing portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) is located beside phase 1 and the completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋). The developing portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) has an aggregate saleable GFA of approximately 70,509 sq. m.. It comprises a 5-storey podium, a 33-storey residential building and a 27-storey commercial building.

Developing portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) adopts a similar style to that of phase 1 and the completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋).

We acquired the land where the developing portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) is located in Honggu Tan Central District, Nanchang City, Jiangxi Province, the PRC and its construction was commenced in January 2008. We expect to complete the developing portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) in September 2011. Details of the project are as follows:

Estimated construction period:	January 2008 - September 2011
Date of pre-sale permit:	April 2010

Residential units

Planned total number of saleable residential units:	354
Planned total GFA attributable to saleable residential units (sq. m.):	32,955
Total number of saleable residential units sold/pre-sold:	342
Estimated average selling price (RMB/sq. m.)	7,000

Commercial units

Planned total number of saleable commercial units:	28 shops and 1 commercial building
Planned total GFA attributable to saleable commercial units (sq. m.):	37,554
Total number of saleable commercial units sold/pre-sold:	1
Estimated average selling price (RMB/sq. m.)	21,000

Car parking spaces

Planned number of car parking spaces:	154
Number of car parking spaces sold/pre-sold:	Nil

While the commercial units of the developing portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) (the "Developing Portion") comprise both offices and shops, the commercial units of phase 1 and the completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) (the "Developed Portion") comprise shops only. Since the selling prices for office are estimated to be lower than the shops, the overall average selling price of the commercial units of the Developing Portion is lower than the Developed Portion.

The approximate percentage of the respective sizes of the residential units in the developing portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) is as follows:

	Percentage
Less than 90 sq. m.	33.9%
90 sq. m. or more but less than 144 sq. m.	61.0%
144 sq. m. or more	5.1%
Total	**100.0%**

The total development costs incurred by Jiangxi Asia City for phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) are estimated to be approximately RMB275 million. As at the Latest Practicable Date, the outstanding development cost was approximately RMB85 million. The development cost for Nanchang Honggu Kaixuan (南昌紅谷凱旋), which consists of land acquisition cost and construction cost, was satisfied by the capital contribution from the shareholder of Jiangxi Asia City, bank loans, proceeds from pre-sale of the properties and internal financial resources of Jiangxi Asia City.

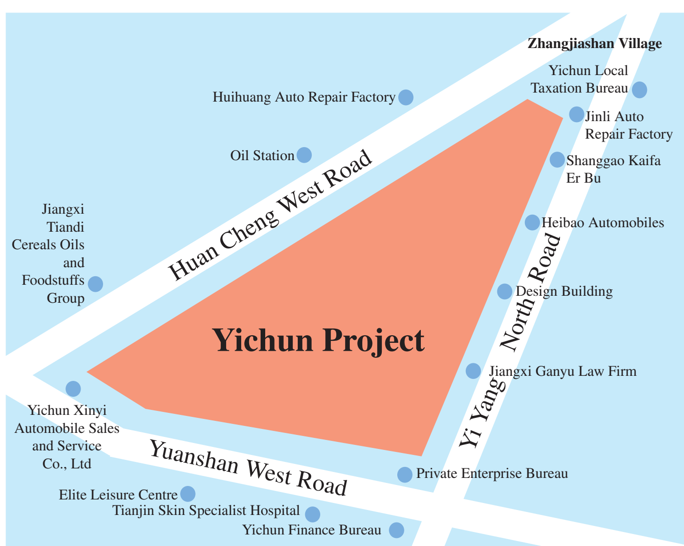
As advised by our PRC legal advisers, we have obtained the land use rights certificate, the construction land planning permit (in respect of the entire project of Nanchang Honggu Kaixuan (南昌紅谷凱旋)), the construction works planning permit and the construction works commencement permit and the development of Nanchang Honggu Kaixuan (南昌紅谷凱旋) by Jiangxi Asia City has been in compliance with the relevant PRC laws up to the Latest Practicable Date. We have also fully paid the land premium payable by our Group under the relevant land use rights grant contract.

Phase 1 of Yichun Project (宜春項目)

Phase 1 of Yichun Project (宜春項目) is jointly developed by our Group and Jiangxi Hongkelong through Jiangxi Ganghong, a joint venture enterprise which is owned by our Group and Jiangxi Hongkelong as to 50% and 50% respectively. The main terms and the circumstances for termination of the joint venture arrangement between our Group and Jiangxi Hongkelong are set out under the paragraph headed "Joint Venture Arrangements of Nanchang Dingxun, Jiangxi Ganghong and Leping Feng Huang" in the section headed "History and Development" of this prospectus.

Phase 1 of Yichun Project (宜春項目) is located at Yiyang North Road, West Side, Yichun City, Jiangxi Province, the PRC. The entire Yichun Project (宜春項目) occupies a total site area of approximately 607,084 sq. m. with a planned aggregate saleable GFA of approximately 92,077 sq. m. It comprises 21 six to eleven-storey residential buildings and a three-storey rehabilitation hospital.

The following map shows the location of Yichun Project (宜春項目) in Yichun:



Phase 1 of Yichun Project (宜春項目) emphasizes on the harmony between the human activities and the nature. Two natural lakes will be developed in the middle of the Yichun Project (宜春項目) site, offering our residents a green living environment with natural water scenery.

We commenced construction of phase 1 of Yichun Project (宜春項目) in fourth quarter of 2010, which is expected to be completed in the third quarter of 2012. Details of the project are as follows:

Estimated construction period:	4th quarter of 2010 to 3rd quarter of 2012
Expected date of pre-sale permit:	3rd quarter of 2011

Residential units

Planned total number of saleable residential units:	824
Planned total GFA attributable to saleable residential units (sq. m.):	75,300
Total number of saleable residential units sold/pre-sold:	Nil
Estimated average selling price (RMB/sq. m.):	3,800

Commercial units

Planned total number of saleable commercial units:	114
Planned total GFA attributable to saleable commercial units (sq. m.):	12,525
Total number of saleable commercial units sold/pre-sold:	Nil
Estimated average selling price (RMB/sq. m.):	5,500

Rehabilitation hospital

Planned total GFA (sq. m.):	4,252
Total GFA sold/pre-sold:	Nil
Estimated average selling price (RMB/sq. m.)	4,000

Car parking spaces

Planned number of car parking spaces:	Nil

The approximate percentage of the respective sizes of the residential units in phase 1 of Yichun Project (宜春項目) is as follows:

	Percentage
Less than 90 sq. m.	79.5%
90 sq. m. or more but less than 144 sq. m.	20.5%
144 sq. m. or more	0.0%
Total	**100.0%**

The total development costs incurred by Jiangxi Ganghong for phase 1 of the Yichun Project (宜春項目) are estimated to be approximately RMB260 million. As at the Latest Practicable Date, the outstanding development cost was approximately RMB189 million. The land acquisition cost and a portion of the costs of construction for the Yichun Project (宜春項目) were satisfied by the capital contributions from the shareholders of Jiangxi Ganghong and loans from Jiangxi Asia City and Jiangxi Hongkelong, while the remaining portion of the costs of construction will be satisfied by bank loans and proceeds from pre-sale of the properties.

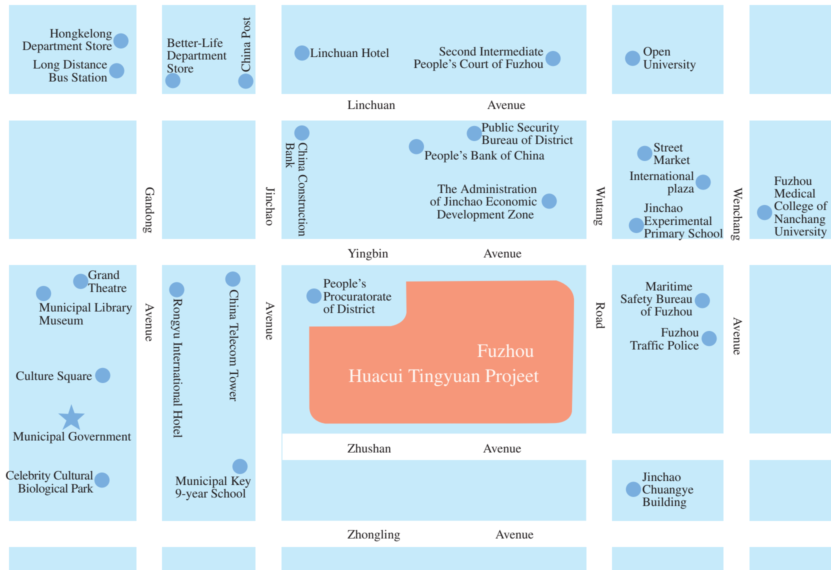
As advised by our PRC legal advisers, we have obtained the land use rights certificate in respect of the entire land of the Yichun Project (宜春項目) and the required permits in relation to phase 1 of Yichun Project, including the construction land planning permit (in respect of the entire Yichun Project (宜春項目)), the construction works planning permit and the construction works commencement permit, the development of the Yichun Project (宜春項目) by Jiangxi Ganghong therefore has been in compliance with the relevant PRC laws up to the Latest Practicable Date. The land premium payable as stipulated under the land use rights grant contract in respect of the entire parcel of land on which the Yichun Project (宜春項目) was erected was RMB232,740,000. According to the written clarification of the relevant PRC governmental authority dated 25 November 2009, the actual site area of the land as determined by the survey result should be 635,751.24 sq. m. and the actual amount of land premium payable was thus reduced to RMB231,095,575.74. We have fully paid such land premium.

According to the land use rights grant contract entered into between Jiangxi Ganghong and the relevant PRC government authority and the approval of the relevant PRC governmental authority, Jiangxi Ganghong shall allocate a portion of the land with site area of 300 mu (畝) (equivalent to approximately 200,000 sq. m.) for the purposes of the development and construction of the facilities for the elderly. After completion of the development, Jiangxi Ganghong shall deliver the completed units with an aggregate GFA of 60,000 sq. m. to the local government for use as apartments for the elderly for a term of 30 years. The saleable GFA of approximately 92,077 sq. m. does not include those apartments required to be delivered to the local PRC government.

Phase 1 of Fuzhou Huacui Tingyuan (撫州華萃庭院)

Phase 1 of Fuzhou Huacui Tingyuan (撫州華萃庭院) is being developed by Fuzhou Pan Hong, which is wholly-owned by our Group. It is located at Yinghing Road South Side and Land No. [FJ2009] 028 Jingcao Economic and Technological Development Zone, Fuzhou City, Jiangxi Province, the PRC. The entire Fuzhou Huacui Tingyuan (撫州華萃庭院) occupies a total site area of approximately 190,753 sq. m. with a planned aggregate saleable GFA of approximately 93,838 sq. m. It comprises 31 three to eighteen-storey residential buildings and a composite building.

The following map shows the location of Fuzhou Huacui Tingyuan (撫州華萃庭院) in Fuzhou:



Phase 1 of Fuzhou Huacui Tingyuan (撫州華萃庭院) adopts the style of Chinese classic architectural design. The buildings and houses are inter-connected with Chinese-style gardens, rivers, bridges, etc. We commenced construction of phase 1 of Fuzhou Huacui Tingyuan (撫州華萃庭院) in the third quarter of 2010, and its completion is expected to be in the fourth quarter of 2011. Details of the project as at 30 June 2011 are as follows:

Estimated construction period:	3rd quarter of 2010 to 4th quarter of 2011
Date of pre-sale permit:	1st quarter of 2011

Residential units

Planned total number of saleable residential units:	606
Planned total GFA attributable to saleable residential units (sq. m.):	89,115
Total number of saleable residential units sold/pre-sold:	271
Estimated average selling price (RMB/sq. m.):	4,800

Commercial units

Planned total number of saleable commercial units:	28
Planned total GFA attributable to saleable commercial units (sq. m.):	4,723
Total number of saleable commercial units sold/pre-sold:	Nil
Estimated average selling price (RMB/sq. m.):	7,000

Car parking spaces

Planned number of car parking spaces:	Nil
Number of car parking spaces sold/pre-sold:	Nil

The approximate percentage of the respective sizes of the residential units in the developing portion of phase 1 of Fuzhou Huacui Tingyuan (撫州華萃庭院) is as follows:

	Percentage
Less than 90 sq. m.	26.9%
90 sq. m. or more but less than 144 sq. m.	52.8%
144 sq. m. or more	20.3%
Total	**100.0%**

The total development costs to be incurred by Fuzhou Pan Hong for phase 1 of Fuzhou Huacui Tingyuan (撫州華萃庭院) are estimated to be approximately RMB282 million. As at the Latest Practicable Date, the outstanding development cost was approximately RMB90 million. The land acquisition cost for Fuzhou Huacui Tingyuan (撫州華萃庭院) was satisfied by the capital contribution from the shareholders of Fuzhou Pan Hong, while the costs of construction will be satisfied by proceeds from pre-sale of the properties and other internal financial resources of our Group.

As advised by our PRC legal advisers, we have obtained the land use rights certificate, the required permits in relation to phase 1 of Fuzhou Huacui Tingyuan, including the construction land planning permit (in respect of the entire Fuzhou Huacui Tingyuan (撫州華萃庭院)), the construction works planning permit, the construction works commencement permit and the pre-sale permit (in respect of a portion of phase 1), the development of Fuzhou Huacui Tingyuan (撫州華萃庭院) by Fuzhou Pan Hong therefore has been in compliance with the relevant PRC laws up to the Latest Practicable Date. We have fully paid RMB224.6 million for the land premium payable under the land use rights grant contract in respect of the entire parcel of land on which Fuzhou Huacui Tingyuan (撫州華萃庭院).

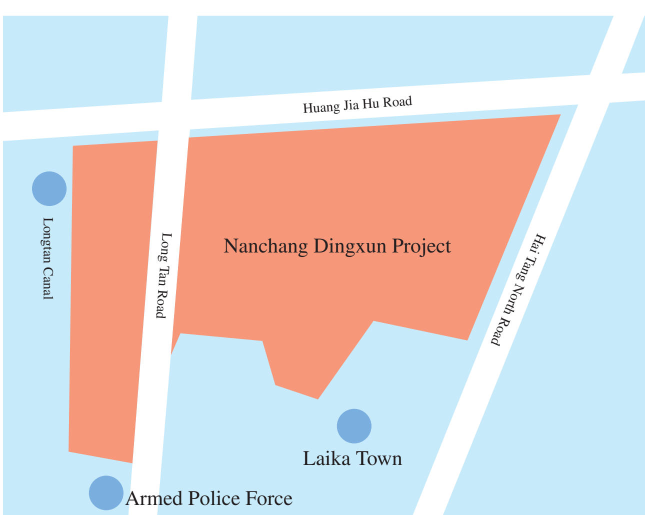
PROJECTS HELD FOR FUTURE DEVELOPMENT

Nanchang Dingxun Project (南昌鼎迅項目)

Nanchang Dingxun Project (南昌鼎迅項目) is jointly developed by our Group and Shanghai Dingxun through Nanchang Dingxun, a joint venture enterprise which is owned by our Group and Shanghai Dingxun as to 55% and 45% respectively. The main terms and the circumstances for termination of the joint venture arrangement between our Group and Shanghai Dingxun and the basis on which Nanchang Dingxun is classified as our Company's subsidiary are set out under the paragraph headed "Joint Venture Arrangements of Nanchang Dingxun, Jiangxi Ganghong and Leping Feng Huang" in the section headed "History and Development" of this prospectus.

Nanchang Dingxun Project (南昌鼎迅項目) is located at Huang Jia Hu West Road, Nanchang Economic Development Zone, Nanchang City, Jiangxi Province, the PRC. The entire project occupies a total site area of approximately 719,548 sq. m. with a planned aggregate saleable GFA of approximately 1,004,788 sq. m.

The following map shows the location of Nanchang Dingxun Project (南昌鼎迅項目) in Nanchang:



Nanchang Dingxun Project (南昌鼎迅項目) is designed as a living space which harmonises human activities with nature. It will be developed to incorporate the existing natural landscaping with flora and fauna. A park will be developed in the center of the development and surrounded by other commercial properties, serviced apartments and ancillary facilities, such as schools and kindergartens.

Details of the project are as follows:

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
Estimated construction period	4th quarter of 2011 – 3rd quarter of 2013	3rd quarter of 2012 – 1st quarter of 2014	2nd quarter of 2013 – 1st quarter of 2015	2nd quarter of 2014 – 1st quarter of 2016	2nd quarter of 2015 – 1st quarter of 2017
Expected date of pre-sale permit	4th quarter of 2012	2nd quarter of 2013	3rd quarter of 2014	3rd quarter of 2015	2nd quarter of 2016
Residential units					
Planned total number of saleable residential units	720	1,840	420	2,002	2,281
Planned total GFA attributable to saleable residential units (sq. m.)	137,668	169,763	58,174	217,876	241,853
Planned total GFA attributable to saleable service apartment units (sq. m.)	–	–	111,200	–	7,805
Estimated average selling price (RMB/sq. m.)	6,434	6,950	7,100	7,800	8,500
Commercial units *(Note)*					
Planned total GFA attributable to saleable commercial units (sq. m.)	6,464	1,993	40,000	11,992	Nil
Estimated average selling price (RMB/ sq. m.)	7,500	8,500	9,500	12,000	–
Car parking spaces					
Planned number of car parking spaces	–	1,100	450	800	2,063

Note: The total number of saleable commercial units is still to be confirmed.

The approximate percentage of the respective sizes of the residential units in the Nanchang Dingxun Project (南昌鼎迅項目) is as follows:

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
Less than 90 sq. m.	60.7%	57.2%	48.9%	43.4%	42.2%
90 sq. m. or more but less than 144 sq. m.	39.3%	30.9%	44.2%	44.3%	57.8%
144 sq. m. or more	0%	11.9%	6.9%	12.3%	0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The Directors currently expect that the total development costs to be incurred by Nanchang Dingxun for this entire project will amount to approximately RMB3,620 million. As at the Latest Practicable Date, the outstanding development cost was approximately RMB3,217 million. The land on which the Nanchang Dingxun project (南昌鼎迅項目) will be erected was contributed by the former shareholders of Nanchang Dingxun. As approved by the relevant administration of industry and commerce authority on 12 January 2010, our Group acquired 55% of equity interest in Nanchang Dingxun from the former shareholders at a cash consideration of approximately RMB221,822,000 with an intent to expand our land bank through such acquisition. Since the only asset of Nanchang Dingxun at the material time of the acquisition was the said parcel of land, the consideration was determined after taking into consideration of the benchmark land price of Nanchang city at the material time and the cost of the acquisition by our Group was lower than such benchmark land price. The costs of construction will be satisfied by bank loans, shareholders' capital contribution advanced by our Group and our joint venture partner, proceeds from pre-sale of the properties and other internal financial resources of our Group (including proceeds from the Share Offer). As we own 55% interest in the project, the total costs attributable to our Group amount to approximately RMB1,991 million.

As advised by our PRC legal advisers, our Group has obtained the land-use rights certificates and the construction land planning permit in respect of the Nanchang Dingxun Project (南昌鼎迅項目), but has not obtained the construction works planning permit and the construction works commencement permit. Nevertheless, as advised by our PRC legal advisers, since Nanchang Dingxun has not commenced development of the Nanchang Dingxun Project (南昌鼎迅項目), Nanchang Dingxun is in compliance with all applicable PRC laws as at the Latest Practicable Date. The land premium payable under the land use rights grant contract in respect of the entire parcel of land on which the Nanchang Dingxun Project (南昌鼎迅項目) has been fully paid. As confirmed by our PRC legal advisers, there are no legal impediments for us to obtain the construction works planning permit and the construction works commencement permit in respect of Nanchang Dingxun Project (南昌鼎迅項目).

Phases 2 to 6 of Yichun Project (宜春項目)

Phases 2 to 6 of the Yichun Project (宜春項目) are jointly developed by our Group and Jiangxi Hongkelong through Jiangxi Ganghong, a joint venture enterprise which is owned by our Group and Jiangxi Hongkelong as to 50% and 50% respectively.

Phases 2 to 6 of the Yichun Project (宜春項目) is located beside phase 1 of Yichun Project (宜春項目). The entire Yichun Project (宜春項目) occupies a total site area of approximately 607,084 sq. m. with a planned aggregate saleable GFA of approximately 1,152,038 sq. m. Each phase of the Yichun Project (宜春項目) will comprise the following:

Phase 2
- 17 residential buildings of 6-18 storeys
- 1 building for kindergarten

Phase 3
- 15 residential buildings of 11-18 storeys
- 1 residential building of 24 storeys
- 1 composite building of 3 storeys

Phase 4
- 27 residential buildings of 11-32 storeys

Phase 5
- 12 residential buildings of 11-32 storeys
- 1 clubhouse of 2 storeys
- 1 primary school of 4 storeys
- 1 kindergarten of 3 storeys

Phase 6
- 13 residential buildings of 6-32 storeys
- 1 clubhouse of 2 storeys

Phases 2 to 6 of the Yichun Project (宜春項目) adopt similar style as phase 1 of the Yichun Project (宜春項目).

Details of the project are as follows:

	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6
Estimated construction period	1st quarter of 2012– 4th quarter of 2013	2nd quarter of 2013 – 4th quarter of 2014	4th quarter of 2014 – 1st quarter of 2016	1st quarter of 2015 – 4th quarter of 2017	1st quarter of 2017 – 1st quarter of 2019
Expected date of pre-sale permit	3rd quarter of 2012	1st quarter of 2014	1st quarter of 2015	3rd quarter of 2016	3rd quarter of 2018
Residential units					
Planned total number of saleable residential units	1,427	2,265	2,050	1,870	1,823
Planned total GFA attributable to saleable residential units (sq. m.)	105,000	277,200	238,600	270,000	209,400
Estimated average selling price (RMB/sq. m.)	4,100	4,300	4,600	4,900	5,200
Commercial units					
Planned total number of saleable commercial units	–	66	93	51	90
Planned total GFA attributable to saleable commercial units (sq. m.)	–	18,224	10,929	14,623	8,062
Estimated average selling price (RMB/sq. m.)	–	5,800	6,000	6,300	6,500
Car parking spaces					
Planned number of car parking spaces	1,020	820	1,064	1,369	1,173

The approximate percentage of the respective sizes of the residential units in phases 2 to 6 of the Yichun Project (宜春項目) is as follows:

	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6
Less than 90 sq. m.	51.2%	33.1%	36.6%	33.9%	31.4%
90 sq. m. or more but less than 144 sq. m.	48.8%	54.7%	63.4%	50.7%	68.6%
144 sq. m. or more	0%	12.2%	0%	15.4%	0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The total development costs (consisting of construction costs only as land acquisition costs have been accounted for in the development costs of phase 1 of the Yichun Project (宜春項目)) incurred by Jiangxi Ganghong for phases 2 to 6 of the Yichun Project (宜春項目) are estimated to be approximately RMB3,977 million, of which approximately RMB1,988.5 million is attributable to our Group given that we own 50% interest in the project. As at the Latest Practicable Date, the outstanding development cost was approximately RMB3,783 million. The costs of construction will be satisfied by bank loans, proceeds from pre-sale of the properties and other internal financial resources of our Group (including proceeds from the Share Offer) and the remaining resources from phase 1 which have not been utilised.

As advised by our PRC legal advisers, we have obtained the land use rights certificate, the construction land planning permit in respect of the entire Yichun Project (宜春項目). According to our plan, the construction works for phase 2 of the Yichun Project (宜春項目) will commence in the first quarter of 2012. In light of the aforesaid, we will apply for the construction works planning permit and the construction works commencement permit before the commencement of construction works. Our PRC legal advisers had confirmed that we have not violated any laws and regulations of the PRC in this regard and there are no legal impediments for us to apply for the relevant construction works planning permit and construction works commencement permit. Since Jiangxi Ganghong has not commenced the development of phases 2 to 6 of the Yichun Project (宜春項目), Jiangxi Ganghong is in compliance with all applicable PRC laws as at the Latest Practicable Date. We intend to apply for the construction works planning permit in the 3rd quarter of 2011. Within one month after obtaining the construction works planning permit, we will apply for the construction works commencement permit. The Directors confirm that we will obtain the necessary permits before commencement of the construction works. We have also fully paid the land premium payable by our Group under the relevant land use rights grant contract.

Phases 2 and 3 of Fuzhou Huacui Tingyuan (撫州華萃庭院)

Phases 2 and 3 of Fuzhou Huacui Tingyuan (撫州華萃庭院) is being developed by Fuzhou Pan Hong, which is wholly-owned by our Group. It adopts a similar architecture style as phase 1 of Fuzhou Huacui Tingyuan (撫州華萃庭院).

Phases 2 and 3 of Fuzhou Huacui Tingyuan (撫州華萃庭院) is located beside phase 1 of Fuzhou Huacui Tingyuan (撫州華萃庭院). The entire Fuzhou Huacui Tingyuan (撫州華萃庭院) occupies a total site area of approximately 190,753 sq. m. with a planned aggregate saleable GFA of approximately 177,871 sq. m.. Phase 2 of Fuzhou Huacui Tingyuan (撫州華萃庭院) comprises thirty-nine 3 to 4-storey residential buildings of 3 – 4 storeys, while phase 3 of Fuzhou Huacui Tingyuan (撫州華萃庭院) comprises six 18 to 24-storey buildings. Having considered the different density, design and location of the units in phases 2 and 3 of Fuzhou Huacui Tingyuan (撫州華萃庭院), the respective estimated selling prices are therefore different.

Details of the project are as follows:

	Phase 2	Phase 3
Estimated construction period	3rd quarter of 2011 – 1st quarter of 2013	4th quarter of 2012 – 4th quarter of 2014
Expected date of pre-sale permit	1st quarter of 2012	4th quarter of 2013
Residential units		
Planned total number of saleable residential units	209	1,120
Planned total GFA attributable to saleable residential units (sq. m.)	52,524	111,068
Estimated average selling price (RMB/ sq. m.)	7,200	5,000
Commercial units *(Note)*		
Planned total GFA attributable to saleable commercial units (sq. m.)	2,786	11,493
Estimated average selling price (RMB/ sq. m.)	7,500	7,500
Car parking spaces		
Planned number of car parking spaces	Nil	646

Note: The total number of saleable commercial units is still to be confirmed.

The approximate percentage of the respective sizes of the residential units in phases 2 and 3 of Fuzhou Huacui Tingyuan (撫州華萃庭院) are as follows:

	Phase 2	Phase 3
Less than 90 sq. m.	0.0%	0.0%
90 sq. m. or more but less than 144 sq. m.	0.0%	100.0%
144 sq. m. or more	100.0%	0.0%
Total	**100.0%**	**100.0%**

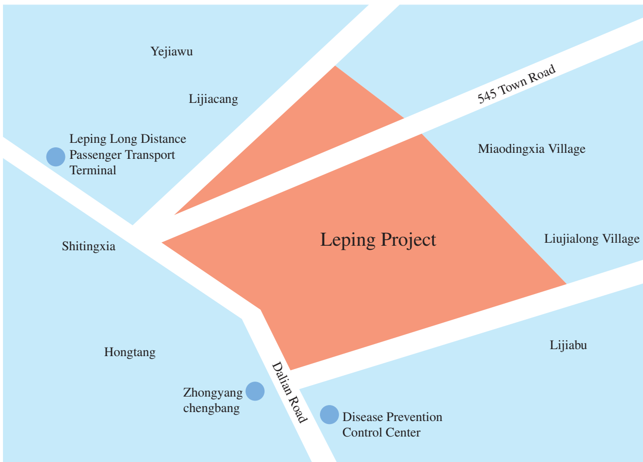
The total development costs (i.e. construction costs) to be incurred by Fuzhou Pan Hong for phases 2 and 3 of Fuzhou Huacui Tingyuan (撫州華萃庭院) are estimated to be approximately RMB600 million. As at the Latest Practicable Date, the outstanding development cost was approximately RMB448 million. The costs of construction will be satisfied by proceeds from pre-sale of the properties and other internal financial resources of our Group (including proceeds from the Share Offer and the remaining resources from phase 1 which have not been utilised).

As advised by our PRC legal advisers, we have obtained the land use rights certificate, the construction land planning permit of phases 2 and 3 of Fuzhou Huacui Tingyuan (撫州華萃庭院). According to our plan, the construction works for phase 2 of Fuzhou Huacui Tingyuan (撫州華萃庭院) will commence in the third quarter of 2011. In light of the aforesaid, we will apply for the construction works planning permit and the construction works commencement permit before commencement of the construction works. Our PRC legal advisers had confirmed that we have not violated any laws and regulations of the PRC in this regard and there are no legal impediments for us to apply for the relevant construction works planning permit and the construction works commencement permit. Since Fuzhou Pan Hong has not commenced the development of phases 2 and 3 of Fuzhou Huacui Tingyuan (撫州華萃庭院), Fuzhou Pan Hong is in compliance with all applicable PRC laws as at the Latest Practicable Date. We have applied for the construction works planning permit in April 2011. Within one month after we have obtained the construction works planning permit, we will apply for the construction works commencement permit. The Directors confirm that we will obtain the necessary permits before commencement of the construction works. We have also fully paid the land premium payable by our Group under the relevant land use rights grant contract.

Leping Project (樂平項目)

Leping Project (樂平項目) is jointly developed by our Group and Jiangxi Dongjing through Leping Feng Huang, a joint venture enterprise which is owned by our Group and Jiangxi Dongjing as to 51% and 49% respectively. The main terms and the circumstances for termination of the joint venture arrangement between our Group and Jiangxi Dongjing and the basis on which Leping Feng Huang is classified as our Company's subsidiary are set out under the paragraph headed "Joint Venture Arrangements of Nanchang Dingxun, Jiangxi Ganghong and Leping Feng Huang" in the section headed "History and Development" of this prospectus.

The following map shows the location of the Leping Project (樂平項目) in Leping:



The Leping Project (樂平項目) is located at Hushan Meiyankenzhichang, Leping City, Jiangxi Province, the PRC. The entire project occupies a total site area of approximately 333,341 sq. m. with a planned aggregate saleable GFA of approximately 394,800 sq.m..

Details of the project are as follows:

	Phase 1	Phase 2	Phase 3
Estimated construction period	2nd quarter of 2013 – 1st quarter of 2015	2nd quarter of 2014 – 1st quarter of 2016	2nd quarter of 2015 – 1st quarter of 2017
Expected date of pre-sale permit	3rd quarter of 2014	3rd quarter of 2015	3rd quarter of 2016
Residential units			
Planned total number of saleable residential units	715	896	1,316
Planned total GFA attributable to saleable residential units (sq. m.)	94,000	112,800	178,000
Estimated average selling price (RMB/sq. m.)	4,500	5,000	5,500
Commercial units *(Note)*			
Planned total GFA attributable to saleable commercial units (sq. m.)	Nil	Nil	10,000
Estimated average selling price (RMB/sq. m.)	N/A	N/A	10,000
Car parking spaces			
Planned number of car parking spaces	270	400	696

Note: The total number of saleable commercial units is to be confirmed.

As at the Latest Practicable Date, our Group did not have any specific plan regarding the size of the residential units to be developed in the Leping Project (樂平項目).

The total development costs to be incurred by Leping Feng Huang for the entire Leping Project (樂平項目) are estimated to be approximately RMB1,163 million. As at the Latest Practicable Date, the outstanding development cost was approximately RMB1,144 million. The land on which the Leping Project (樂平項目) will be erected was contributed by the former shareholders of Leping Feng Huang to Leping Feng Huang as registered capital. The costs of construction will be satisfied by bank loans, shareholders' capital contribution, proceeds from pre-sale of the properties and other internal financial resources. As we own 51% interest in the project, the total development costs of the project attributable to our Group amount to approximately RMB593 million.

As advised by our PRC legal advisers, we have obtained the land use rights certificate for the Leping Project (樂平項目). As at the Latest Practicable Date, we have not yet obtained the construction land planning permit, the construction works planning permit and the construction works commencement permit for the Leping Project (樂平項目). Nevertheless, as advised by our PRC legal advisers, since Leping Feng Huang has not commenced development of the Leping Project (樂平項目), Leping Feng Huang was in compliance with all applicable PRC laws as at the Latest Practicable Date. According to our plan, the construction works for phase 1 of the Leping Project (樂平項目) will commence in the second quarter of 2013. In light of the aforesaid, we will apply for the relevant licence and permits required for the construction of the Leping Project (樂平項目) and as advised by our PRC legal advisers, we have not violated any laws and regulations of the PRC in this regard and there are no legal impediments for us to obtain the construction land planning permit, the construction works planning permit and the construction works commencement permit in respect of the Leping Project (樂平項目). We are still liaising with the relevant PRC governmental authority regarding the development schedule of the Leping Project (樂平項目) and we will endeavour to procure that the development of the land can be commenced in accordance with our plan. Despite the aforesaid, since the development of the land is subject to the approval of the relevant PRC governmental authority, we cannot assure that the land can be developed as planned. The Directors confirm that we will obtain the necessary permits before commencement of construction works. We have fully paid approximately RMB18.4 million for the land premium payable under the land use rights grant contract in respect of the entire parcel of land on which the Leping Project (樂平項目) is erected.

PROJECT DEVELOPMENT PROCESS

Our project development process is as follows:

Site selection	Land acquisition	Project design	Construction	Sales and marketing	Completion, delivery and after-sales services
• identify potential site	• acquire land through public tender, auction or listing-for-sale	• generate core concept and master planning through our design planning department	• obtain key governmental permits/ certificates	• comply with pre-sale statutory requirements	• deliver completed properties
• conduct market research and feasibility study	• acquire land in the secondary market	• work with third party design firms to develop and finalise design	• engage construction companies through bidding	• determine appropriate sales plans	• lease some of completed commercial properties
• obtain final approval from the Board	• acquire equity interest of those companies holding land use rights	• cost and budget control	• ensure internal quality control		• payment and customer financing for customers

We centralise the planning of our project development process at our headquarters, while the day-to-day management is carried out by each of our project companies. With respect to each project, the main responsibilities of our headquarters are as follows:

- conducting market research and analysis in order to identify and assess location where we believe to have development potential;
- carrying out master planning, market orientation and overall development and architectural design of our projects and conducting analysis on the economic and financial efficiency of the project;
- acquiring the land through public tender, auction or listing-for-sale;
- organising the procurement or bidding process for retaining major contractors; and
- overseeing the development progress of the project, monitoring quality control, coordinating resources and resolving major issues arising from the project.

Site selection

Before we proceed to acquire any land for our development project, we will conduct market research and analysis to identify and evaluate suitable potential project sites. We regularly monitor announcements published by local governments in relation to public tender, auction or listing-for-sale of land parcels. The main factors which we generally take into account include the following:

- location, size, dimensions of the land parcel;
- market demand and expected growth of the area/district in which the land is located;
- transportation access and infrastructure support;
- estimated development costs, including demolition and resettlement costs;
- expected return on investment; and
- government development plans for the relevant site and the neighbouring area.

Land acquisition

We usually acquire land use rights from the local government when the government initially puts up the land use rights for sale in the market. The relevant project company acquired the land use rights in respect of (i) Nanchang Honggu Kaixuan (南昌紅谷凱旋) and the Nanchang Dingxun Project (南昌鼎迅項目) by way of agreements with the relevant PRC governmental authorities and (ii) Fuzhou Huacui Tingyuan (撫州華萃庭院), the Yichun Project (宜春項目) and the Leping Project (樂平項目) by public auction.

We generally prefer to acquire vacated land which does not require demolition and resettlement of existing residents. Up to the Latest Practicable Date, we have not acquired any land or projects where demolition and resettlement are required.

According to the Regulations on the Grant of Use Right of State-owned Land Use Rights by Way of Tender, Auction or Listing-for-sale (招標拍賣掛牌出讓國有土地使用權規定) issued by Ministry of Land and Resources of the PRC on 9 May 2002 (2002 Regulations) and revised on 21 September 2007 by the Regulations on Granting State-owned Development Land Use Rights by way of Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有建設用地使用權規定), all land to be developed for business purposes, such as commercial, tourism, entertainment and commodity residential housing must be granted by way of public tender, auction or listing-for-sale. When deciding to whom the land use rights should be granted to the relevant authorities will consider not only the tender price but also the credit history, the qualifications and the tender proposal of the developer. For details of the applicable regulations, please refer to "Summary of Principal Legal and Regulatory Provisions" in Appendix V to this prospectus.

If opportunities arise, we may also acquire suitable land from secondary market or the equity interest of other companies holding land use rights in respect of land with development potential.

Project design

Our design planning department is responsible for generating the master planning for each of our projects. Once the master design concept of a property development project is established, we contract out the detailed project design work to the selected architectural and interior design institutions through a tender process. Our design management department then works with the selected design institution to determine the design of a particular property development by taking into account certain factors such as:

- proposed type of development;
- target market customers; and
- size and surrounding area of the site.

Based on the master design concept, the external design institution would transform the concept into a more detailed design drawing, known as the "Design Development Document." The Design Development Document must be approved by the relevant PRC governmental authorities and subsequently becomes the basis for the detailed design and construction of the project.

During the construction phase, we work closely together with the contractors, the project engineers and the design firms to manage and monitor the project's progress. We also require our design planning department to provide constant supervision and conduct progress audits in order to ensure that construction progresses are in accordance with the design plan, budget and schedule.

Construction

Governmental permits and certificates

Prior to the commencement of our construction, upon obtaining the rights to develop a parcel of land, we begin applying for the various permits and licenses that we need to commence construction and sell our properties. If the land use rights are acquired by way of grant, the land use rights grant contract will be a pre-condition to applications for the following permits and licenses:

- land use rights certificate;
- construction land planning permit; and
- construction works commencement permit.

Engagement of contractors

After obtaining the required permits, construction of our projects usually proceeds on a phase by phase basis, which is in line with our financial management and marketing strategy. We contract out the construction works of our property developments to selected construction companies through a tender process. The winning bidder is selected taking into account both the quality of and the price quoted by the bidder. Upon selection, a general contractor enters into a construction contract with us.

For each of the three years ended 31 March 2011, payments to our single largest supplier accounted for approximately 34.4%, 26.1% and 25.2% respectively of our total payments under our contracts with third party suppliers. For the same periods, payments to our five largest suppliers accounted for approximately 87.3%, 74.5% and 71.7% respectively of our total payments under our contracts with third party suppliers. None of our Directors, their associates nor any shareholder is holding more than 5% of our issued share capital has any interest in our five largest suppliers during the Track Record Period. Mr. Wong is the legal representative and a director of one of our ten largest suppliers.

Procurement of building materials

In general, procurement of basic building materials, such as steel and cement, is primarily outsourced to the general contractor, except for certain specific materials which require our prior approval. The general contractors procure the necessary materials for each project in accordance with our prior specifications. We do not own any construction equipment and do not maintain any inventory of building materials.

Some of our construction contracts generally allow for progressive payments during construction until a specified maximum percentage, generally 95% of the total contract sum, is paid. The remaining balance, except for 5% of the contract sum which we withhold for two to five years from completion to apply against any expenses incurred as a result of any construction defects, is payable upon satisfactory completion of work. Our standard construction contract also includes express terms on construction schedule, cost and work quality. Under the standard construction contract, the general contractors are required to indemnify us for any losses we incur as a result of construction defects or delays and, in the latter case, the general contractors are required to pay default interest on a daily basis.

Quality control and construction supervision

We place strong emphasis on quality control. Stringent internal quality control procedures have been applied to the construction and quality of building material used in our property development projects.

Each of our project companies has its own on-site project management staff and conducts supervision from time to time. In addition, we will inspect our construction sites on a selective basis. We also engage independent quality supervisory companies to conduct quality and safety control checks on all building materials and workmanship on site.

Before we deliver our completed properties to our customers, our designated management company will inspect the properties to ensure that its conditions are satisfactory. During the Track Record Period and up to the Latest Practicable Date, we have not received any material complaints from our customers on the quality of our properties which has affected our business operations.

Sales and marketing plan

We have a sales department responsible for determining appropriate sales plans for our property projects. The main responsibilities of our sales staff include conducting analysis of market conditions, gathering and analysing customers information and profiles, preparing and executing sales plans promotional campaigns, recommending unit prices and pricing-related policies for our projects. We advertise our property projects through a number of ways, such as advertisements on magazines, newspapers and television.

Pre-sales

In line with market practice in the PRC, we usually commence pre-sales before completion of the entire project. Our pre-sales typically occur phase by phase and we usually utilise the pre-sale proceeds to fund a significant portion of the construction cost for the relevant project. Under the current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sales of the relevant properties. According to the Urban Real Property Law and the Measures for Administration of Pre-completion Sale of Commodity Buildings (城市商品房預售管理辦法), the following conditions must be fulfilled before the pre-sale of a particular property can commence:

- the land grant premium must be paid in full and the land use rights certificate must have been obtained;
- the construction work planning permit and the construction work commencement permit must have been obtained;
- the funds contributed to the development of the project shall be at least 25% of the total amount to be invested in the project, the project progress, the date of completion and delivery of the project must have been determined; and
- the pre-sale permit must have been obtained.

We have complied with the relevant statutory requirements for pre-sales. For further details of the laws and regulations governing pre-sales, please refer to the "Summary of Principal Legal and Regulatory Provisions" as set out in Appendix V to this prospectus.

Completion, delivery and after-sales services

Delivering completed properties

After construction has been completed, we will need to obtain a completion certificate from the relevant local governmental authority before we are able to deliver the completed properties to our customers.

Payment and financing for customers

Customers of our properties could make payment either by (i) a lump sum; (ii) instalments; or (iii) mortgage financing. For those customers who pay by instalments, they are usually required to pay around 40% of the purchase price as down payment at pre-sale of our properties. The remaining balance shall be paid by those customers with reference to the progress of development of the properties and the full payment has to be made before we deliver the relevant properties to them. For those customers who have arranged for mortgage financing, subject to the specific requirements of individual banks and the relevant laws, regulations and policies in force at the material time, at least 30% of the purchase price is usually required as down payment, with mortgage loans for financing the remaining balance of the purchase price. The banks will usually pay the remaining balance of the purchase price to our Group within several months after they have completed the relevant procedures on the approval of the relevant loans and mortgage arrangements. In line with the market practice, we have arrangements with various banks for the provision of mortgage facilities to our customers. The customers nevertheless have the full discretion to arrange for their mortgages. We do not conduct independent credit checks on our customers but rely on credit checks conducted by the relevant banks. In accordance with market practice, the real estate developers are usually required by the banks to guarantee the obligations to repay the loans on the property. The guarantee periods normally last for up to 24 months until the property is delivered. In the event that a customer defaults on his loan repayment, after the real estate developer repays the outstanding amount owed by the customer to the mortgagee bank, the mortgagee bank will assign its rights under the loan and the mortgage to the developer. In general, real estate developers shall be entitled to recourse against the customers after having paid all the debts for the customers. As at 31 March 2011, the outstanding guarantees in respect of the residential mortgages of our customers amounted to approximately RMB217 million.

For each of the three years ended 31 March 2011, sales to our largest customer accounted for approximately 3.31%, 0.74% and 2.54% respectively of our total sales. For the same periods, sales to our five largest customers accounted for approximately 15.86%, 3.17% and 7.01% respectively of our total sales. There was a higher percentage of sales to the largest customer and the five largest customers respectively for the year ended 31 March 2009 as compared with the other financial periods during the Track Record Period because our revenue for the year ended 31 March 2009 was relatively lower during the Track Record Period. Save for the aforesaid, there is no special reason for the higher percentage of sales to the largest customer and the five largest customers. None of our Directors, their respective associates nor any Shareholder holding more than 5% of our issued share capital has any interest in our five largest customers during the Track Record Period.

As advised by our PRC legal advisers, the PRC government has implemented certain housing fund scheme to enhance the capability of the workers to purchase their own residential houses for self use. The workers may apply to the relevant PRC governmental authority responsible for the management of housing fund for the housing fund loan at an interest rate lower than that offered by the commercial banks to finance their purchase of residential houses. If the loan application is approved, the relevant loan arrangement will be handled by the banks delegated with such task. In order to provide more channels for the potential customers of our properties to obtain financing, Jiangxi Asia City has entered into certain cooperation agreements with the housing fund authority regarding the delegated loan arrangement in connection with the housing fund scheme. Pursuant to those agreements, (i) the housing fund authority has agreed to advance loans to those persons who satisfy the relevant requirements under the housing fund scheme to facilitate them to purchase the units of Nanchang Honggu Kaixuan (南昌紅谷凱旋); (ii) the housing fund authority has delegated the task of arranging the loans to the commercial banks; and (iii) Jiangxi Asia City has unconditionally and irrevocably agreed to provide guarantee to secure the repayment obligations of those persons who apply for the loans, pursuant to which Jiangxi Asia City has agreed to bear joint liabilities with the borrower to repay the bank loans. In the event that any of the borrowers fails to fulfil the repayment obligations under such loan agreements, Jiangxi Asia City shall be obliged to fulfil its guarantee obligations or otherwise repurchase the relevant units purchased by the defaulting persons. Our Directors confirm that our Group has not been required to make such repurchases during the Track Record Period. As at 31 May 2011, the total outstanding amount guaranteed by our Group under such arrangement was approximately RMB208.5 million. As at 19 March 2011, there were 196 residential units in phases 1 and 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) with an aggregate GFA of approximately 22,510 sq. m. were subject to such arrangement.

FINANCING OF PROJECTS

Historically, we have financed our projects primarily through capital contributions from our Shareholders, bank loans and internally generated cash flows, including proceeds from pre-sales of our properties. According to the guidelines issued by the CBRC, no loan may be granted to projects which have not obtained the relevant land use rights certificates, construction land planning permits, construction work planning permits and construction work commencement permit. The guidelines also stipulate that not less than 35% of the total investment in a property development project must come from a real estate developer's own capital for the development project in order for banks to extend loans to the real estate developer. Our policy is to finance our property developments with internally generated cash flows to the extent practicable so as to reduce the level of external funding required. We have obtained financing from a number of financial institutions. The terms of our bank borrowings generally specify the project or project phase for which the funds are to be applied and are restricted for such use. As at 31 May 2011, being the latest practicable date for the purpose of the indebtedness statement prior to the printing of this prospectus, our outstanding bank and other loans amounted to RMB150 million. Please refer to the section headed "Financial Information" for further details of our channels of financing, indebtedness and borrowings.

INVESTMENT PROPERTIES

We develop certain commercial properties such as office premises and retail stores for leasing purposes. As at the Latest Practicable Date, all of our investment properties have been leased to Independent Third Parties with the term of the leases ranging from 10 to 16 years. Our Directors have confirmed that the terms of the leases in respect of our investment properties are in line with industry practice. We believe that these properties help to maintain our recurring revenue in the long run. The amount of rental are determined based on arm's length negotiations with reference to the prevailing market rates. During the Track Record Period, the rental income derived from our investment properties represented approximately nil, 0.12% and 0.36% of our total revenue during the relevant periods respectively.

The table below summarises certain information with respect to our investment properties as at the Latest Practicable Date:

Investment Properties	Type	GFA for lease as shown in the valuation report	Amount of rental	Term of the lease
Level 1 and 2, Block 2, Phase 2, Nanchang Honggu Kaixuan (南昌紅谷凱旋)	commercial and others	1,357.55 sq. m.	• 1 Jan 2011 – 30 Apr 2011: Rent free period • 1 May 2011 – 31 Dec 2011: RMB900,000 • 1 Jan 2012 – 31 Dec 2013: RMB1,350,000 per year • Annual rental increases by 10% for each year thereafter	1 Jan 2011 – 31 Dec 2020
Units 2 – 6, Level 1, Block 6, Nanchang Honggu Kaixuan (南昌紅谷凱旋)	commercial and others	895.32 sq. m.	• 30 Oct 2009 – 29 Jan 2010: Rent free period 30 Jan 2010 – 29 Jan 2013: RMB537,192 per year • 30 Jan 2013 – 29 Jan 2017: RMB752,070 per year • 30 Jan 2017 – 29 Jan 2020: RMB966,946 per year	30 Oct 2009 – 29 Jan 2020
Nanchang Honggu Kaixuan Kindergarten, No. 1568 Honggu Road, Phase 1 Nanchang Honggu Kaixuan (南昌紅谷凱旋)	commercial and others	2,212.39 sq. m.	• 20 Jul 2010 – 19 Jan 2011: Rent free period • 20 Jan 2011 – 19 Jul 2011: RMB100,000 • 20 Jul 2011 – 19 Jul 2012: RMB210,000 • Annual rental increases by RMB10,000 for each year thereafter	20 Jul 2010 – 19 Jul 2026

In addition to the investment properties as set out above, we also owned another investment property during the Track Record Period, which had been sold by our Group to an Independent Third Party on 24 July 2010, the details of which are summarised in the table below:

Investment Property	Type	GFA for lease	Amount of rental	Term of the lease
Unit 2, Level 1, Block 9, Nanchang Honggu Kaixuan (南昌紅谷凱旋)	Commercial and others	147.66 sq. m.	• 1 May 2010 – 30 April 2011: RMB106,315.2 per year • 1 May 2011 – 30 April 2012: • RMB124,034.4 per year • 1 May 2012 – 30 April 2015: • RMB141,753.6 per year	1 May 2010 – 30 April 2015

Non-registration of leases

All the lease agreements in respect of our investment properties in the PRC have not been registered at the relevant PRC governmental authorities. We have not registered the said lease agreements because we have not yet obtained the building title certificates in respect of the investment properties as at the Latest Practicable Date and accordingly, registration cannot be done. For each of the three years ended 31 March 2011, the percentages of our total revenue attributable to rental income were approximately nil, 0.12% and 0.36% respectively. As the revenue generated from our rental income is relatively low, we are of the view that the failure to register our lease agreements will not have a substantial impact on our operation and financial position. Nonetheless, as a rectification action, we will register all our lease agreements as soon as practicable after the relevant building title certificates have been obtained. Additionally, we are currently renting an office premise in Yichun for our Yichun Project (宜春項目) from an Independent Third Party. The lease agreement in respect of the renting of this office premise by our Group has not been registered with the relevant PRC governmental authority. As advised by our PRC legal advisers, failure to register these leases will not affect the validity of the lease agreements. However, according to the Administrative Measures on Lease of Commodity Properties (商品房屋租賃管理辦法), the relevant PRC governmental authorities may order for the rectification of failure to register the leases. In the event that any enterprise still fails to register the relevant leases after being ordered to do so, a fine ranging from RMB1,000 to RMB10,000 will be imposed on it. As we have entered into four lease agreements as at the Latest Practicable Date, our PRC legal advisers have confirmed that the maximum fine of RMB40,000 may be imposed on our Group in this regard.

PROPERTIES USED BY US

Our headquarter is located at No. 8 Commercial Building, Nanchang Honggu Kaixuan (南昌紅谷凱旋), No. 1568 Honggu Avenue, Honggu Tan Central District, Nanchang City, Jiangxi Province, the PRC. In addition, we are now occupying a number of premises as our offices for each individual project.

COMPETITION

We believe that the property market in the Jiangxi Province, the PRC is competitive. Upon the implementation of invitation of tender, auction and listing-for-sale requirements in the grant of land use rights, the property market in the Jiangxi Province, the PRC has become more and more competitive and different property developers have to compete with each other in terms of financial resources, quality and brand name.

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

We compete by focusing on our selected cities in the PRC where our property developments are based and constantly striving to enhance our reputation and to boost our market presence in those selected cities in the PRC. We also compete by ensuring the acquisition of suitable land reserve, the maintenance of a short development cycle to achieve capital efficiency and the identification of market trends in choosing the right locations which meet the demands of our customers.

We believe that the major entry barriers to the property market in the Jiangxi Province, the PRC include the limited knowledge of the local property market conditions and limited brand recognition.

For more information, please refer to the section headed “Risk Factors – Risk Associated with Our Business – We face competition from other property developers” of this prospectus.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, we have applied for the rights in two trademarks in Hong Kong and three trademarks in the PRC.

Further details of our intellectual property rights are set out under the paragraph headed “Intellectual Property Rights” in the section headed “Further information about the business” in Appendix VI to this prospectus.

INSURANCE

We maintain group accident insurance and social insurance for our employees and third-party liability insurance in relation to our vehicles. The insurance primarily insures our employees for personal injuries in our workplace or on our construction site. The contractors also maintain construction insurance for the construction workers they hire to work in our workplace. We do not, however, maintain any property damage insurance for our workplace, construction site, property developments, pre-sold properties yet to be delivered to customers and properties which have been delivered to our customers. As advised by our PRC legal advisers under the relevant PRC laws and regulations, these types of insurance are not mandatory. According to our contracts with the construction contractors, the liabilities for personal injury, death and other accidents are, in general, to be borne by the party which is in fault. In light of the aforesaid, the contractors shall not be liable for any personal injury, death or other accidents other than those which are caused by their fault. In this regard, we may have to bear the liabilities upon the occurrence of any personal injury, death or other accidents if such accidents are not due to the fault of the contractors, as such liabilities are not covered by any insurance maintained by our Group.

Our Directors are of the view that the insurance coverage maintained by our Group is (i) typical and in line with the industry practice; and (ii) adequate for the operations of the Group. There is however a risk that we do not have sufficient insurance coverage for losses, damages and liabilities that may arise from our business operations, which is further discussed under the paragraph headed "We do not have insurance to cover potential losses and claims relating to our operations" in the section headed "Risk Factors" of this prospectus.

LEGAL PROCEEDINGS

In our ordinary course of business, we are occasionally involved in contractual disputes with our customers and contractors, which our Directors believe to be common in our industry. However, no member of the Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us that would have a material adverse effect on the results of our operations or financial conditions.

As at the Latest Practicable Date, there was no litigation or arbitration pending or threatened against our Group or any of our Directors which could have a material adverse effect on our Group's financial condition or results of operations.

ENVIRONMENTAL AND SAFETY MATTERS

We create noise, waste water and other construction materials waste during our construction works. Real estate developers in the PRC are subject to a number of environmental laws and regulations, including but not limited the PRC Environmental Protection Law, the Law of the PRC on Prevention and Control of Noise Pollution, the Law of the PRC on Environmental Impact Assessment, and the Administrative Regulations on Environmental Protection in relation to Construction Projects. Please refer to the section headed "Summary of Principal Legal and Regulatory Provisions" in Appendix V to this prospectus for details of these environmental laws and regulations.

According to the relevant PRC laws, the requirements of environmental protection on property development projects mainly include (i) obtaining the initial approval from the relevant PRC governmental authority responsible for environmental protection (the "**Environmental Authority**") before the commencement of construction; (ii) applying for completion and acceptance on the environmental protection facilities for the property development project from the Environmental Authority; and (iii) submitting the approved documents or permits of use issued by the Environmental Authority. Before we commence our development projects, we will engage the relevant institutes to conduct environmental impact assessment of the development project and submit the assessment report to the relevant PRC governmental authority responsible for environmental protection for approval. We may apply for other approvals for construction after the relevant PRC governmental authority responsible for environmental protection has accepted and approved our assessment report.

During the Track Record Period, we did not experience any material environmental pollution incidents. As advised by our PRC legal advisers, based on the certificates issued by the relevant environmental authorities, during the Track Record Period and as at the Latest Practicable Date, we had been and were in compliance with all material respects with the applicable environmental laws and regulations of the PRC. We have submitted the environmental impact report, environmental impact report form or environmental impact registration form (the "Environmental Impact Document") to the Environmental Authority prior to commencement of construction of our property development projects. As advised by our PRC legal advisers, we have obtained all the required approvals in relation to the Environmental Impact Document for our developing property development projects. As at the Latest Practicable Date, we have not experienced any problem in the inspections conducted by the Environmental Authority during the handover of properties.

It is infeasible for our Company to segregate the costs of environmental measures adopted in our property development projects since such costs were usually included as part of the contractors' fees. The aggregate cost incurred by our Group for the purposes of compiling various environmental assessment reports for our property development projects during the Track Record Period was approximately RMB170,000.

We monitor the safety measures adopted by our construction contractors and safety aspects of the construction process through engaging independent third-party supervisory companies to ensure that we are in compliance with the health and safety laws and regulations.

We believe that our operations are in compliance with the applicable national and local environmental and health and safety laws and regulations in all material respects. There is however a risk that compliance with the laws and regulations on the environment protection and safety measures may result in delays in development, substantial costs and may prohibit or severely restrict project development activity. For more information, please refer to the paragraph headed "We may have to incur significant costs on environmental protection and safety measures" under the section headed "Risk Factors" of this prospectus.

REGULATORY COMPLIANCE

Approvals, permits and licences

As advised by our PRC legal advisers, as at the Latest Practicable Date, our Group has obtained all the approvals, permits, consents, licences and registrations required for our current businesses and projects and all of them are in full force and effect and those project companies established in the PRC have not violated any of the laws of the PRC in any material respect in their operations.

Plot ratio

On 30 May 2006, Ministry of Land and Resources issued the "Urgent Notice on Ulterior Strengthening the Administration of Land (國土資源部關於當前進一步從嚴土地管理的緊急通知)" (the "Urgent Notice"), pursuant to which it is stated that the relevant PRC governmental authorities will strictly restrict the land supply for low-density and large-size residential property developments.

The plot ratio of our development is more than 1 and the Directors consider that our development projects do not fall within the scope of the Urgent Notice. Further, since we can only commence our projects after having secured the approvals of the relevant PRC governmental authorities, we design our projects with reference to the requirements of the government. In the event that our future projects are later being determined as "low-density" and "large-size" residential projects, we may have to adjust our development plans in order to secure the approvals of the relevant PRC governmental authorities.

Size of our properties

According to the Certain Opinion regarding the Implementation of the Ratio of Structure of Newly-constructed Residential Houses (關於落實新建住房結構比例要求的若干意見), commencing from 1 June 2006, for newly approved and developed commodity residential houses, the ratio of houses with a built up area of no more than 90 sq.m. should comprise at least 70% of the total construction area. As advised by our PRC legal advisers, after consulting the relevant competent PRC governmental authorities responsible for town planning in those cities where our projects are located, the said ratio requirement refers to the overall ratio requirement of the entire city. According to the relevant laws of the PRC, the relevant PRC governmental authority responsible for town and village planning (the "Town Planning Authority") shall be responsible for the formulation of the town planning requirement in the local area and shall centralise the implementation matters on town planning in the whole relevant city. Therefore, the Town Planning Authority possesses all the relevant information relating to the planning requirements, including the ratio of the houses with different dimensions constructed and to be constructed in the relevant city. All developers shall apply to the Town Planning Authority for the construction works planning permit before commencement of any development works and the Town Planning Authority shall determine as to whether the application satisfies the overall town planning requirements of the entire city before granting the permit to the developers. Our Group has already obtained the required approvals in respect of Nanchang Honggu Kaixuan (南昌紅谷凱旋), phase 1 of Yichun Project (宜春項目) and phase 1 of Fuzhou Huacui Tingyuan (撫州華萃庭院), such as the relevant construction works planning permit and the construction works commencement permit. With respect to the other phases of Yichun Project (宜春項目), other phases of Fuzhou Huacui Tingyuan (撫州華萃庭院) and Leping Project (樂平項目), the relevant PRC governmental authorities responsible for planning may take into account the overall planning requirements at the material time when considering approving the application of our Group. In the event that the planning requirements of the government or the implementation of the same is adjusted in the future, the design and planning of our projects held for future development may be affected, which will in turn affect our business and the profitability of our development projects.

Idle land

We have not been adjudged by the relevant PRC governmental authorities of any material non-compliance with the terms of our land use rights grant contracts. None of the land held by our Group has been treated by the relevant PRC governmental authorities as idle land.

The land of the Nanchang Dingxun Project (南昌鼎迅項目)

According to a letter dated 17 April 2008 issued by the management committee of the Nanchang Economic-Technological Development Area (南昌經濟技術開發區), since the boundary plan has not been finalised and the resettlement and levelling works have not been completed yet, the date on which the land of the Nanchang Dingxun Project (南昌鼎迅項目) is to be delivered to Nanchang Dingxun cannot be determined for the time being. Further notice on the delivery date will be made by the management committee in due course. Our PRC legal advisers have consulted the Economic Technological Development District Branch of Land and Resources Bureau of Nanchang city in February 2011 and the said governmental authority has confirmed the content of the letter and that the above-mentioned land has not been delivered to Nanchang Dingxun yet. In light of the aforesaid, Nanchang Dingxun was still not able to commence development of the land as at the Latest Practicable Date and the chance of Nanchang Dingxun being subject to any administrative penalty is not high.

The land of the Leping Project (樂平項目)

As confirmed by our Directors, with respect to the land of the Leping Project (樂平項目), since the land is in the border area of Leping and the local government of Leping has not completed the "Three Supplies and One Levelling" work of this land and has not determined the plot ratio and building density of the land, our Group has not been able to develop this land. We expect the local government of Leping to complete the "Three Supplies and One Levelling" works by the end of 2012. Nonetheless, we cannot assure the completion date of the "Three Supplies and One Levelling" work as its progress is beyond our control. Our PRC legal advisers have consulted and confirmed with Land and Resources Bureau of Leping and was informed that the land in Leping is still held legally by Leping Feng Huang and the related land use rights certificate is still valid. Our PRC legal advisers have also advised that, according to the relevant laws of the PRC, (i) for all land which has remained idle for a year, the relevant PRC governmental authority may impose a maximum land idle fee equivalent to 20% of the land grant premium, i.e. approximately RMB3.68 million for the land in respect of Leping Project (樂平項目); and (ii) for all land which has remained idle for two years, the relevant PRC government authority may impose the said land idle fee and forfeit the land without compensation, save and except in case where the delay in the commencement of development is caused by any act of the government. In light of the aforesaid, our PRC legal advisers have advised us that the chance of Leping Feng Huang being subject to any administrative penalty is low and given that the planning application for the Leping Project (樂平項目) satisfies the relevant legal requirements, there will not be any material legal impediments for the Group to obtain the construction land planning permit in respect of the Leping Project (樂平項目). According to the relevant instruction guide, the relevant party applying for the construction works planning permit shall be required to submit the design proposal, which contains the GFA of the properties to be constructed, to the relevant PRC governmental authority.

Regulatory non-compliance

Lease agreements

As at the Latest Practicable Date, all the lease agreements in respect of our investment properties in the PRC have not been registered at the relevant PRC government authorities. We have not registered the said lease agreements because we have not yet obtained the building title certificates in respect of the investment properties as at the Latest Practicable Date and accordingly, registration cannot be done. As a rectification action, we will register all our lease agreements as soon as practicable after the relevant building title certificates have been obtained. Additionally, we are currently renting an office premise in Yichun for our Yichun Project (宜春項目) from an Independent Third Party. The lease agreement in respect of the renting of this office premise by our Group has not been registered with the relevant PRC governmental authority. As advised by our PRC legal advisers, the failure to register the lease will not affect the validity of the lease agreements. However, according to the Administrative Measures on Lease of Commodity Properties (商品房屋租賃管理辦法), the relevant PRC governmental authorities may order for rectification of the failure to register the leases. In the event that any enterprise still fails to register the relevant leases after being ordered to do so, a fine ranging from RMB1,000 to RMB10,000 will be imposed on it. As we have entered into four lease agreements as at the Latest Practicable Date, our PRC legal advisers have confirmed that the maximum fine of RMB40,000 may be imposed on our Group in this regard. As the revenue generated from our rental income is relatively low, we are of the view that such failure to register our lease agreements will not have any substantial impact on our operation and financial position.

Loans to other companies and amount due from associate

(i) Loan to 上海成信醫療投資有限公司 (Shanghai Chengxin Medical Investment Limited) ("Shanghai Medical Investment")

During the Track Record Period, Jiangxi Asia City had advanced a loan in the principal sum of RMB 44.0 million to Shanghai Medical Investment, of which such loan was a condition for Hong Kong Dowell Industrial Limited to provide a loan to Pan Hong Investment (for details, please refer to the paragraph headed "Loan agreements between Jiangxi Asia City, Shanghai Medical Investment, Pan Hong Investment and Hong Kong Dowell" in the section headed "Connected Transactions" of this prospectus). The total interest received by our Group from Shanghai Medical Investment in respect of such loan amounted to approximately RMB6.8 million. The aforesaid loan together with interest accrued thereon had been fully repaid in January 2010. Our Group has not advanced any loan to Shanghai Medical Investment since then.

(ii) Amount due from Jiangxi Ganghong

During the Track Record Period, Jiangxi Asia City recorded amounts due from Jiangxi Ganghong of approximately RMB42.3 million, approximately RMB85.9 million and approximately RMB90.6 million as at 31 March 2009, 2010 and 2011 respectively. As at the Latest Practicable Date, the total outstanding amount due from Jiangxi Ganghong to Jiangxi Asia City amounted to approximately RMB40.6 million. The amounts due from Jiangxi Ganghong to Jiangxi Asia City represent (i) payment by our Group of certain expenses of Jiangxi Ganghong on its behalf; (ii) financial support from our Group to Jiangxi Ganghong for its operation, as Jiangxi Ganghong was unable to obtain financing from financial institutions due to its short trading history; and (iii) interest accrued from amounts under (i) and (ii). The amounts due from Jiangxi Ganghong are repayable on demand.

During the Track Record Period, the amounts due from Jiangxi Ganghong to Jiangxi Asia City were interest-bearing (for details, please refer to the paragraph headed "Amounts due from a jointly controlled entity" in the section headed "Financial Information" of this prospectus). On 12 May 2011, Jiangxi Asia City, Jiangxi Hongkelong and Jiangxi Ganghong entered into an agreement, pursuant to which Jiangxi Asia City, Jiangxi Hongkelong and Jiangxi Ganghong agreed, among others, that with effect from 1 April 2011, no further interest would be charged by Jiangxi Asia City in respect of the amounts due from Jiangxi Ganghong to Jiangxi Asia City. As at the Latest Practicable Date, the total interest accrued and due from Jiangxi Ganghong to Jiangxi Asia City amounted to approximately RMB10.6 million.

As advised by our PRC legal advisers, the loan to Shanghai Medical Investment and the amount due from Jiangxi Ganghong do not breach any PRC laws or administrative regulations but fall within the category of unauthorised loans under the General Provisions on Loan (貸款通則) (the "General Provisions"). As advised by our PRC legal advisers, the General Provisions are rules of a government department, not laws or administrative regulations. According to the General Provisions, the PBOC may (i) impose on the lender a fine equivalent to one to five times of its income derived from such loan transactions; and (ii) suppress such lending activity. As such, Jiangxi Asia City may have to pay a penalty of up to five times of its interest received. As at the Latest Practicable Date, the total amount of interest received by our Group from the aforesaid loan to Shanghai Medical Investment and the amount due from Jiangxi Ganghong amounted to approximately RMB17.4 million. As such, the maximum amount of penalty which may be imposed on our Group as a result of the unauthorised loan and amount due will be approximately RMB87.0 million. Pan Hong Property, the Controlling Shareholder, has undertaken to indemnify our Group on a full indemnity basis in the event that any penalty is imposed on our Group. With effect from 1 April 2011, the amounts due from Jiangxi Ganghong to Jiangxi Asia City have become interest-free. Our PRC legal advisers have therefore advised that such unauthorised loan will not result in our Group incurring any further penalties under the General Provisions.

Please refer to the section headed "Summary of Principal Legal and Regulatory Provisions" as set out in Appendix V to this prospectus for the relevant laws and regulations applicable to our Group's business and operation in the PRC.

Simultaneous disclosure of financial information

Pan Hong Property is required to publish annual, interim and quarterly reports containing the audited or unaudited financial statements (as the case may be) on the SGX in accordance with the Listing Manual of the SGX. In order to comply with Rule 13.09 of the Listing Rules, we will publish an annual, interim and quarterly reports in respect of our Company in Hong Kong at the same time when the equivalent reports of Pan Hong Property are published in Singapore.

Ongoing compliance

In order to ensure ongoing compliance with any laws, rules and regulations as aforesaid, we will implement the following internal control measures:

(1) all lease or tenancy agreements will be reviewed by the officers of our marketing and administrative department under the supervision of the department head to ensure, among others, that so far as practicable all our lease and tenancy agreements are registered in compliance with the relevant laws and regulations, and where necessary, external legal counsel will be instructed to provide professional advice;

(2) all loan transactions will be reviewed by the officers of our accounting department to ensure, among others, that all our loan transactions are in compliance with the relevant laws and regulations, and where necessary, external legal counsel will be instructed to provide professional advice;

(3) generally, the project company for each project and the construction director are responsible for ensuring on-going compliance with the relevant regulatory requirements in such places in which the projects are located;

(4) our company secretary and/or our Company's auditors from time to time will keep in contact with their counterparts in Pan Hong Property in order to ensure coordination, if necessary, between the disclosure of financial information relating to the Pan Hong Group in accordance with the Listing Manual of the SGX and the disclosure of financial information relating to our Group in accordance with the Listing Rules; and

(5) generally the Audit Committee of our Company will be responsible for overseeing, reviewing and reporting on our Company's internal control measures from time to time.

In addition, we will have access to external professionals, such as our compliance adviser, legal advisers, auditors and other advisers to seek advice on any issues about laws and regulations in the PRC and Hong Kong.

Our Directors are of the view that the internal control measures adopted by our Group are adequate and effective in order to significantly reducing the risk of future non-compliance with legal and regulatory requirements in the PRC and Hong Kong.

CONNECTED PARTIES

Far East Construction Limited, Hangzhou Liyang Housing and Landing Development Co. Limited (杭州麗陽房地產開發有限公司) ("**Hangzhou Liyang**") and Pan Hong Investment are all wholly-owned subsidiaries of one of our Controlling Shareholders, Pan Hong Property, and are therefore deemed to be Connected Persons of our Company.

DISCONTINUED CONNECTED TRANSACTIONS

Engineering Consultancy Agreement

Pursuant to engineering consultancy agreement dated 10 January 2007 (the "Consultancy Agreement") entered into between Far East Construction Limited (formerly known as Lander Hong Kong Limited) and Jiangxi Asia City, Far East Construction Limited agreed to provide consultancy services for the Nanchang Honggu Kaixuan (南昌紅谷凱旋) property development project for an estimated fee of total amount of RMB44,000,000 (being RMB20,000,000 for Phase 1 of the said project and RMB24,000,000 for Phase 2 of the said project), subject to adjustment. The consultancy services included, among other things, (1) reviewing the construction design and implementation plans of the contractors and providing comments and recommendations in relation thereto; (2) inspecting the quality of the equipment, machineries and materials used for the project and advising Jiangxi Asia City in choosing the principal contractor and sub-contractors for the project; (3) providing proposal for pile foundation and temperature control for large concrete raft foundation and treatment procedures for Jiangxi Asia City to consider; (4) providing solutions for technical issues in connection with underground manual dug piling, rock-socketed piling, grout piling and anti-floating anchor; (5) providing solutions for buildings' energy saving measures; (6) monitoring the project from commencement to completion; and (7) providing technical training and guidance to the relevant management personnel.

Pursuant to the supplementary agreement to the Consultancy Agreement dated 5 December 2008 and the second supplementary agreement to the Consultancy Agreement dated 5 January 2009, Far East Construction Limited and Jiangxi Asia City mutually agreed that as phase 1 and the complicated underground portion of phase 2 of Nanchang Honggu Kiaxuan (南昌紅谷凱旋) project had been completed, the Consultancy Agreement shall be terminated and Far East Construction Limited was no longer required to provide consultancy services to the remaining part of the aforesaid project. It was further agreed that the total service fees payable under Consultancy Agreement shall be RMB32,579,000.

As at 31 March 2011, Jiangxi Asia City has fully paid Far East Construction Limited for an aggregate sum of RMB32,579,000 as the total services fees under the Consultancy Agreement.

No similar arrangement has been entered into for the Group's other property development projects.

Our Directors (including the independent non-executive Directors) are of the view that the Consultancy Agreement has been entered into ordinary and usual course of business following arm's length negotiations and was on normal commercial terms.

Design Consultancy Agreement with Hangzhou Liyang

Pursuant to a design consultancy agreement dated 10 December 2006 (the "Hangzhou Design Consultancy Agreement") entered into between Enrich HK and Hangzhou Liyang, Enrich HK agreed to provide the design plans for the Liyang Yuan Zhuanan (麗陽苑專案) property development project for an estimated total fee of RMB1,800,000.

On 5 February 2008, as agreed by both parties, Hangzhou Liyang has fully paid Enrich HK for an aggregate sum of approximately HK$1,950,374 as the total services fees under the Hangzhou Design Consultancy Agreement.

Our Directors (including the independent non-executive Directors) are of the view that the Hangzhou Design Consultancy Agreement has been entered into ordinary and usual course of business following arm's length negotiations and was on normal commercial terms.

Loan agreement between Pan Hong Investment and Smartway Trading Limited

Pursuant to a loan agreement dated 3 February 2008 between Pan Hong Investment and Smartway Trading Limited ("Smartway"), Smartway agreed to grant a loan for an amount of HK$70.0 million to Pan Hong Investment for a period of six months, which may be drawn down from 3 February 2008 to 28 July 2008, provided that Smartway had received a pledge of deposit in RMB from a PRC subsidiary of Pan Hong Investment to a PRC subsidiary of Smartway. Pursuant to an agreement dated 3 February 2008 entered into between Jiangxi Asia City, Pan Hong Investment, Smartway and Huzhou Liyang Housing and Landing Development Co. Limited (湖州麗陽房地產開發有限公司), Jiangxi Asia City had deposited RMB72.0 million to a bank account of a PRC subsidiary of Smartway as pledged asset for the aforesaid loan (the "Pledged Deposit"). The aforesaid loan was fully repaid on 28 July 2008 in accordance with the loan agreement and the Pledged Deposit together with the bank interests accrued during the pledging period was returned on 4 August 2008.

Loan agreements between Jiangxi Asia City, Shanghai Medical Investment, Pan Hong Investment and Hong Kong Dowell

Pursuant to a loan agreement dated 9 June 2008 between Jiangxi Asia City and 上海成信醫療投資有限公司 (Shanghai Chengxin Medical Investment Limited) ("Shanghai Medical Investment"), Hong Kong Dowell Industrial Limited ("Hong Kong Dowell", the immediate holding company of Shanghai Medical Investment) and Pan Hong Investment (the "PRC Loan Agreement"), Jiangxi Asia City agreed to grant a loan in an amount of RMB44.0 million to Shanghai Medical Investment for a period of six months from 9 June 2008 to 8 December 2008 on condition that Hong Kong Dowell would provide a loan in the amount of HK$50.0 million (approximately RMB44,165,000) to Pan Hong Investment as security. In this connection, on 9 June 2008, Hong Kong Dowell and Pan Hong Investment entered into a loan agreement (the "HK Loan Agreement") whereby Hong Kong Dowell agreed to provide a loan of HK$50.0 million (approximately RMB44,165,000) to Pan Hong Investment for a period of six months from 9 June 2008 to 8 December 2008. Both Shanghai Medical Investment and Hong Kong Dowell are Independent Third Parties. The reason for the loan arrangement between Shanghai Medical Investment and Jiangxi Asia City was to better utilise the RMB fund of the Pan Hong Group and our Group as a part of their treasury management functions. The repayment date of the loans advanced under each of the PRC Loan Agreement and the HK Loan Agreement was extended to 16 January 2010 by mutual agreement of the parties thereto. Shanghai Medical Investment repaid the loan of RMB44.0 million by 15 January 2010 in full and Pan Hong Investment fully repaid the loan of HK$50.0 million by 13 January 2010.

Loan facilities granted to Pan Hong Investment by Bank of Communications Co., Ltd.

Pursuant to two banking facility letters dated 26 June 2008 and 16 July 2008 issued by Bank of Communications Co., Ltd. Hong Kong Branch ("BOCom") to Pan Hong Investment, BOCom agreed to grant banking facilities in the total amount of up to HK$99.1 million to Pan Hong Investment, provided that BOCom had received a pledge of deposit in RMB equivalent to 110% of the loan amount from Jiangxi Asia City with Bank of Communications Co., Ltd. Nanchang Branch. Loan drawn from the aforesaid facilities shall be repaid within a year from the draw down date. The repayment date for the loan drawn from the aforesaid facilities was extended to 30 June 2010 and further extended to 30 September 2010 by mutual agreement. As at 31 March 2011, the loan under the aforesaid facilities had been repaid in full.

As at 31 March 2009, 2010 and 2011, the amount of loan drawn under the aforesaid facilities were approximately HK$99.1 million, approximately HK$99.1 million and nil respectively and the amount of deposit pledged by Jiangxi Asia City was approximately RMB95.6 million, approximately RMB96.5 million and nil respectively.

In connection with the banking facility letter dated 18 December 2009 issued by BOCom to Pan Hong Investment, Jiangxi Asia City has pledged certain bank deposit with Bank of Communications Co., Ltd., Huzhou Branch. As at 31 March 2009 and 2010, the amount of loan drawn under the said bank facility was nil and HK$120.0 million respectively and the amount of deposit pledged by Jiangxi Asia City was nil and RMB55.5 million respectively. As at 31 March 2011, the loan under the aforesaid facility had been repaid in full.

Loan facilities granted to Pan Hong Investment by Hang Seng Bank Limited

Pursuant to a banking facility letter issued by Hang Seng Bank Limited to Pan Hong Investment dated 10 August 2010, Hang Seng Bank Limited agreed to grant a loan to Pan Hong Investment in the sum of HK$60.0 million, provided that Hang Seng Bank Limited had received, among other things, a guarantee of HK$60.0 million from Jiangxi Asia City. As at 31 March 2011, the amount of outstanding loan granted by Hang Seng Bank Limited to Pan Hong Investment amounted to HK$60.0 million.

On 6 April 2011, Hang Seng confirmed in writing to Pan Hong Investment that it agreed, in principle, to release the guarantee provided by Jiangxi Asia City upon the Listing.

CONTINUING CONNECTED TRANSACTION

Summary of the Group's continuing connected transaction

Following the completion of the Share Offer, we will continue to have the following transaction that constitute exempt continuing connected transaction within the meaning of the Listing Rules. Set forth below is a summary of the transaction:

Nature of the exempt continuing connected transaction	Applicable Listing Rule	Waiver sought	Cap. (if applicable)
Tenancy Agreement between Pan Hong Investment and Sino Harbour in relation to the lease of an office premises	Rule 14A.33(3)	None	N.A.

Exempt Continuing Connected Transaction

Tenancy Agreement with Pan Hong Investment

Sino Harbour, as tenant, entered into a tenancy agreement (the "Tenancy Agreement") with Pan Hong Investment, as landlord, on 4 July 2011 for the lease of Room 1215, Tower B, Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Kowloon, Hong Kong (the "Office") for a monthly rental of HK$26,000 (inclusive of government rent, government rates, air-conditioning charges and management fees). The duration of the tenancy is two years commencing from 4 July 2011 to 3 July 2013 (both days inclusive).

Our Directors (including the independent non-executive Directors) are of the view that the Tenancy Agreement has been entered into in the ordinary and usual course of business following arm's length negotiations, is on normal commercial terms and such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Jones Lang LaSalle Sallmanns Limited, our property valuers, are of the view the Tenancy Agreement is on normal commercial terms and that the monthly rental is fair and reasonable with reference to the prevailing market rent.

As the annual amount of the rents payable under the Tenancy Agreement is less than HK$1,000,000, the continuing connected transaction contemplated thereunder will qualify as de minimus transaction under Rule 14A.33(3) of the Listing Rules, that is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements.

If any terms of the Tenancy Agreement are altered in any material respect or if the Group enters into any new agreements with connected persons in the future, the Company will comply with the provisions of Chapter 14A of the Listing Rules, which deals with connected transactions, unless it applies for and obtains a separate waiver from the Stock Exchange (if required).

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Immediately upon completion of the Share Offer and the Capitalisation Issue, Pan Hong Property will own 75% of the entire issued share capital of our Company (assuming that the Over-allotment Option is not exercised) or approximately 72.29% of the entire issued share capital of our Company (assuming that the Over-allotment Option is exercised in full). Apart from our Group, the Pan Hong Group is engaged in the business of property development, management and investment in the PRC.

Pan Hong Property is a company listed on the main board of the SGX. As at the Latest Practicable Date, it was a property developer for residential and commercial properties in the Zhejiang Province and the Jiangxi Province, the PRC, which focuses on cities such as Hangzhou City and Huzhou City in Zhejiang Province, the PRC and Nanchang City, Jiangxi Province, the PRC. Immediately upon Listing, our Group will focus on property development in the Jiangxi Province, the PRC while Pan Hong Group will focus on property development in the Zhejiang Province, the PRC.

The Listing is effected by way of the Proposed Spin-off instead of a dual listing of the shares of Pan Hong Property on the Stock Exchange. For the reasons and benefits of the Proposed Spin-off, please refer to the paragraph headed "Reasons and benefits of the Proposed Spin-off" under the section headed "Information about this prospectus and the Share Offer" of this prospectus. As such, property development business in the Northern Region of the Pan Hong Group will be excluded from our Group and will remain in the Pan Hong Group after the Proposed Spin-off.

Before the completion of the Proposed Spin-off, Pan Hong Property indirectly held the relevant equity interest of our Group's project companies in the PRC. After the completion of the Proposed Spin-off, it is intended that the Pan Hong Group will focus on the Pan Hong Group's Business, while our Group will focus on the New Group Business. The table below sets out a comparison between our Group and the Pan Hong Group for the three years ended 31 March 2011:

	Pan Hong Group	**Our Group**
Business scope	Property development in the Zhejiang Province	Property development in the Jiangxi Province and interior and exterior decoration works
Type of projects	Residential, commercial and others	Residential and others
Approximate aggregate size of projects in terms of gross floor area *(sq. m.)*	976,384	3,215,711
Number of projects during the Track Record Period *(Note)*	6	5 (namely, Nanchang Honggu Kaixuan, Fuzhou Huacui Tingyuan, Yichun Project, Nanchang Dingxun Project and Leping Project)

Note: For the purpose of this table, "project" means the entire project, which may comprise different phases.

	Pan Hong Group	Our Group
	(Unaudited)	(Audited)
Revenue	*(RMB'000)*	*(RMB'000)*
Year ended 31 March 2009	RMB4,006	RMB24,121
Year ended 31 March 2010	RMB235,764	RMB196,920
Year ended 31 March 2011	RMB428,569	RMB340,198
Net profit		
Year ended 31 March 2009	(RMB12,486)	(RMB11,965)
Year ended 31 March 2010	RMB99,443	RMB74,252
Year ended 31 March 2011	RMB115,013	RMB123,701
Net assets		
As at 31 March 2009	RMB578,050	RMB370,313
As at 31 March 2010	RMB516,133	RMB616,493
As at 31 March 2011	RMB626,068	RMB735,524

Independence of management, finance and operation

Our Directors consider that our Group will be able to carry on business independently of the Pan Hong Group and its associates after the Listing for the following reasons:

Financial independence

Our Group has an independent financial system which makes financial decisions according to its own business needs. No guarantee has been provided by Mr. Wong, Ms. Chan, Pan Hong Property and/or their associates for the benefit of our Group as at the Latest Practicable Date and all non-trade balances among the Pan Hong Group, its associates and our Group have been settled. Therefore, there is no financial dependence by our Group on the Pan Hong Group or any of its associates. Our Group's treasury function is currently operated separately and independently from the Pan Hong Group.

Operational independence

Our Group has our own operation team and functional departments, all of which are independent of and separate from the Pan Hong Group and its associates. Our Group has independent access to our contractors, suppliers and customers and do not rely on the Pan Hong Group and its associates to establish or maintain our business relationship with new or existing contractors, suppliers and customers. Internal controls procedures have been in place to ensure the effective operations of our business. We will continue to acquire land through various means, such as public tender, auction or listing-for-sale organised by the relevant PRC governmental authorities in the Southern Region and acquisitions of controlling equity interests in entities that hold land use rights in the Southern Region. The sources of supply and land acquisition policies are independent from those of the Pan Hong Group. There is no overlapping in either the management or operation team of our Group and the Pan Hong Group and its associates. Our Directors consider that our Group's operations do not rely on the Pan Hong Group or any of its associates.

Clear delineation of geographical markets

Prior to the Proposed Spin-off, Pan Hong Property was principally engaged in the business of property development, management and investment (i) in Zhejiang Province, the PRC through the Pan Hong Group; and (ii) in Jiangxi Province, the PRC through our Group (as set out in the map below).

After the Proposed Spin-off, there will be a clear delineation of geographical markets between the Pan Hong Group and our Group, and the Southern Region will be the target markets for our Group, and the Northern Region will be the target markets for the Pan Hong Group. The provinces and cities being targeted by each of our Group and the Pan Hong Group will be as follows:

	Provinces/cities targeted
Our Group	Southern Region: i.e. Jiangxi, Sichuan, Chongqing, Hubei, Fujian, Yunnan, Guangxi, Hunan, Guangdong, Guizhou and Hainan (as highlighted in red on the map above)
the Pan Hong Group	Northern Region: i.e. Xinjiang, Tibet, Gansu, Shaanxi, Qinghai, Inner Mongolia, Ningxia, Shanxi, Henan, Hebei, Shandong, Jiangsu, Anhui, Zhejiang, Liaoning, Jilin, Heilongjiang, Beijing, Tianjin, Shanghai (as highlighted in yellow on the map above)

In this connection, our Company and Pan Hong Property have entered into a non-compete undertaking, details of which are set out in the paragraph headed "Non-compete undertaking" below. Pursuant to the Non-compete undertaking, our Group can expand its business to the designated provinces and cities of the Southern Region of the PRC while Pan Hong Group can expand its business to the designated provinces and cities of the Northern Region of the PRC. Both Pan Hong Group and our Group do not have property development business in Hong Kong, Macau and Taiwan and currently do not have any intention to engage in property development business in Hong Kong, Macau or Taiwan. However, either Pan Hong Group and/or our Group may carry out property development business in Hong Kong, Macau and/or Taiwan if it wishes to do so in the future. For further details, please refer to the paragraph headed "Non-compete undertaking" in this section.

Intention of the Controlling Shareholders

The Controlling Shareholders have confirmed that they have no present intention to inject any of the Pan Hong Group's Business into our Group after the Listing. If our Company is aware of any change in the Controlling Shareholders' intention in this regard, our Company will make an announcement in accordance with Rule 8.10(1)(a)(iv) of the Listing Rules. Any acquisition by our Group of any of the Pan Hong Group's Business in future will be subject to compliance with the relevant requirements of the Listing Rules, including without limitation Rule 8.10(1)(b) and Chapter 14A of the Listing Rules.

Management independence

The Board comprises two executive Directors, one non-executive Director and three independent non-executive Directors, who will function independently from the Pan Hong Group. The following table sets forth details of the directorship of our Company and Pan Hong Property immediately after the Listing:

	Our Company	**Pan Hong Property**
Executive Directors	Mr. Shi Feng	Mr. Wong Lam Ping *(Executive Chairman)*
	Mr. Wong Lui	Ms. Wang Cui Ping Mr. Chan Chun Kit
Non-executive Director	Ms. Chan Heung Ling *(Chairlady)*	Mr. Chan Kin Sang
Independent non-executive Directors	Mr. Xie Gang Mr. Lee Man To Ms. Zhang Juan	Mr. Sim Wee Leong Dr. Choo Kian Koon Dr. Zheng Haibin

No other Director or senior management will serve any executive or management role in Pan Hong Property. Each Director is aware of his/her fiduciary duties as a director of our Company; which require, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions.

Our independent non-executive Directors are either well-educated, having extensive experience in different areas or professionals and they have been appointed pursuant to the requirements under the Listing Rules, so as to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions. Our Directors believe that the presence of directors from different backgrounds provides a balance of views and opinions. Further, the Board acts collectively by majority decisions in accordance with the Bye-laws and the laws, and no single Director is supposed to have any decision-making power unless otherwise authorised by the Board.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that our Group is capable of managing the business independently from the Pan Hong Group and its associates after the Share Offer.

Our Directors have confirmed that they do not have any interest in a business which competes or is likely to compete, directly or indirectly, with our Group's business.

Competition

Unlike consumer goods or other chattels which can be delivered freely, real property is immovable and is erected on the land where such property is built. Our Directors are of the opinion that location is an important factor for customers of residential properties in the PRC, especially for properties purchased for self-use. As properties (whether residential or commercial) are immovable assets and heterogeneous goods, different geographical regions are of different environmental factors and demand conditions. Unless there are other special reasons, a potential buyer of a property in the Jiangxi Province, the PRC for self-use is unlikely to buy another property in an entirely different region notwithstanding that the other property may be comparable in pricing or design.

Our Directors consider that our major competitors are developers with property development projects in the same vicinity. The further the distance of another property development, the more indirect the competition will be. The proposed Non-compete Undertaking entered into between Pan Hong Property and our Company can effectively prevent any potential future competing business between the Pan Hong Group and our Group. Given that a potential buyer can buy a property in any region other than the Southern Region, property developers in other regions (including Pan Hong Group) may be construed as potentially competing with our Group. According to the past sale records of our Group, approximately 90% of our Group's properties were sold to local buyers of the relevant city or province. Our Directors are of the view (and the Sponsor concurs) that the extent of Pan Hong Group's potential competition with our Group is not extreme and will not have a material impact on our business as a whole.

Basis for geographical delineation

Our Company will list by way of the Proposed Spin-Off and our Group has adopted geographical delineation to separate the Pan Hong Group's Business and the New Group Business. The reasons and benefits of the Proposed Spin-Off are set out in the paragraph headed "Reasons and benefits of the Proposed Spin-off" under the section headed "Information about this prospectus and the Share Offer" of this prospectus. The directors of Pan Hong Property and our Directors believe that geographical delineation is the most logical, simple, practical and easy-to-implement measure to avoid competition and potential conflicts of interest between the property development business of the Pan Hong Group and our Group in the PRC. The following sets out the reasons for separating the Pan Hong Group's Business and the New Group Business by way of geographical delineation:

(i) Geographical delineation compared to other methods

Pan Hong Group has more than 15 years of property development experience in the Zhejiang Province, where the regions around Shanghai have predominantly been the richer and more economically developed region in the PRC. With regard to the Jiangxi Province, which is located in the central region of the PRC, its development had taken place slightly later and at a slower pace. However, the recent policies implemented by the PRC government for the central region of the PRC have brought about an accelerated development to the economy of the Jiangxi Province and the other central provinces and southern parts of the PRC. In addition, as compared to the more developed Zhejiang Province, the Jiangxi Province is currently in the economic development stage with the population having a comparatively lower per capita income. As such, the focus for the property development projects in the Jiangxi Province is more towards the improvement of the quality and living conditions of the residential properties. In this regard, the current focus and strategy for the property development business in the Jiangxi Province will be on the development of residential properties in order to better meet the basic needs and requirements of the population in the Jiangxi Province. As such, the Pan Hong Group has, in 2003, entered into the property development market in the Jiangxi Province and our Directors believe that the Jiangxi Province will experience strong development and growth in the next ten years.

As already mentioned above, location is one of the most important determining factors for customers in the selection of their target properties. Therefore, geographical delineation will be the most effective and appropriate way to avoid competition between the Pan Hong Group and our Group.

The existing property projects of the Pan Hong Group are located in Hangzhou (with GDP of approximately RMB134.8 billion for the first quarter of 2011), and Huzhou (with GDP of approximately RMB29.5 billion for the first quarter of 2011), of Zhejiang Province, the PRC (with GDP of approximately RMB631.1 billion for the first quarter of 2011) and the existing property projects of our Group are located in cities in the Jiangxi Province, the PRC (with GDP of approximately RMB216.1 billion for the first quarter of 2011) such as Nanchang (with GDP of RMB54.9 billion for the first quarter of 2011), Yichun (with GDP of approximately RMB19.5 billion for the first quarter of 2011) and Fuzhou (with GDP of approximately RMB14.1 billion for the first quarter of 2011). If delineation is made based on economic indicators (e.g. using population or cities with certain GDP per capita as dividing line), the respective target provinces and cities of the Pan Hong Group and our Group may be subject to change from time to time. Our Group will also need to expend extra resources to continuously monitor the change of the relevant economic indicators.

If delineation is made by size, type or class of the property to be built, our Group will not be able to respond to the changes in the preferences of our potential customers and the market demands in a flexible and efficient manner and it will seriously restrict the development of our Group's business. Further, our experiences in property development in one region of the PRC may not be applicable in other region of the PRC. By focusing on our property development projects in certain specified region of the PRC, our Group will be able to accumulate our experiences in property development in such region from time to time and can leverage on the same in our future projects. The directors of Pan Hong Property and our Directors therefore believe that geographical delineation is the most logical, simple, practical and easy-to-implement measure. The geographical delineation of the respective target provinces and cities of the Pan Hong Group and our Group has been clearly set out in the Non-compete Undertaking and will be easily monitored by our Group.

(ii) Rationale for delineation of business in the Southern Region

Our Group has adopted geographical delineation to separate the Pan Hong Group's Business and the New Group Business as shown on the map set out on page 174 of this prospectus. Such geographical delineation mainly arises from separate management teams being responsible for the property development projects in the Northern Region and for those in the Southern Region.

Prior to the Proposed Spin-off, the management team led by Mr. Wong was primarily responsible for those property development projects in the Northern Region, while the management team led by Mr. Shi Feng, an executive Director and the chief executive officer of our Company, was primarily responsible for those property development projects in the Southern Region. Each of the management teams has their own business focus, strategies and plans. The delineation of the property development business of the Pan Hong Group and our Group based on the geographical markets of the Northern Region and the Southern Region will enable the two management teams to continue their respective focus on their existing business and minimise any disruption that may arise as a result of using other criteria.

For the reasons as aforesaid, our Directors consider (and the Sponsor concurs) that geographical delineation is in the best interest of the Shareholders as a whole.

NON-COMPETE UNDERTAKING

To mitigate any potential conflict of interest between our Group and the Pan Hong Group, our Company and Pan Hong Property have entered into a non-compete undertaking (the "**Non-compete Undertaking**"). Under the Non-compete Undertaking, each of our Company and Pan Hong Property undertakes that for as long as (i) any member of the Pan Hong Group is the controlling shareholder of our Company (as defined under the Listing Manual of the SGX, i.e. it holds directly or indirectly 15% or more of the total issued and paid-up share capital of our Company or in fact exercises control over our Company, i.e. dominates decision making, directly or indirectly, in relation to the financial and operating policies of our Company); or (ii) any member of the Pan Hong Group is the single largest Shareholder, each of the Pan Hong Group and our Group will not, inter alia, engage in property development projects and compete with the other party (whether independently, through joint ventures and/or other investments (save for the holding of any shares in any company listed on a recognised stock exchange of less than 10% of such listed company's issued share capital and not being the single largest shareholder of such listed company)) in those geographical regions in the PRC allocated to the other party.

Further, each of our Company and Pan Hong Property undertakes that where projects or new business opportunities relating to the business of property development, management and/or investment or the business activities engaged by a party arise in the geographical region in the PRC allocated to a party, such party shall have the first right of refusal to take up such business opportunities.

If our Company or any member of our Group is offered or becomes aware of any project or new business opportunity that relates to the business of property development, management and/or investment or the business activities engaged by the Pan Hong Group in the Northern Region from time to time (the "Zhejiang Business Opportunity"):

(i) our Company will promptly notify Pan Hong Property or its subsidiary in writing of the Zhejiang Business Opportunity;

(ii) our Company will use its best endeavour to procure that the Zhejiang Business Opportunity is offered to the Pan Hong Group on terms no less favourable than the terms on which the Zhejiang Business Opportunity is offered to our Group (if applicable); and

(iii) Pan Hong Property will have a first right of refusal to decide whether to take up or decline the Zhejiang Business Opportunity within thirty days. In the event that our Company fails to receive a written notification to take up the Zhejiang Business Opportunity from any member of the Pan Hong Group within the aforesaid thirty days, any member of our Group may take such action to take up the Zhejiang Business Opportunity provided that, if there is any subsequent material revision of the terms of Zhejiang Business Opportunity that are more favourable than those offered to the Pan Hong Group, the revised Zhejiang Business Opportunity will again be offered to Pan Hong Property in the manner as set out in sub-paragraphs (i), (ii) and (iii) of this paragraph.

Similarly, if Pan Hong Property or any member of the Pan Hong Group is offered or becomes aware of any project or new business opportunity that relates to the business of property development, management and/or investment or the business activities engaged by the our Group in the Southern Region from time to time (the "Jiangxi Business Opportunity"):

(i) Pan Hong Property will promptly notify our Company in writing of the Jiangxi Business Opportunity;

(ii) Pan Hong Property will use its best endeavour to procure that the Jiangxi Business Opportunity is offered to our Group on terms no less favourable than the terms on which the Jiangxi Business Opportunity is offered to the Pan Hong Group (if applicable); and

(iii) our Company will have a first right of refusal to decide whether to take up or decline the Jiangxi Business Opportunity within thirty days. In the event Pan Hong Property fails to receive a written notification to take up the Jiangxi Business Opportunity from any member of our Group within the aforesaid thirty days, any member of the Pan Hong Group may take such action to take up the Jiangxi Business Opportunity provided that, if there is any subsequent material revision of the terms of the Jiangxi Business

Opportunity that are more favourable than those offered to our Group, the revised Jiangxi Business Opportunity will again be offered to our Company in the manner as set out in sub-paragraphs (i), (ii) and (iii) of this paragraph.

Our Company shall only exercise the first right of refusal to decline any such business opportunity upon approval of a committee comprising all the independent non-executive Directors, who will be provided with all necessary information and where necessary the access to independent professional advisers for advice at the cost and expense of our Group.

The Board will establish a committee comprising all the independent non-executive Directors which will be delegated with the authority to review on an annual basis the above undertakings from Pan Hong Property. Our Company will disclose the decision on the matters reviewed by the committee relating to the enforcement of the undertakings given by Pan Hong Property in its annual report or by way of announcement to the public, in addition to complying with the disclosure requirements under the Listing Rules. Pan Hong Property has also undertaken to provide all information necessary for the enforcement of the Non-compete Undertaking as requested by the committee from time to time and give an annual confirmation on compliance with the Non-compete Undertaking in the annual report of our Company.

DIRECTORS

The following information sets forth information regarding our Directors.

Name	Age	Position in our Group
Chan Heung Ling (陳响玲)	52	Chairlady and non-executive Director
Shi Feng (石峰)	53	Deputy chairman, executive Director and chief executive officer
Wong Lui (汪磊)	28	Executive Director
Xie Gang (解剛)	46	Independent non-executive Director
Lee Man To (李敏滔)	38	Independent non-executive Director
Zhang Juan (張娟)	27	Independent non-executive Director

Chairlady and non-executive Director

Chan Heung Ling (陳响玲), aged 52, is one of the founders of our Group and became the Chairlady and a non-executive Director of our Company on 4 July 2011. Ms. Chan has engaged in property development since 1990s and has experience in this area for 15 years. Ms. Chan is mainly responsible for the formulation of the overall strategy of our Group. She participated in the property development business of Pan Hong Group and has been the deputy chairlady and an executive director of Pan Hong Property, a company listed on the SGX, since 2006. Ms. Chan resigned as the deputy chairlady and an executive director of Pan Hong Property with effect from 30 June 2011 in connection with the Proposed Spin-off. Ms. Chan is also the director of various private companies in Hong Kong. Save as disclosed in this prospectus, Ms. Chan has not been a director of any other listed company during the three years immediately preceding the date of this prospectus. Ms. Chan is the spouse of Mr. Wong, a Controlling Shareholder, and is the mother of Mr. Wong Lui, one of our executive Directors.

Executive Directors

Shi Feng (石峰), aged 53, became the deputy chairman, an executive Director and the chief executive officer of our Company on 4 July 2011. Mr. Shi Feng is responsible for the management of project plans, quality control, contractors, and the management of our subsidiaries. He joined the Pan Hong Group in September 2002. He has been an executive director of Pan Hong Property, a company listed on the SGX, from January 2006, as well as a director and the general manager of Jiangxi Asia City from January 2003 till present. Mr. Shi Feng resigned as an executive director of Pan Hong Property with effect from 30 June 2011 in connection with the Proposed Spin-off.

He was certified as an engineer by the Ministry of Light Industry of the PRC (中華人民共和國輕工業部) in 1987.

Mr. Shi graduated with a Bachelor degree in civil and industrial construction from Hunan University in December 1981.

Prior to joining the Pan Hong Group, Mr. Shi was an assistant civil engineer at the construction technology department Twenty Third Metallurgy Construction Company of the Ministry of Metallurgy (第二十三冶金建設公司(施工技術處)) from 1982 to 1983. He served as an engineer at the Changsha Design Institute of the Ministry of Light Industry (輕工業部長沙設計院) from 1983 to 1992, where he specialised in the structural design of buildings. Mr. Shi subsequently joined Huilong (Group) Ltd. of Huizhou City, Guangdong province. (廣東省惠州市惠隆集團有限公司) from 1992 to 1999 as the deputy general manager, responsible for real estate development and technical construction management. Between 1999 and 2002, he was the general manager of 3A Electronics Co., Ltd in Huzhou City, Zhejiang Province (浙江省湖州三愛電子有限公司).

Mr. Shi is now a member of the Chinese People's Political Consultative Conference of Donghu District of Nanchang City, the PRC. He is also the standing director of the Second Nanchang Overseas Chinese Entrepreneurs Association.

Save as disclosed in this prospectus, Mr. Shi has not been a director of any other listed company during the three years immediately preceding the date of this prospectus.

Wong Lui (汪磊), aged 28, became an executive Director of our Company on 4 July 2011. Mr. Wong Lui is mainly responsible for the operational management and development of the projects of Nanchang Honggu Kaixuan (南昌紅谷凱旋) and Fuzhou Huacui Tingyuan (撫州華萃庭院). He joined Pan Hong Group in October 2007 as the assistant to the chairman of Pan Hong Group and was mainly responsible for assisting the chairman of Pan Hong Group in the formulation of business strategy and management of Pan Hong Group. He was appointed as the deputy project manager and deputy general manager of Jiangxi Asia City in 2008 and was mainly responsible for management of construction works. He was also appointed as the general manager of Fuzhou Pan Hong in 2009 and was mainly responsible for the formulation of business strategy and the daily management of Fuzhou Pan Hong.

Mr. Wong Lui is now a standing committee member of Jiangxi Federation of Industry and Commerce.

Mr. Wong Lui has not been a director of any other listed company during the three years immediately preceding the date of this prospectus. Mr. Wong Lui is the son of Ms. Chan, our non-executive Chairlady, and Mr. Wong, a Controlling Shareholder.

Independent non-executive Directors

Xie Gang (解剛), aged 46, became an independent non-executive Director of our Company on 4 July 2011. Mr. Xie was the head representative of AXA Guangzhou representative office from 1995 to 2002, during which he was responsible for the operation of the representative office and matters relating to establishing branch companies for the group. From 2003 to 2008, he was the manager of AXA-Minmetals Assurance Co., Ltd, Guangdong Branch and was responsible for government relations, establishing new companies, recruitment, franchise development, risk management, marketing and sales etc. Mr. Xie graduated from Xiamen University with a Bachelor degree in computer science in July 1988.

Save as disclosed in this prospectus, Mr. Xie has not been a director of any other listed company during the three years immediately preceding the date of this prospectus.

Lee Man To (李敏滔), aged 38, became an independent non-executive Director of our Company on 4 July 2011. Mr. Lee is an executive director, the financial controller, qualified accountant and company secretary of Combest Holdings Limited (formerly known as Goldmond Holdings Limited), a company listed on the Growth Enterprise Market of the Stock Exchange (Stock Code: 8190). Mr. Lee has over 14 years of experience in auditing, accounting and finance including acting as accountant, compliance officer and financial manager for various private companies. He served in the group finance department of Rosedale Hotel Holdings Limited (formerly known as Wing On Travel (Holdings) Limited), a company listed on the main board of the Stock Exchange (Stock Code: 1189), from 2007 to 2008. Mr. Lee graduated in the Hong Kong Polytechnic University with Bachelor degree in accountancy in 1995. Mr. Lee is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

Save as disclosed in this prospectus, Mr. Lee has not been a director of any other listed company during the three years immediately preceding the date of this prospectus.

Zhang Juan (張娟), aged 27, became an independent non-executive Director of our Company on 4 July 2011. She has been the legal representative of 上海錦馥商貿有限公司 (Shanghai Jinfu Trading Company Limited) since 2009, which is principally engaged in the business of decorations, jewellery, clothing and accessories trading. Ms. Zhang is responsible for product design and the product manufacturing and sales process. She has also been the legal representative and a director of 上海雲騰投資管理有限公司 (Shanghai Yunteng Investment Management Limited) since 2010, which is principally engaged in the business of investment management, consultation and corporate management consultation. In her position as legal representative, Ms. Zhang is in charge of said company's financial regulatory matters, budget analysis, as well as overseeing the company's internal controls. Ms. Zhang graduated from Shanghai Ocean University (formerly known as 上海水產大學 (Shanghai Aquatic University)) in 2005 majoring in finance.

Save as disclosed in this prospectus, Ms. Zhang has not been a director of any other listed company during the three years immediately preceding the date of this prospectus.

Information that needs to be disclosed pursuant to Rule 13.51(2) of the Listing Rules

There is no information of each of the Directors which needs to be disclosed pursuant to the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and save as disclosed in this prospectus, there are no other matters that need to be brought to the attention of the Shareholders under Rule 13.51(2) of the Listing Rules in connection with his/her appointment as a Director.

SENIOR MANAGEMENT

Mr. Li Ming Yuan (李明元), aged 48, is the property management manager of our Group. He joined the Pan Hong Group in 2004 as deputy general manager of Jiangxi Asia City, a position he held till 2007. From 2007 to present he has been the deputy general manager of Jiangxi Ganghong.

Mr. Li was educated at Jiangxi Broadcasting and Television University (江西廣播電視大學) where he graduated in 1989 majoring in Industrial and Civil Construction. From 1989 to 1996, he served as a construction worker, deputy head of the production division and the director of production technology department at Nanchang City Municipal Engineering Development Co., Ltd. (南昌市市政工程開發有限公司).

Mr. Li was certified as an engineer in 1997.

Ms. Gao Lan (高嵐), aged 45, is the marketing and administration officer of our Group. Ms. Lan joined our Group in June 2010 as the director of sales and administration (Southern Region) of the Pan Hong Group.

Ms. Gao graduated from Jiangxi Industrial University (江西工業大學), the predecessor of Nanchang University, in 1987, with a Bachelor's degree majoring in industrial and civil construction. She was certified as an engineer in 1994 and qualified as class 2 engineer in 2003.

Ms. Gao has extensive experience in the construction and real estate development industry. She worked at the technology division of the real estate development department of Nanchang City Municipal Engineering Development Co., Ltd. (南昌市市政工程開發有限公司) from 1987 to 1993. She joined Hainan Huan Li (Real Estate) Group (海南環立 (地產) 集團) in 1993, acting as the director of the chief executive officer's office, and as the deputy general manager of Hainan Huan Li Real Estate Development Co. Ltd (海南環立房地產開發有限公司). Ms. Gao was the deputy general manager of Shanghai Jing Jia Immovable Investment Co., Ltd. (上海經佳不動產投資諮詢有限公司) from 2001 to 2006. From 2006 to 2009, she was the deputy general manager of Nanchang Lan Di Consultant Co., Ltd (南昌藍地顧問有限公司). After that, she joined Jiangxi Jinhai Zhi Ye Co., Ltd (江西錦海置業有限責任公司) as the general manager from 2009 to 2010 before joining the Pan Hong Group.

Mr. Qiu Si Yuan (邱思源), aged 51, is the design and planning manager of our Group. Mr. Qiu joined the Pan Hong Group in 2008 as the planning and design director.

Mr. Qiu has worked in the construction industry for over 25 years, including China CEC Engineering Cooperation (中國輕工業部長沙工程有限公司), (formerly known as Changsha Design Institute of the Ministry of Light Industry (輕工業部長沙設計院)) from 1982 to 1995. In 1995, Mr. Qiu was assigned to work in Hunan Dacheng Architecture Design Co., Ltd (湖南大成建築設計有限公司) as the deputy head of the institute and chief architect until 2008. He joined the Pan Hong Group thereafter.

Mr. Qiu was registered as a certified as a class 2 engineer in 1997.

Mr. Zhang Zun De (張俊德), aged 49, is the construction work manager of our Group. He joined the Pan Hong Group in May 2007 as the director of construction (Southern Region) of the Pan Hong Group. He presently serves as the chief engineer of Jiangxi Asia City.

Mr. Zhang graduated from Hunan University with a Bachelor degree in highway engineering in 1982. Mr. Zhang was certified as a senior engineer in road and bridge engineering in 2001. Mr. Zhang worked in Hunan Communications Research Institute (湖南省交通科學研究院) from 1982 to 1989, during which he was assigned to China Highway and Bridge Corporation (中國公司橋樑總公司) from 1985 to 1987, Haikou City Municipal Government Construction Corporation (海口市市政府建設工程公司) from 1989 to 2000 and Hunan Construction Engineering Group Corporation (湖南省建築工程集團總公司) from 2000 to 2007.

Mr. Liu Lin Yu (劉磷玉), aged 59, is the project costs manager of our Group. He joined the Pan Hong Group in 2000, and had been responsible for costs management at the Pan Hong Group's development projects. Since joining our Group, he has served as the deputy general manager of Jie Yang Hong Jun Real Estate Co. Ltd. (揭陽宏俊房地產公司) and on site engineer of Huzhou Liyang Housing and Landing Development Co., Ltd. (湖州麗陽房地產開發有限公司). He has also served as the budget forecast manager and the deputy general manger Jiangxi Asia City and most recently as the director of project expenditure of the Pan Hong Group.

Mr. Liu was certified as an assistant engineer (助理工程師) by the Chaozhou City Science and Technology Committee (潮州市科學技術委員會) in 1989. He graduated from an intermediary level engineering correspondence learning professional course (中等土木建築工程專業函授班) from the Sichuan International Technical and Economic Management Training Centre (四川國際技術與經濟管理交流培訓中心) in 1990. In 1991, he was qualified as a budget forecaster (預算員) and worked for Chaozhou City Qiao Dong Construction Company (潮州市橋東建築公司). The said qualification was granted by the Guangdong Province Construction Standard Authority (廣東省建設標準定額總站).

COMPANY SECRETARY

Mr. Siu Ho Fai (蕭浩暉), aged 30, is the financial controller of our Company. He is also the company secretary and one of the authorised representatives of our Company. Mr. Siu has over eight years of experience in finance, auditing and accounting. Mr. Siu joined our Group in March 2011. Prior to joining our Group, Mr. Siu served as senior accountant and company secretary of a subsidiary of an international energy company from May 2010 to January 2011. Furthermore, Mr. Siu worked at KPMG and Deloitte Touche Tohmatsu from August 2005 to April 2010 and from September 2002 to January 2005 respectively. Mr. Siu obtained his Bachelor degree of business administration in accountancy and law from City University of Hong Kong in 2002. He has also been a member of the Hong Kong Institute of Certified Public Accountants since 2010.

DIRECTORS' REMUNERATION

Our Directors' remuneration is determined with reference to the prevailing market practice, our Company's remuneration policy and his/her duties and responsibilities with our Group. For each of the three years ended 31 March 2011, the aggregate of the remuneration paid and benefits in kind granted to our Directors by our Group were approximately RMB206,000, RMB288,000 and RMB480,000 respectively.

Each of the non-executive Director and the executive Directors has entered into a service agreement with our Company for an initial term of three years commencing from the date of the agreement subject to the early termination provisions contained therein. Each of the non-executive Director and the executive Directors is entitled to a basic salary. Under the service agreements, the basic annual remunerations payable by our Group to the executive and non-executive Directors are set out below:

Chairlady and non-executive Director	*HK$/per year*
Chan Heung Ling	800,000
Executive Directors	
Shi Feng	800,000
Wong Lui	600,000

The above annual remunerations shall be payable by 12 equal monthly instalments.

The salary of each of the non-executive Director and the executive Directors shall be reviewed at the discretion of the Board (or its designated committee) and decided by the Board (or its designated committee) after the relevant Director has completed 12 months of service or at such other time as the Board (or its designated committee) deems appropriate.

Each of the independent non-executive Directors has signed an appointment letter dated 4 July 2011 with our Company for an initial term of one year commencing from the date of the appointment letter and thereafter shall continue year to year subject to the early termination provisions contained therein. Under the appointment letters, the basic annual director's fee payable by the Group to the independent non-executive Directors after Listing is as follows:

Independent non-executive Directors	*HK$/per year*
Xie Gang	120,000
Lee Man To	180,000
Zhang Juan	120,000

The above annual director's fee shall be payable by 12 equal monthly instalments. The director's fee for each of the independent non-executive Directors during the first year is initially fixed, subject to the Board's review from time to time in its discretion after taking into account the recommendation of the remuneration committee of our Company.

The remuneration of each Director is determined by reference to market terms, seniority, his/her experiences, duties and responsibilities within our Group. Our Directors are entitled to statutory benefits as required by law from time to time such as pension. Under the present arrangement, the aggregate of the Directors' remuneration in cash and benefits in kind for the year ending 31 March 2012 are estimated to be approximately HK$2.2 million.

COMPLIANCE ADVISER

Our Company has appointed Kingsway Capital Limited as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date (i.e. the date of despatch of the annual reports of our Company in respect of our results for the financial year ending 31 March 2013), subject to early termination.

The compliance adviser shall provide us with services, including guidance and advice as to compliance with the requirements under the Listing Rules and applicable laws, rules, codes and guidelines, and to act as one of our principal channels of communication with the Stock Exchange.

AUDIT COMMITTEE

Our Company established an audit committee on 4 July 2011 with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group.

The audit committee comprises the three independent non-executive Directors, namely Mr. Lee Man To, Mr. Xie Gang and Ms. Zhang Juan. Mr. Lee Man To is the chairman of the audit committee.

REMUNERATION COMMITTEE

Our Company established a remuneration committee pursuant to a resolution of our Directors passed on 4 July 2011 in compliance with the Code on Corporate Governance Practices as set forth in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to review and determine the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management.

The remuneration committee comprises an executive Director, a non-executive Director and three independent non-executive Directors, namely Mr. Shi Feng, Ms. Chan Heung Ling, Mr. Xie Gang, Mr. Lee Man To and Ms. Zhang Juan. Mr. Shi Feng is the chairman of the remuneration committee.

NOMINATION COMMITTEE

Our Company established a nomination committee pursuant to a resolution of the Directors passed on 4 July 2011. The primary duties of the nomination committee are to make recommendations to the Board on the appointment of Directors and management of Board succession.

The nomination committee comprises an executive Director and three independent non-executive Directors, namely Mr. Wong Lui, Mr. Lee Man To, Ms. Zhang Juan and Mr. Xie Gang. Mr. Wong Lui is the chairman of the nomination committee.

STAFF

Staff

As at the Latest Practicable Date, our Group had employed a total of 88 staff in Hong Kong and the PRC. A breakdown of which by function is as follows:

	Hong Kong	the PRC	Total
Management	1	17	18
Administration	1	9	10
Project development	–	20	20
Finance	1	11	12
Others	–	28	28
Total	3	85	88

Staff benefits

Some of the employees of our Company's subsidiaries in the PRC are members of a state-managed social insurance scheme operated by the local government of the PRC. Under the scheme, our Group provides retirement, medical, injury and unemployment benefits to our employees in the PRC in accordance with the relevant PRC rules and regulations. Our Group is required to contribute a specified percentage of our payroll costs to the social insurance scheme to fund the benefits. The only obligation of our Group with respect to the social insurance scheme is to make the required contributions. During the Track Record Period, our Group contributed approximately RMB206,000, RMB212,000 and RMB314,000 to the scheme respectively. Our Group's PRC legal advisers have confirmed that our Group has made the relevant payment for the social insurance scheme for our staff in accordance with the relevant rules and regulations of the PRC and has complied with the relevant requirements in relation to the contributions to the social insurance scheme and the housing fund scheme during the Track Record Period and up to the Latest Practicable Date.

SHARE OPTION SCHEME

Our Group has conditionally adopted the Share Option Scheme under which employees of our Group including executive Directors and other eligible participants may be granted options to subscribe for Shares. The principal terms of the Share Option Scheme are summarised in the section headed ''Share Option Scheme'' in Appendix VI to this prospectus.

So far as the Directors are aware, immediately following completion of the Share Offer and the Capitalisation Issue (taking no account of any Shares which may be allotted and issued under the Over-allotment Option and any Shares which may fall to be issued pursuant to the exercise of options that may be granted under the Share Option Scheme), the following persons will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Capacity/nature of interest	Number of Shares directly or indirectly held	Position	Approximate percentage of shareholding in our Company (%)
Pan Hong Property	Beneficial owner	900,000,000	Long	75%
Extra Good *(Note 1)*	Interest in controlled corporation	900,000,000	Long	75%
Mr. Wong *(Note 1)*	Interest in controlled corporation	900,000,000	Long	75%
Ms. Chan *(Note 1)*	Interest in controlled corporation	900,000,000	Long	75%

Notes:

1. Pan Hong Property is owned as to 55.88% by Extra Good, which is in turn owned as to 52% by Mr. Wong and 48% by Ms. Chan. As Pan Hong Property is interested in 900,000,000 Shares, being 75% of the entire issued share capital of our Company, Mr. Wong is deemed to be interested in the 900,000,000 Shares held by Pan Hong Property under the SFO.

So far as the Directors are aware, immediately following completion of the Share Offer and Capitalisation Issue (taking no account of any Share which may be allotted and issued under the Over-allotment Option and any options that may be granted under the Share Option Scheme), the following persons will directly and indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name	**Name of members of our Group**	**Approximately percentage of shareholding (assuming no exercise of the Over-allotment Option and any options granted under the Shares Option Scheme)**
Jiangxi Dongjing	Leping Feng Huang	49%
Shanghai Dingxun	Nanchang Dingxun	45%
Jiangxi Hongkelong	Jiangxi Ganghong	50%

Save as disclosed herein, the Directors are not aware of any person who will, immediately following completion of the Share Offer and the Capitalisation Issue (taking no account of any Shares which may by taken up under the Share Offer and Shares which may be allotted and issued under the Over-allotment Option and any Shares which may fall to be issued pursuant to the exercise of options that may be granted under the Share Option Scheme), have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

The authorised and issued share capital of our Company is as follows:

Authorised:		*HK$*
4,500,000,000	Shares	45,000,000
Shares issued and fully paid or credited as fully paid:		
5,000,000	Shares in issue as at the date of this prospectus	50,000
895,000,000	Shares to be issued under the Capitalisation Issue	8,950,000
300,000,000	Shares to be issued under the Share Offer	3,000,000
1,200,000,000	Shares	12,000,000

ASSUMPTIONS

The above table assumes that the Share Offer and the Capitalisation Issue become unconditional but takes no account of any Shares which may be allotted and issued under the Over-allotment Option and any Shares which may fall to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme or of any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates as described below.

RANKING

The Offer Shares will rank pari passu in all respects with all Shares in issue or to be issued as set out in the above table, and will qualify in full for all dividends and other distributions hereafter declared, made or paid on the Shares after the date of this prospectus other than participation in the Capitalisation Issue.

SHARE OPTION SCHEME

The Company has conditionally adopted the Share Option Scheme, the principal terms of which are summarised in the paragraph headed ''Share Option Scheme'' in Appendix VI to this prospectus.

GENERAL MANDATE TO ISSUE NEW SHARES

Our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the aggregate of:

1. 20% of the total nominal amount of the Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme); and

2. the total nominal amount of the Shares repurchased by our Company (if any) pursuant to a separate mandate to repurchase Shares and described more fully in the paragraph headed "General mandate to repurchase Shares" below.

This general mandate is in addition to the powers of our Directors to allot, issue or deal with Shares under a rights issue or an issue of Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme or any other share scheme or similar arrangement for the time being adopted by our Company or any Shares allotted in lieu of the whole or part of a dividend on shares of our Company in accordance with its Bye-laws or pursuant to a specific authority granted by the Shareholders in general meeting or pursuant to the Share Offer and the Capitalisation Issue.

This general mandate will expire:

- at the conclusion of our Company's next annual general meeting; or

- the expiration of the period within which our Company is required by the Bye-laws or any applicable laws of Bermuda to hold its next annual general meeting; or

- when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever occurs first.

For further details of this general mandate, please see the paragraph headed ''Shareholder's resolutions of our Company passed on 4 July 2011'' in the section headed ''Further information about our Company and its subsidiaries'' in Appendix VI to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal amount of not more than 10% of the total nominal amount of the Shares issued and to be issued immediately following the completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares which may fall to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme).

This general mandate only relates to repurchases made on the Stock Exchange or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules and all applicable laws. A summary of the relevant requirements in the Listing Rules is set out in the paragraph headed "Repurchase by our Company of its securities" in the section headed ''Further information about our Company and its subsidiaries'' in Appendix VI to this prospectus.

This general mandate will expire:

- at the conclusion of our Company's next annual general meeting; or
- the expiration of the period within which our Company is required by the Bye-laws or any applicable laws of Bermuda to hold its next annual general meeting; or
- when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever occurs first.

For further details of this general mandate, please see the paragraph headed "Shareholder's resolutions of our Company passed on 4 July 2011" in the section headed "Further information about our Company and its subsidiaries" in Appendix VI to this prospectus.

You should read the following discussion and analysis in conjunction with our audited combined financial information prepared in conformity with HKFRS, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions, together with the accompanying notes, set forth in the Accountants' Report included as Appendix I to this prospectus. The following discussion contains certain forward-looking statements that involve risks and uncertainties. Our actual results reported in future periods could differ materially from those discussed below. Factors that could cause or contribute to such differences include those discussed in the sections headed "Risk Factors" and "Business" and elsewhere in this prospectus. For the purpose of this section, unless the context otherwise requires, references to our financial years ended 31 March 2009, 2010 and 2011. Unless the context otherwise requires, financial information described in this section is described on a combined basis. Any discrepancies in any table or elsewhere in this prospectus between totals and sums of amounts listed herein are due to rounding.

OVERVIEW

We are a property development company focused on residential properties in Jiangxi Province, the PRC. The property development business of the Pan Hong Group can be traced back to 1993. The shares of Pan Hong Property were listed on the main board of the SGX in 2006 and our Group is spun off from Pan Hong Property. We have obtained certain awards for one of our Group's property development projects, namely Nanchang Honggu Kaixuan (南昌紅谷凱旋) in 2007 and 2010, including the "Best Property Project (最佳樓盤)", the "Most Popular Real Estate Project of Nanchang Award (南昌市最具人氣房地產項目獎)", the "Brand of Public Confidence of Jiangxi Market 2007 (2007年度江西市場公信力品牌)" and the "Golden 10 Years – Jiangxi Most Influential Real Estate Projects (黃金十年 – 江西最具影響力樓盤)".

We currently devote ourselves in developing residential projects coupled with retail shops and other commercial office premises and going forward, we will adopt the strategy in developing projects with a combination of residential and commercial properties in Jiangxi Province, the PRC. According to the Jiangxi Statistical Yearbook 2010, Jiangxi Province had maintained a high GDP growth rate, with a CAGR of 18.2% during the period from 2004 to 2010. The GFA of commodity properties sold had increased at a CAGR of 10.1% from 2004 to 2010. As at the Latest Practicable Date, we had five composite residential and commercial projects located in Nanchang, Fuzhou, Yichun and Leping of Jiangxi Province, the PRC at various stages of development. The aforesaid cities have benefited by the recent policies of the PRC government in accelerating the pace of economic development of the central region of the PRC.

To the best knowledge and belief of our Directors, the market share of our Group in Jiangxi Province for the year ended 31 December 2010 (in terms of total GFA of residential and commercial properties sold) is approximately 0.3%. According to the Jiangxi Real Estate Golden 10 Years Summit (江西房地產黃金十年峰會), we ranked ninth in terms of the most influential real estate projects in the Jiangxi Province in 2010. Our Directors have confirmed that there are no official rankings of property developers of Jiangxi Province.

We believe that our understanding of the property market in Jiangxi Province, the PRC will continue to enable us to effectively identify and capture market opportunities and trends in the region.

As at the Latest Practicable Date, we had a total of five projects at various stages of development in Jiangxi Province, covering an aggregate saleable GFA of approximately 229,790 sq. m. in our completed projects, an aggregate planned saleable GFA of approximately 256,424 sq. m. in our projects under development and an aggregate planned saleable GFA of approximately 2,729,497 sq. m. in our projects held for future development, totalling an aggregate saleable GFA of approximately 3,215,711 sq. m., regardless of the percentages of our respective interests in such projects. In order to diversify our income stream, we retain a small portion of our developed properties for investment purposes.

The following table sets out the breakdown of GFA and other key information as at 30 June 2011 of our projects under various stages of development. Land use right certificates have been obtained in respect of all projects. For Nanchang Honggu Kaixuan (南昌紅谷凱旋), the site area in respect of the entire project is less than the actual saleable GFA of the relevant phase of the project due to (i) the higher number of storeys of the building and hence the greater quantity of properties constructed; and (ii) the higher plot ratio allowed for the project compared to the other projects, i.e. the total GFA of all buildings erected compared to the site area is higher. For all the other projects (i.e. Fuzhou Huacui Tingyuan (撫州華萃庭院), Yichun Project (宜春項目), Nanchang Dingxun Project (南昌鼎迅項目) and Leping Project (樂平項目)), the site areas in respect of the entire project are greater than the planned saleable GFA of the relevant phase of the projects due to (i) the lower planned number of storeys of the buildings and hence the lesser quantity of properties constructed; and/or (ii) the lower plot ratio allowed for the project, i.e. the total GFA of all buildings erected compared to the site area is lower. The GFA set out in the following table does not include the GFA of car parking spaces and those investment properties which have been/will be leased out:

Project	Main Use	Our interest in the project (%)	Approximate total site Area in respect of the entire project (sq. m.)	Actual total saleable GFA (sq. m.)	Approximate total actual saleable GFA (sq. m.) attributable to our Group (sq. m.)	Approximate total saleable GFA sold and pre-sold (sq. m.)	Approximate total saleable GFA unsold (sq. m.)	Approximate saleable GFA held for investment (sq. m.)	Actual commencement date	Actual completion date for the relevant phase of the project	Actual date of pre-sale permit	Approximate budgeted costs for the relevant phase of the project (RMB)	Reference to the valuation report (Property number)
COMPLETED PROJECT													
Phase 1 of Nanchang Honggu Kaixuan (南昌紅谷凱旋)	Residential	100	80,520.6	135,642	139,480	138,720	760	3,108	August 2006	December 2007	April 2007	445 million	N/A
	Commercial			3,838									
Completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋)	Residential	100	80,520.6	81,619	90,310	87,694	2,616	1,353	November 2007	June 2010	July 2008	310 million	N/A
	Commercial			8,691									

Project	Planned Main Use	Our interest in the project (%)	Approximate site Area in respect of the entire project (sq. m.)	Planned saleable GFA (sq. m.)	Approximate total planned saleable GFA (sq. m.) attributable to our Group (sq. m.)	Approximate total saleable GFA pre-sold (sq. m.)	Approximate total saleable GFA unsold (sq. m.)	Approximate saleable GFA held for investment (sq. m.)	Actual commencement date	Estimated completion date for the relevant phase of the project	Actual/expected date of pre-sale permit	Approximate budgeted costs for the relevant phase of the project (RMB)	Reference to the valuation report (Property number)
PROJECTS UNDER DEVELOPMENT													
Developing portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) (comprising 2 buildings)	Residential	100	80,520.6	32,955	70,509	32,962	37,547	–	January 2008	September 2011	April 2010	275 million	7
	Commercial			37,554									
Phase 1 of Fuzhou Huacui Tingyuan (撫州華萃庭院)	Residential	100	190,753	89,115	93,838	41,772	52,066	–	3rd quarter of 2010	4th quarter of 2011	1st quarter of 2011	282 million	8
	Commercial			4,723									
Phase 1 of Yichun Project (宜春項目)	Residential	50	607,084	75,300	46,039	–	92,077	30,000	4th quarter of 2010	3rd quarter of 2012	3rd quarter of 2011	260 million	9
	Commercial			12,525									
	Rehabilitation hospital			4,252									

Project	Planned Main Use	Our interest in the project (%)	Approximate site Area in respect of the entire project (sq. m.)	Planned saleable GFA (sq. m.)	Approximate total planned saleable GFA (sq. m.) attributable to our Group (sq. m.)	Approximate total saleable GFA sold/ pre-sold (sq. m.)	Approximate total saleable GFA unsold (sq. m.)	Approximate saleable GFA held for investment (sq. m.)	Estimated commencement date	Estimated completion date for the relevant phase of the project	Expected date of pre-sale permit	Approximate budgeted costs for the relevant phase of the project (RMB)	Reference to the valuation report (Property number)
PROJECTS HELD FOR FUTURE DEVELOPMENT													
Phase 1 of Nanchang Dingxun Project (南昌鼎迅項目)	Residential	55	719,547.5	137,668	79,273	–	144,132	2,133	4th quarter of 2011	3rd quarter of 2013	4th quarter of 2012	416 million	5
	Commercial			6,464									
Phase 2 of Nanchang Dingxun Project (南昌鼎迅項目)	Residential	55	719,547.5	169,763	94,466	–	171,756	2,133	3rd quarter of 2012	1st quarter of 2014	2nd quarter of 2013	610 million	5
	Commercial			1,993									
Phase 3 of Nanchang Dingxun Project (南昌鼎迅項目)	Residential			58,174									
	Commercial	55	719,547.5	40,000	115,156	–	209,374	–	2nd quarter of 2013	1st quarter of 2015	3rd quarter of 2014	694 million	5
	Service apartments			111,200									
Phase 4 of Nanchang Dingxun Project (南昌鼎迅項目)	Residential	55	719,547.5	217,876	126,427	–	229,868	17,157	2nd quarter of 2014	1st quarter of 2016	3rd quarter of 2015	860 million	5
	Commercial			11,992									
Phase 5 of Nanchang Dingxun Project (南昌鼎迅項目)	Residential	55	719,547.5	249,658	137,312	–	249,658	–	2nd quarter of 2015	1st quarter of 2017	2nd quarter of 2016	1,040 million	5
Phase 2 of Fuzhou Huacui Tingyuan (撫州華萃庭院)	Residential	100	190,753	52,524	55,310	–	55,310	–	3rd quarter of 2011	1st quarter of 2013	1st quarter of 2012	172 million	3
	Commercial			2,786									
Phase 3 of Fuzhou Huacui Tingyuan (撫州華萃庭院)	Residential	100	190,753	111,068	122,561	–	122,561	–	4th quarter of 2012	4th quarter of 2014	4th quarter of 2013	428 million	3
	Commercial			11,493									
Phase 2 of Yichun Project (宜春項目)	Residential	50	607,084	105,000	52,500	–	105,000	30,000	1st quarter of 2012	4th quarter of 2013	3rd quarter of 2012	362 million	4

Project	Planned Main Use	Our interest in the project (%)	Approximate site Area in respect of the entire project (sq. m.)	Planned saleable GFA (sq. m.)	Approximate planned saleable GFA (sq. m.) attributable to our Group (sq. m.)	Approximate saleable GFA sold/ pre-sold (sq. m.)	Approximate saleable GFA unsold (sq. m.)	Approximate saleable GFA held for investment (sq. m.)	Actual/estimated commencement date	Estimated completion date for the relevant phase of the project	Actual/expected date of pre-sale permit	Approximate budgeted costs for the relevant phase of the project (RMB)	Reference to the valuation report (Property number)
Phase 3 of Yichun Project (宜春項目)	Residential	50	607,084	277,200	147,712	–	295,424	–	2nd quarter of 2013	4th quarter of 2014	1st quarter of 2014	1,020 million	4
	Commercial			18,224									
Phase 4 of Yichun Project (宜春項目)	Residential	50	607,084	238,600	124,765	–	249,529	–	4th quarter of 2014	1st quarter of 2016	1st quarter of 2015	861 million	4
	Commercial			10,929									
Phase 5 of Yichun Project (宜春項目)	Residential	50	607,084	270,000	142,312	–	284,623	7,790	1st quarter of 2015	4th quarter of 2017	3rd quarter of 2016	983 million	4
	Commercial			14,623									
Phase 6 of Yichun Project (宜春項目)	Residential	50	607,084	209,400	108,731	–	217,462	–	1st quarter of 2017	1st quarter of 2019	3rd quarter of 2018	751 million	4
	Commercial			8,062									
Phase 1 of Leping Project (樂平項目)	Residential	51	333,340.9	94,000	47,940	–	94,000	–	2nd quarter of 2013	1st quarter of 2015	3rd quarter of 2014	240 million	6
Phase 2 of Leping Project (樂平項目)	Residential	51	333,340.9	112,800	57,528	–	112,800	–	2nd quarter of 2014	1st quarter of 2016	3rd quarter of 2015	326 million	6
Phase 3 of Leping Project (樂平項目)	Residential	51	333,340.9	178,000	95,880	–	188,000	–	2nd quarter of 2015	1st quarter of 2017	3rd quarter of 2016	597 million	6
	Commercial			10,000									

Our Directors are of the view that it is impractical to separate the actual/ estimated commencement dates of construction between residential and commercial properties since our Group normally constructs our properties by phases which comprise both residential and commercial units.

BASIS OF PRESENTATION

Our Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda on 5 January 2011. Pursuant to the Reorganisation, our Company became the holding company of the companies now comprising our Group. For details of the Reorganisation, please refer to the section headed "History and development" in this prospectus. Save for Nanchang Dingxun ("Acquired Subsidiary") and Jiangmen Pan Hong ("Disposed Subsidiary"), which were acquired and disposed by our Group respectively in the financial year ended 31 March 2010, the equity interests of all other companies comprising our Group set out in Note 1 of the Accountants' Report were owned directly or indirectly by Pan Hong Property during the Track Record Period and there were no changes in Pan Hong Property's equity interests in these subsidiaries immediately after the Reorganisation. Other than the Acquired Subsidiary and the Disposed Subsidiary, our Group is regarded as a continuing entity resulting from the Reorganisation since all of the entities which took part in the Reorganisation were controlled by Pan Hong Property before and immediately after the Reorganisation, and that control was not transitory. Consequently, immediately after the Reorganisation, there was a continuation of the risks and benefits to Pan Hong Property that existed prior to the Reorganisation. The Reorganisation has been accounted for as a reorganisation under common control in a manner similar to pooling of interests. Accordingly, the financial information of our Group for the Track Record Period ("Financial Information") has been prepared using the merger basis of accounting as if the Reorganisation had occurred as of the beginning of the earliest period presented and our Group had always been in existence.

Pursuant to the Reorganisation, the equity interests in the jointly controlled entity, Jiangxi Ganghong which was owned by Pan Hong Property during the Track Record Period was transferred to our Group. There were no changes in Pan Hong Property's equity interest in this jointly controlled entity immediately after the Reorganisation. In the opinion of our Directors, the financial information of this jointly controlled entity should be included in the Financial Information of our Group using the existing book values from Pan Hong Property's perspective which there was a continuation of risks and benefits to Pan Hong Property that existed prior to the Reorganisation.

FACTORS AFFECTING THE RESULTS OF OPERATIONS

Our Group's results of operations and financial conditions have been and will continue to be affected by a number of factors, primarily including those set out below:

The property market in the PRC, in particular in Jiangxi Province

Our current property projects are all located in the PRC. In particular, as at the Latest Practicable Date, all our property development projects are located in the Jiangxi Province, the PRC. Accordingly, our business is dependent upon the performance of the property market in Jiangxi Province, the PRC. Our business may be affected by any adverse changes in the economic, social and political conditions in the PRC, in particular Jiangxi Province, the PRC. Our financial condition, operation results and profitability could also be affected by any adverse changes in the supply of, or the demand for, properties and the property prices in Jiangxi Province, the PRC. If we fail to respond to changes in the market conditions or customer preferences in a timely manner, our performances would be materially and adversely affected.

The property market of the PRC (including Jiangxi Province) is easily affected by the policies of the PRC government. Market demand for properties in the PRC (including Jiangxi Province) has been affected and will continue to be affected by the macro-economic austerity measures of the PRC government from time to time. For details of the laws, rules and regulations applicable to our Group, please refer to the "Summary of Principal Legal and Regulatory Provisions" as set out in Appendix V to this prospectus. These measures may limit our access to capital resources, reduce market demand for our properties as well as increase our operating costs in complying with such measures.

In recent years, there have been increasing concerns over housing affordability and property market growth sustainability. There is no assurance that the demand for new residential properties in the PRC and/or Jiangxi Province could continue to grow in the future. There could be over-development or economic downturn, which will affect the domestic residential property market.

Material cost and wages for construction workers

As a result of the economic growth and the property boom in the PRC, wages for construction workers and the prices of construction materials (including but not limited to cement, steel etc.) have experienced substantial increases in recent years. In particular, the PRC labour contract law that came into effect on 1 January 2008 has significantly enhanced the protection for employees and increased employers' liability in many circumstances, which may further increase our labour costs. Under the terms of most of our construction contracts, our construction contractors are generally responsible for the wages of construction workers and procuring construction materials for our property development. However, we are exposed to the price volatility of labour and construction materials in the event that, due to any reason whatsoever, we have to enter into any construction contract with terms to the effect that we have to bear the risks of the fluctuation in the costs of labour and/or construction materials. If we are unable to pass on any increase in the cost of labour or construction materials to either our construction contractors or to the customers of our properties, our results of operations may be negatively affected.

Cost of borrowings

Property development is capital intensive. We finance our property projects primarily through a combination of internally generated funds, sales proceeds of our properties and borrowings from financial institutions. There can be no assurance that we will always have sufficient funds available, or available on favourable or acceptable terms, to fund our current and future property developments. Our ability to obtain adequate financing for land acquisition and property development depends on a number of factors that are beyond our control, including credit market conditions and the PRC governmental policies. Poor credit market conditions, such as during the global financial crisis and economic downturn of 2008 and 2009, could limit our ability to obtain bank loan facilities or raise funds through debt issuances and in extreme circumstances could lead banks to withdraw existing undrawn bank facilities in breach of our bank facility agreements.

In addition, the PRC government has in recent years introduced numerous policy initiatives in the property sector. Among these measures are policy initiatives implemented by the PRC government to make use of taxation, bank credit and land policies to regulate housing demand. For details, please refer to the sub-paragraph headed "The PRC government has adopted measures, and may adopt further measures, to slow down the growth in the property market" under the paragraph headed "Risks associated with property development in the PRC" of the section headed "Risk factors" of this prospectus.

These governmental actions and policy initiatives have constrained our flexibility and ability to apply for bank loans to finance our property projects and the ability of our customers to obtain mortgage loans from banks to purchase our properties. In particular, the policy restricting banks from granting loans to finance the construction of luxury residential properties may, directly or indirectly, affect our ability to fund the land acquisitions and the development of luxury apartments and villas in the future. Our Directors do not believe these restrictions have had a material impact on our ability to obtain financing for our projects. However, we cannot assure you that the PRC government will not introduce other policies which may limit our access to capital. The foregoing and other policies introduced by the PRC government may limit our flexibility and ability to make use of bank loans or other forms of financing to fund our land acquisitions or property developments, and therefore may require us to maintain a relatively high level of internal funds.

Availability of suitable land for property development

As a property development company, our capability to identify and acquire suitable land for property development is crucial to our business. Various factors may affect the suitability of the land for property development, including but not limited to, the accessibility, the availability of infrastructure, transport network and other ancillary facilities (such as schools, markets, hospitals, parks etc.), competition from other similar property developments in the nearby area etc. Such factors could affect our property value. Our business, financial condition and results of operations may be adversely affected if we are unable to acquire suitable land for property development at prices that allow our Group to achieve reasonable returns upon the sale of our developed properties.

The PRC government controls the supply of all new land in the PRC and regulates the sales of land in the secondary market. The PRC government also controls the land supply through zoning, land usage regulations and other means. For example, on 18 November 2009, the Ministry of Finance, Ministry of Land and Resources, the PBOC, the Ministry of Supervision and the National Audit Office have jointly issued the Circular on Further Tightening Control over Income and Expenses from Land Grant (關於進一步加强土地出讓收支管理的通知), which provides that, among other things, the period for payment instalments for land acquisitions from the relevant land and resources authorities is principally limited to no more than one year (with the exception of lands for special projects, which limit can be extended to no more than two years), and that the amount for the first payment instalment must not be less than 50% of the entire purchase price of the land acquisition. Accordingly, the policies of the PRC government towards land supply may adversely affect our ability to acquire suitable land and could increase our land acquisition cost.

Further, according to the PRC Rules Regarding the Grant of State-owned Land Use Rights by way of Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有土地使用權規定) issued by Ministry of Land and Resources, which became effective on 1 July 2002 (amended and renamed as the PRC Rules Regarding the Grant of State-owned Development Land Use Rights by way of Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有建設用地使用權規定) on 1 November 2007), land to be used for the purposes of industrial use, commercial use, tourism, entertainment and commodity residential property development shall be granted by the government only through public tender, auction or listing-for-sale. Accordingly, in acquiring new land for development, we may be subject to competition from other property developers, which may become more difficult and require additional costs for our Group to acquire new land.

Further, the PRC government has promulgated policies to restrict the granting of permission for the construction of luxury apartments or villas and to monitor the supply of land available for property construction in general. This may restrict our ability to engage in such developments in the future.

CRITICAL ACCOUNTING POLICIES

Our Group has identified certain accounting policies that are significant to the preparation of our Group's Financial Information.

Revenue recognition

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

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

Design fee is recognised at the time when the services are rendered.

Compensation income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

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

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

Property, plant and equipment

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

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

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

The assets' residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at the end of each of the Track Record Period.

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

Investment properties

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

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

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

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

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

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

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

Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if our Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases where substantially all the risks and rewards of ownership of assets remain within the lessor are accounted for as operating lease. Where our Group has the use of assets held under operating leases, payments made under the leases are charged to the combined statement of comprehensive income on a straight line basis over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the combined statement of comprehensive income as an integral part of the aggregate net lease payments made. Contingent rental are charged to the combined statement of comprehensive income in the accounting period in which they are incurred.

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

Properties leased out under operating leases are included in the combined statement of financial position as investment properties.

Properties held under development

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

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

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

Properties held for sale

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

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

Financial assets

Our Group's accounting policies for financial assets other than investments in subsidiaries and jointly controlled entity are set out below.

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

– loans and receivables

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

All financial assets are recognised when, and only when, our Group becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognised on trade date. Regular way purchase or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the receivables/investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At the end of each of the Track Record Period, financial assets are reviewed to assess whether there is objective evidence of impairment. If any of such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Loans and receivables

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

Financial liabilities

Our Group's financial liabilities include account and other payables, amounts due to related parties, and bank and other loans.

Financial liabilities are recognised when our Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with our Group's policy on borrowing costs.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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

Bank and other loans

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

Bank and other loans are classified as current liabilities unless our Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the Track Record Period.

Borrowing costs

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

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

Amount due to related parties, account and other payables

Account payables, other payables and amounts due to related parties are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

CERTAIN COMBINED STATEMENTS OF COMPREHENSIVE INCOME ITEMS

Overview of the major revenues and expense items

The following is an overview of the major revenues and expenses contributing to the trading record of our Group during the Track Record Period:

Revenue

During the Track Record Period, our Group derived substantially all of our revenue from property development. As such, the results from operations are dependent on factors such as the type and GFA of properties completed sold, economic growth, pace of urbanisation and demand for residential properties in the Jiangxi Province, the PRC in which our Group operates during any given period.

All of our Group's revenue during the Track Record Period was generated from the sales of the completed portion of Nanchang Honggu Kaixuan (南昌紅谷凱旋) project. Our Group had recorded revenue of approximately RMB24.1 million, approximately RMB196.9 million and approximately RMB340.2 million for the three years ended 31 March 2011 respectively.

Our revenue for the year ended 31 March 2009 was primarily derived from the sales recognised upon the delivery of the residential units of phase 1 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) in both 2008 and 2009. Due to the global financial crisis in 2008, there had been a decrease in our Group's revenue for the year ended 31 March 2009. The financial crisis in 2008 had affected the demand of properties in Jiangxi Province, the PRC as evidenced by a significant drop in (i) GFA of residential properties sold from approximately 20 million sq.m. in 2007 to approximately 16 million sq.m. in 2008; and (ii) GFA of residential properties completed from approximately 15 million sq.m. in 2007 to approximately 13 million sq.m. in 2008. As a result of such decrease in market demand in Jiangxi Province, the PRC, our GFA delivered decreased to 5,103 sq.m. for the year ended 31 March 2009 from 120,098 sq.m. for the year ended 31 March 2008, with an average selling price of RMB4,727 per sq.m. for the year ended 31 March 2009 (2008: RMB4,662 per sq.m.). Our construction and pre-sale activities had also been slowed down for the year ended 31 March 2009, and only Phase 1 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) was developed during the year ended 31 March 2009. Due to the low level of pre-sale activities and hence, the limited pre-sale cash flow, the increase in property under development for the year ended 31 March 2009 had been financed by bank borrowing and proceeds from the contributions by the shareholder of Jiangxi Asia City for the increase of the registered capital of Jiangxi Asia City. Notwithstanding the above, our Company's net current assets increased from approximately RMB234.2 million as at 31 March 2008 to approximately RMB278.2 million as at 31 March 2009. Further, the decrease in sales, and diminution in value in respect of car parking spaces of Nanchang Honggu Kaixuan (南昌紅谷凱旋) of approximately RMB19.8 million had led to a loss of approximately RMB12.0 million for the year ended 31 March 2009.

Our revenue for the year ended 31 March 2010 was primarily derived from the sales recognised upon the delivery of the residential units of the completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) and the car parking spaces. Our revenue had subsequently increased significantly for the year ended 31 March 2010, which was mainly due to the increase in demand for properties in Jiangxi Province, the PRC after the recovery from the global financial crisis. Such increase in sales had led to a profit for our Group of approximately RMB74.3 million for the year ended 31 March 2010.

Our revenue for the year ended 31 March 2011 was primarily derived from the delivery of commercial units, and residential units of the completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) as well as car parking spaces. Such increase in sales had led to a profit for our Group of approximately RMB123.7 million for the year ended 31 March 2011.

Consistent with the normal industry practice, the properties developed are typically pre-sold ahead of the completion of property construction. Our Group commences pre-selling activities, once it is satisfied that all conditions set forth in the PRC's pre-sale rules and regulations regarding the pre-sale of properties have been met, of which have been set out in the paragraph headed "Pre-sales and Sales" under "Summary of Principal Legal and Regulatory Provisions" as set out in Appendix V of this prospectus. Revenues arising from pre-sale of properties are not recognised in the combined statement of comprehensive income until the development of properties is completed, as confirmed by the receipt of completion certificate and significant risks and records of ownership of these properties held for sale have been transferred to the customers.

The following table sets out an analysis of the revenue for (i) residential properties; and (ii) commercial properties; and (iii) car parking spaces throughout the Track Record Period:

(i) Residential properties

	Year ended 31 March			**09-10**	**10-11**
	2009	**2010**	**2011**	**% change**	**% change**
GFA sold (in sq. m.)	5,103	36,685	51,656	619%	41%
Average selling price (RMB per sq. m.)	4,727	5,128	5,175	8%	1%
Revenue (approx. RMB'000)	24,121	188,136	267,310	680%	42%

(ii) Commercial properties

	Year ended 31 March			**09-10**	**10-11**
	2009	**2010**	**2011**	**% change**	**% change**
GFA sold (in sq. m.)	–	–	2,522	–	–
Average selling price (RMB per sq. m.)	–	–	24,321	–	–
Revenue (approx. RMB'000)	–	–	61,338	–	–

(iii) Car parking spaces

	Year ended 31 March			09-10	10-11
	2009	2010	2011	% change	% change
GFA sold (in sq. m.)	–	3,920	4,806	–	23%
Average selling price (RMB per sq. m.)	–	2,241	2,403	–	7%
Revenue (approx. RMB'000)	–	8,784	11,550	–	31%

The average gross selling prices per sq. m. of the Group for the three years ended 31 March 2011 were approximately RMB4,727, RMB4,850 and RMB5,768 respectively.

Cost of sales

Our cost of sales of any given year is recorded to the extent that the revenue of the properties completed and sold has been recognised in that same year. The fluctuations of cost of sales throughout the Track Record Period are in line with the actual GFA sold. The components of our cost of sales may change in any given year based on the type and location of the properties completed and sold.

Our cost of sales comprises mainly of (i) the construction and development costs, comprising all costs of design and construction; (ii) land acquisition costs; and (iii) business taxes. The components of cost of sales vary with the type and the location of properties completed and sold. The following table sets out an analysis of the component cost of sales throughout the Track Record Period.

	Year ended 31 March					
	2009		2010		2011	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Construction and development costs	9,936	85%	93,280	87%	173,755	87%
Land acquisition costs	523	5%	4,703	4%	10,298	5%
Sub-total	10,459	90%	97,983	91%	184,053	92%
Business taxes	1,206	10%	9,857	9%	17,010	8%
	11,665	100%	107,840	100%	201,063	100%
Average cost of sales (RMB, excluding business tax)	2,050		2,413		3,120	

Construction and development costs per sq. m.

	Year ended 31 March				
				09-10	10-11
	2009	2010	2011	% change	% change
Residential properties (average RMB per sq. m.)	1,947	2,307	2,901	18%	26%
Commercial properties (average RMB per sq. m.)	–	–	5,197	–	–
Car parking space (average RMB per sq. m.)	–	2,210	2,248	–	2%

Gross profit margin

Our gross profit margin for the three years ended 31 March 2011 were approximately 52%, 45% and 41% respectively. The decreasing trend in gross profit margin during the Track Record Period was attributable to the increasing proportion of sales recognised of residential units of the completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋), which carried lower gross profit margin mainly due to the inflation of construction costs as well as the inclusion of the sale of car parking spaces, which generally carried a very low gross profit margin, during each of the two years ended 31 March 2011.

Other income

The table below is an analysis of our other income during the Track Record Period.

	Year ended 31 March					
	2009		2010		2011	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Interest income	9,039	84%	8,180	42%	7,523	15%
Net fair value gain for investment properties	–	–	7,008	36%	40,742	82%
Compensation Income	–	–	4,000	21%	–	–
Design fee income	1,739	16%	–	–	–	–
Rental income	–	–	228	1%	1,218	3%
	10,778	100%	19,416	100%	49,483	100%

Other revenue consists mainly of interest income, net fair value gain for investment properties, compensation income, design fees and rental income as stated above.

Our design fee income is derived from design fees receivable by Enrich HK from Hangzhou Liyang and Huzhou Luzhou, which are subsidiaries of Pan Hong Property and are Connected Persons. For further details, please refer to the paragraph headed "Discontinued Connected Transactions" under the section headed "Connected Transactions" of this prospectus.

Our compensation income is derived from compensations received from government authorities. For further details, please refer to the sub-paragraph headed "Other income" under the paragraph headed "Year 2011 compared to 2010" under this section.

The increase in the fair value of our investment properties (before deferred taxes) for the three years ended 31 March 2011 were nil, RMB7.0 million and RMB40.7 million respectively, which represented nil, 9% and 33% of the profit for the respective year.

Our net fair value gain for investment properties was derived from the following properties:

Investment Property 1	Units 2–6, Level 1, Block 6, Nanchang Honggu Kaixuan (南昌紅谷凱旋)
Investment Property 2	Nanchang Honggu Kaixuan Kindergarten, No. 1568 Honggu Road, Phase 1 Nanchang Honggu Kaixuan (南昌紅谷凱旋)
Investment Property 3	Unit 2, Level 1, Block 9, Nanchang Honggu Kaixuan (南昌紅谷凱旋)
Investment Property 4	Level 1 & Level 2, Block 2, Phase 2, Nanchang Honggu Kaixuan (南昌紅谷凱旋)

The increase in the fair value of our investment properties (before deferred taxes) for the year ended 31 March 2010 of approximately RMB7.0 million was due to the transfer of Investment Properties 1 and 3 from properties held for sale (which were carried at cost) to investment properties (which were carried at fair value) held for rental purposes. Our Group had recognised a fair value gain of approximately RMB7.0 million for the year ended 31 March 2010 which mainly represented an excess of the fair value of the property at the date of transfer from properties held for sale to investment properties over its cost.

For the year ended 31 March 2011, our Group had also recorded an increase in the fair value of our investment properties (before deferred taxes) of approximately RMB40.7 million. The increase in fair value of approximately RMB29.5 million was mainly due to the transfer of Investment Properties 2 and 4 from properties held for sale (which were carried at cost) to investment properties (which were carried at fair value) for held rental purposes. Meanwhile, Investment Properties 1 and 3 had recorded an increase in the fair value of approximately RMB11.2 million for the year ended 31 March 2011.

For further details, please refer to the paragraph headed "Investment Properties" in the section headed "Business" of this prospectus.

Selling and distribution expenses

Our selling and distribution expenses comprise mainly of staff salaries and allowance, promotional and advertising expenses.

Administrative expenses

Our administrative expenses comprise mainly of administrative staff costs, traveling and entertainment expenses, legal and professional fees and general office expenses.

Other operating expenses

Our other operating expenses comprise mainly of charity donations and the write-down of interests in properties to their net realisable value.

Finance costs

Our finance costs consist primarily of interest costs net of capitalised interest. We capitalise the borrowing costs attributable to the amount of borrowings used in our project construction when the development of properties commences and the relevant expenditure and finance cost is incurred. It ceases when the development is in suspension or the construction work is completed. Interest expense incurred after completion of development is recognised in our combined statement of comprehensive income as finance costs.

Income tax expenses

Our income tax comprises current tax, including Enterprise Income Tax ("EIT") and LAT, and deferred tax. Income tax is recognised in the statement of comprehensive income or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

(a) the PRC EIT

On 16 March 2007, the National People's Compress approved the Enterprise Income Tax Law of the PRC ("new EIT Law"), which effective from 1 January 2008 onwards. The new EIT Law introduced a wide range of changes including, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%.

Deferred tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

(b) the PRC LAT

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Details Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995 (collectively the "LAT Regulations"), all gains arising from the sale or transfer of real estate in the PRC with effect from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including borrowing costs and all property development expenditures.

Full provision for LAT in accordance with the LAT Regulations is made and calculated according to the best estimates made by our Group's management. Our Group had fully settled all the LAT payment required by the relevant PRC local tax authorities.

(c) Hong Kong Tax

Our Group's subsidiaries are subject to Hong Kong profits tax at the rate of 16.5% on the estimated assessable profits arising in profits arising in Hong Kong. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which our Group operates, based on existing legislation, interpretations and practices in respect thereof during the Track Record Period.

(d) Bermuda profits tax

Our Company was incorporated in the Bermuda as an exempted company with limited liability under the Companies Law of Bermuda and accordingly, is exempt from the payment of the Bermuda income tax.

RESULTS OF OPERATIONS

Set out below is a summary of our combined statements of comprehensive income for the Track Record Period, which has been extracted from the Accountants' Report of our Group as set out in Appendix I to this prospectus.

Combined Statements of Comprehensive Income

	Year ended 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	24,121	196,920	340,198
Cost of sales	(11,665)	(107,840)	(201,063)
Gross profit	12,456	89,080	139,135
Other income	10,778	19,416	49,483
Gain on disposal of a subsidiary	–	9,070	–
Selling and distribution expenses	(3,205)	(4,130)	(6,741)
Administrative expenses	(1,524)	(2,791)	(4,965)
Other operating expenses	(20,311)	(200)	(749)
Operating (loss)/profit	(1,806)	110,445	176,163
Finance costs	–	–	–
Share of result of jointly controlled entity	(583)	(611)	(768)
(Loss)/profit before income tax	(2,389)	109,834	175,395
Income tax expense	(9,576)	(35,582)	(51,694)
(Loss)/profit for the year	(11,965)	74,252	123,701
(Loss)/profit for the year attributable to:			
Owners of the Company	(11,891)	74,324	123,911
Non-controlling interests	(74)	(72)	(210)
	(11,965)	74,252	123,701

Year ended 31 March 2011 compared to year ended 31 March 2010

Revenue

Our revenue for the year ended 31 March 2011 was approximately RMB340.2 million, representing an increase of approximately 73% from approximately RMB196.9 million for the year ended 31 March 2010.

While our revenue for the year ended 31 March 2011 was primarily derived from the delivery of the commercial units of Nanchang Honggu Kaixuan (南昌紅谷凱旋), phase 2 residential units of the completed portion of Nanchang Honggu Kaixuan (南昌紅谷凱旋) and car parking spaces, our revenue for the year ended 31 March 2010 was primarily derived from the delivery of residential units of the completed portions of phase 2 Nanchang Honggu Kaixuan (南昌紅谷凱旋) and the delivery of car parking spaces. The increase in revenue was mainly due to the increase in total GFA of properties delivered from 40,605 sq. m. for the year ended 31 March 2010 to 58,984 sq. m. for the year ended 31 March 2011. While the average selling price of the residential units, which constituted approximately 88% of the total GFA delivered for the year ended 31 March 2011, increased from approximately RMB5,128 per sq. m. for the year ended 31 March 2010 to approximately RMB5,175 per sq. m. for the year ended 31 March 2011, the overall average gross selling price per sq. m. increased from approximately RMB4,850 per sq. m. for the year ended 31 March 2010 to approximately RMB5,768 per sq. m. for the year ended 31 March 2011. The selling prices of individual residential units are affected by both (i) economic conditions (i.e. supply and demand of units) at the time of sale; and (2) internal factors such as the orientation of individual units, the floor level and the view. The increase in the overall average gross selling price was mainly driven by the delivery of commercial units of Nanchang Honggu Kaixuan (南昌紅谷凱旋) for the year ended 31 March 2011, which carried higher average selling prices than the car parking spaces and residential units.

Cost of sales

Our cost of sales for the year ended 31 March 2011 increased by approximately 86% from approximately RMB107.8 million for the year ended 31 March 2010 to approximately RMB201.1 million for the year ended 31 March 2011. The increase was attributable to the increase in the total GFA of properties sold, which gave rise to a corresponding increase in land and construction costs recognised. Average cost of sales per sq. m. (excluding business tax) increased from approximately RMB2,413 per sq. m. for the year ended 31 March 2010 to approximately RMB3,120 per sq. m. for the year ended 31 March 2011. The increase was mainly attributable to a higher average costs associated with phase 2 residential units of the completed portion of Nanchang Honggu Kaixuan (南昌紅谷凱旋), which constituted approximately 88% of the total GFA delivered for the year ended 31 March 2011, compared to that for the year ended 31 March 2010 due to inflation, partly due to the higher costs associated with the commercial units.

Gross profit

As a result of the factors discussed above, our gross profit increased by approximately 56% from approximately RMB89.1 million for the year ended 31 March 2010 to approximately RMB139.1 million for the year ended 31 March 2011. Our gross profit margin decreased from approximately 45% for the year ended 31 March 2010 to approximately 41% for the year ended 31 March 2011. The decrease in the gross profit margin was primarily attributable to the lower gross profit margin recorded in connection with phase 2 residential units of the completed portion of Nanchang Honggu Kaixuan (南昌紅谷凱旋), partially offset by profit margin increases derived from the sale of the commercial units and car parking spaces for the year ended 31 March 2011.

Other income

Our other income was approximately RMB49.5 million for the year ended 31 March 2011, representing an increase of approximately 155% from approximately RMB19.4 million for the year ended 31 March 2010. Of the RMB33.7 million increase in other income, it was mainly attributable to fair value gain of approximately RMB29.5 million from transfer of Level 1 and 2, Block 2, Phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) and Nanchang Honggu Kaixuan Kindergarten from properties held for sale to investment properties during the year, and partly due to an increase of approximately RMB1.0 million in rental income from investment properties, offset by a decrease of approximately RMB4.0 million regarding an one-off compensation income recorded for the year ended 31 March 2010.

Gain on disposal of a subsidiary

Our gain on disposal of a subsidiary was nil for the year ended 31 March 2011 compared to approximately RMB9.1 million last year, which resulted from the disposal of Jiangmen Pan Hong.

Selling and distribution expenses

Our selling and distribution expenses were approximately RMB6.7 million for the year ended 31 March 2011, representing an increase of approximately 63% from approximately RMB4.1 million for the year ended 31 March 2010. The increase was mainly due to an increase in advertising costs of approximately RMB1.8 million and the expenses incurred by Fuzhou Pan Hong to set up a showroom in Fuzhou City.

Administrative expenses

Our administrative expenses were approximately RMB5.0 million for the year ended 31 March 2011, representing an increase of approximately 78% from approximately RMB2.8 million for the year ended 31 March 2010. The increase was mainly attributable to an increase in staff related costs of approximately of RMB1.2 million, stamp duty of approximately RMB0.5 million, and entertainment expenses of approximately RMB0.6 million.

Other operating expenses

Our other operating expenses were approximately RMB0.7 million for the year ended 31 March 2011, representing an increase of approximately 275% from approximately RMB0.2 million for the year ended 31 March 2010. The increase was mainly attributable to an increase in surcharge payable due to late payment of EIT and donation expenses. The tax surcharge arose as a result of certain tax deductibles being disallowed, which has given rise to under payment of EIT. Our Group and the relevant tax authority initially had different views on the time for deduction of certain deductible expenses and we had subsequently fully settled the relevant tax for the said expenses in accordance with the requirement of the tax authority. As advised by our PRC legal advisers, under such circumstances, as we had already paid the outstanding tax and the late fee on 12 August 2010, our Group will not be subject to any administrative penalty as a result of such tax issue. The Directors confirmed that our Group has paid all EIT on time and has not encountered any difficulties in obtaining financing for payment of tax and the late payment of EIT will not give rise to any further penalty. The Directors also confirmed that our Group will consult tax advisers in respect of tax issues in the future.

Finance costs

Our finance costs were nil for both years ended 31 March 2010 and 2011, as borrowing costs connected with the development of Nanchang Honggu Kaixuan (南昌紅谷凱旋) incurred were fully capitalised for both years.

Share of result of jointly controlled entity

Our share of result of jointly controlled entity for the year ended 31 March 2011 increased by approximately 26% from a loss of approximately RMB0.6 million in the year ended 31 March 2010 to a loss of approximately RMB0.8 million in the year ended 31 March 2011. The increase was attributable entirely to an increase in operating expenses of Jiangxi Ganghong.

Income tax expense

Our income tax expense increased by approximately RMB16.1 million, from approximately RMB35.6 million for the year ended 31 March 2010 to approximately RMB51.7 million for the year ended 31 March 2011. Our provision for EIT increased from approximately RMB18.3 million in the year ended 31 March 2010 to approximately RMB33.2 million in 2011. The increase in EIT were largely as a result of higher GFA sold and revenue recognised for the year ended 31 March 2011. Our LAT decreased by approximately RMB11.3 million from approximately RMB20.5 million in the year ended 31 March 2010 to approximately RMB9.2 million in the year ended 31 March 2011. The decrease in LAT was mainly attributable to the lower assessable appreciated value in the year ended 31 March 2011 resulted from the larger portion of ordinary residential property being delivered in the current year, which were covered by certain tax exemptions. Hong Kong tax charges were nil for both the year ended 31 March 2010 and the year ended 31 March 2011. The effective tax rate decreased from approximately 32% in the year ended 31 March 2010 to approximately 29% in the year ended 31 March 2011. The decrease in effective tax rate was mainly driven by a higher level of EIT charge recorded in the year ended 31 March 2011 due to higher GFA delivered offset against a lower level of LAT charge recorded in 2011 compared to last year.

Profit for the year

As a cumulative effect of the forgoing factors, our profit after tax increased by approximately 67% from approximately RMB74.3 million for the year ended 31 March 2010 to approximately RMB123.7 million for the year ended 31 March 2011. The net profit margin decreased from 38% in 2010 to approximately 36% in the year ended 31 March 2011. The decrease in net profit margin was mainly attributable to an approximately 4% decrease in gross margin, an increase in selling and distribution, administration and other operating expenses in aggregate offset against an increase in other income driven by the transfer of the investment properties from properties held for sale to investment properties and the increase in fair value gain of investment properties during the year.

Non-controlling interests

Losses attributable to non-controlling interests of our non-wholly owned subsidiary increased from approximately RMB72,000 in 2010 to approximately RMB0.2 million in the year ended 31 March 2011. The increase was attributable to the increased losses incurred by Leping Feng Huang.

Year ended 31 March 2010 compared to year ended 31 March 2009

Revenue

We had recorded a revenue of approximately RMB196.9 million for the year ended 31 March 2010, representing an increase of approximately 717% from approximately RMB24.1 million for the year ended 31 March 2009. The increase was largely driven by an improvement in demand for properties in the Jiangxi Province, the PRC in the wake of a recovery from the financial crisis in 2008. Revenue for the year ended 31 March 2009 was primarily driven by the delivery of phase 2 residential units of Nanchang Honggu Kaixuan (南昌紅谷凱旋), while revenue for the year ended 31 March 2010 was primarily driven by the delivery of phase 2 residential units of the completed portion of Nanchang Honggu Kaixuan (南昌紅谷凱旋) and car parking spaces. Average gross selling price per sq. m. increased from RMB4,727 per sq. m. for the year ended 31 March 2009 to RMB4,850 per sq. m. for the year ended 31 March 2010. The increase reflected a higher average selling price per sq. m. in connection with the completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋), partially offset by lower selling prices associated with 3,920 sq. m. of car parking spaces delivered for the year ended 31 March 2010, which had an effect of lowering the overall average price for that year.

Cost of sales

During the year ended 31 March 2010, our cost of sales was approximately RMB107.8 million, representing an increase of approximately eight times from approximately RMB11.7 million for the year ended 31 March 2009. The increase was attributable to the increase in the total GFA of properties sold, which gave rise to a corresponding increase in land and construction costs recognised. The increase in average cost of sales (excluding business tax) per sq. m. from RMB2,050 per sq. m. for the year ended 31 March 2009 to RMB2,413 per sq. m. for the year ended 31 March 2010, which was primarily attributable to a higher average cost associated with the completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) compared to phase 1 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) due to inflation.

Gross profit

As a result of the factors discussed above, our gross profit increased by approximately six times from approximately RMB12.5 million for the year ended 31 March 2009 to approximately RMB89.1 million for the year ended 31 March 2010. Our gross profit margin decreased from approximately 52% for the year ended 31 March 2009 to approximately 45% for the year ended 31 March 2010. The decrease in the gross profit margin was primarily due to a lower profit margin associated with car parking spaces delivered, a lower gross profit margins in relation to the completed portion of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) in comparison with phase 1 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) for the year ended 31 March 2010 due to cost of inflation.

Other income

Our other income was approximately RMB19.4 million for the year ended 31 March 2010, representing an increase of approximately 80% from approximately RMB10.8 million for the year ended 31 March 2009. The increase in other income was mainly attributable to an increase of approximately RMB7.0 million in the fair value gain of investment properties, a compensation income of approximately RMB4.0 million, partially offset by a decrease in design fee income of approximately RMB1.7 million and a decrease in interest income of approximately RMB0.9 million. The compensation income of approximately RMB4.0 million was received from the government authorities for their delay in delivery of Fuzhou land to us.

Gain on disposal of a subsidiary

Our gain on disposal of a subsidiary was approximately RMB9.1 million for the year ended 31 March 2010 (31 March 2009: Nil). The gain arose as a result of the disposal of Jiangmen Pan Hong.

Selling and distribution expenses

Our selling and distribution expenses were approximately RMB4.1 million for the year ended 31 March 2010, representing an increase of approximately 28% from approximately RMB3.2 million for the year ended 31 March 2009. The increase was mainly due to the increase in promotional and advertising costs.

Administrative expenses

Our administrative expenses were approximately RMB2.8 million for the year ended 31 March 2010, increased by approximately 83% from approximately RMB1.5 million for the year ended 31 March 2009. The increase was mainly attributable to the sale commission for disposal of a subsidiary of approximately RMB0.6 million, legal and professional fees of approximately RMB0.2 million and entertainment expenses of approximately RMB0.2 million.

Other operating expenses

Our other operating expenses decreased from approximately RMB20.3 million for the year ended 31 March 2009 to approximately RMB0.2 million for the year ended 31 March 2010. The decrease was mainly attributable to the inclusion of an one-off impairment in value of car parking spaces at Nanchang Honggu Kaixuan (南昌紅谷凱旋) for approximately RMB19.8 million for the year ended 31 March 2009. The impairment in value of the car parking spaces for the year ended 31 March 2009 represented the excess of their aggregate costs over their estimated aggregate net realisable value as at 31 March 2009. Apart from the impairment in value of car parking spaces for the year ended 31 March 2009, there has been no impairment in value for either the residential or commercial units under the Nanchang Honggu Kaixuan (南昌紅谷凱旋) development.

Finance costs

Our finance costs were nil for both years ended 31 March 2009 and 2010, as borrowing costs connected with the development of Nanchang Honggu Kaixuan (南昌紅谷凱旋) were fully capitalised for both years.

Share of result of jointly controlled entity

Our share of result of jointly controlled entity were both at a loss of approximately RMB0.6 million for the years ended 31 March 2009 and 2010 respectively.

Income tax expense

Our income tax expense increased by approximately RMB26.0 million, from approximately RMB9.6 million for the year ended 31 March 2009 to approximately RMB35.6 million for the year ended 31 March 2010. Our provision for EIT increased from approximately RMB1.6 million for the year ended 31 March 2009 to approximately RMB18.3 million for the year ended 31 March 2010. The increase in EIT was attributable to the increase in taxable profits due to a higher level of GFA delivered in 2010, partially offset against the utilisation of tax losses brought forward. Our LAT for the period increased by approximately RMB20.0 million, from approximately RMB0.5 million for the year ended 31 March 2009 to approximately RMB20.5 million for the year ended 31 March 2010. Both increases in LAT and EIT were largely as a result of higher GFA sold and revenue recognised for the year ended 31 March 2010. While the effective tax rate for the year ended 31 March 2009 could not be computed due to a loss recorded for the year ended 31 March 2009, the effective tax rate for the year ended 31 March 2010 was 32%. The effective tax rate for the year ended 31 March 2010 was mainly driven by a higher level of LAT charge recorded for the year ended 31 March 2010 due to higher GFA delivered offset against reduction in EIT charge due to a utilisation of tax losses brought forward.

(Loss)/profit for the year

As a cumulative effect of the forgoing factors, we had recorded a profit after tax of approximately RMB74.3 million for the year ended 31 March 2010 as compared to a loss of approximately RMB12.0 million for the year ended 31 March 2009. While the net loss margin for the year ended 31 March 2009 was 50%, the net profit margin for the year ended 31 March 2010 was approximately 38%. The recorded loss for the year ended 31 March 2009 arose mainly from the diminution in value of the car parking spaces of Nanchang Honggu Kaixuan (南昌紅谷凱旋) by approximately RMB19.8 million.

Non-controlling interests

Losses attributable to non-controlling interests of our non-wholly owned subsidiary decreased from RMB74,000 for the year ended 31 March 2009 to RMB72,000 for the year ended 31 March 2010. The decrease was due to lower losses incurred by Leping Feng Huang.

CERTAIN STATEMENTS OF FINANCIAL POSITION ITEMS

The table below set out certain selected financial position data as extracted from our audited combined statements of financial position as at 31 March 2009, 2010 and 2011 in Appendix I to this prospectus.

Combined Statements of Financial Position

	As at 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	923	1,619	2,058
Investment properties	–	15,181	61,479
Interest in a jointly controlled entity	91,080	134,148	138,077
Deferred tax assets	135	3,365	–
	92,138	154,313	201,614
Current assets			
Properties held under development	323,859	734,360	1,063,121
Properties held for sale	120,718	297,742	125,481
Account receivables	7,062	4,163	175
Deposits paid, prepayments and other receivables	150,791	194,473	28,515
Amounts due from related parties	462	92,489	–
Pledged deposits	109,912	177,571	20,366
Cash and bank balances	29,064	34,992	137,157
	741,868	1,535,790	1,374,815
Non-current assets held for sale			
Investment properties held for sale	–	–	5,103
	741,868	1,535,790	1,379,918
Current liabilities			
Account payables	879	8,787	6,272
Accruals, receipts in advance and other payables	98,238	588,110	536,374
Provision for tax	96,394	104,566	87,410
Amounts due to related parties	168,182	222,147	–
Bank and other loans	100,000	150,000	210,000
	463,693	1,073,610	840,056
Net current assets	278,175	462,180	539,862
Total assets less current liabilities	370,313	616,493	741,476
Non-current liabilities			
Deferred tax liabilities	–	–	5,952
Net assets	370,313	616,493	735,524
EQUITY			
Equity attributable to the Company's owners			
Share capital	–	–	–
Reserves	341,197	415,936	535,177
	341,197	415,936	535,177
Non-controlling interests	29,116	200,557	200,347
Total equity	370,313	616,493	735,524

We had net current assets of approximately RMB539.9 million as at 31 March 2011, compared to approximately RMB462.2 million as at 31 March 2010. The increase in net current assets was primarily a result of an increase in properties held under development of approximately RMB328.8 million, a decrease in the amounts due to related parties of approximately RMB222.1 million and a decrease in accruals, receipts in advance and other payables of approximately RMB51.7 million, offset by a decrease in pledged deposits of approximately RMB157.2 million, a decrease in property held for sale of approximately RMB172.3 million and a decrease in deposits paid, prepayments and other receivables of approximately RMB166.0 million. The increase in properties held under development was mainly driven by the addition of land interests in Fuzhou City, Jiangxi Province ("Fuzhou Land Interests") for property development of approximately RMB224.6 million. The decrease in the amounts due to related parties was due to the repayment of advances due to fellow subsidiaries. The decrease in accruals, receipts in advance and other payables was primarily a result of the settlement of the consideration payable in respect of the acquisition of Nanchang Dingxun as at 31 March 2010, and a decrease in the amount of accruals and other payable carried as at 31 March 2011, offset by an increase in receipts in advance driven by pre-sale activities. The decrease in pledged deposits was mainly due to the release of bank loan collateralised by cash. The decrease in properties held for sale was driven by the delivery of GFA during the year. The decrease in deposits paid, prepayments and other receivables was partly driven by the reclassification of deposits previous paid in respect of Fuzhou Land Interests and the settlement of the proceeds from disposal of subsidiary, partially offset by an increase in prepayment and other receivables carried as at 31 March 2011 compared to last year.

We had net current assets of approximately RMB462.2 million as at 31 March 2010, compared to approximately RMB278.2 million as at 31 March 2009. The increase in net current assets was primarily due to an increase in properties held under development of approximately RMB410.5 million, an increase in property held for sale of approximately RMB177.0 million, an increase of deposit paid and prepayment and other receivables of approximately RMB43.7 million, an increase in amount due from related parties of approximately RMB92.0 million, an increase in pledged deposits of approximately RMB67.7 million, partially offset by an increase in accruals, receipts in advance and other payables of approximately RMB489.9 million, an increase in the amount due to related parties of approximately RMB54.0 million and an increase in bank and other loans of RMB50 million. The increase in properties held under development was mainly attributable to an addition of leasehold land acquired through the acquisition of Nanchang Dingxun with properties under development valued at approximately RMB403.3 million in January 2010, mainly offset by the reduced level of development costs carried on the combined statement of financial position as at 31 March 2010 compared to last year as driven by cost reclassification as properties held for sale following completion and partially offset by the release of leasehold land by way of disposal of Jiangmen Pan Hong in February 2010. The increase in property held for sale was mainly due to the increased level of developed units under the Nanchang Honggu Kaixuan (南昌紅谷凱旋) project held unsold as at 31 March 2010. The increase in the amount due from related parties was due to advances made to fellow subsidiaries. The increase in pledged deposits was largely a consequence of an increase in bank loans collateralised by cash. The increase in accruals, receipts in advance and other payables was driven by higher pre-sales of properties and a higher level of accrued costs for completed construction work. The increase in the amount due to related parties was attributable to advances received from fellow subsidiaries. The increase in bank and other loans was a consequence of an increase in bank borrowing.

Based on the latest management accounts of our Group, our net current assets value as at 31 May 2011 was approximately RMB609 million.

AMOUNT DUE FROM A JOINTLY CONTROLLED ENTITY

Our Group had recorded an amount due from a jointly controlled entity, Jiangxi Ganghong, of approximately RMB42.3 million, approximately RMB85.9 million and approximately RMB90.6 million as at 31 March 2009, 2010 and 2011 respectively. The amounts due from Jiangxi Ganghong to our Group represent (i) payment by our Group of certain expenses of Jiangxi Ganghong on its behalf; (ii) financial support from our Group to Jiangxi Ganghong for its operation, as Jiangxi Ganghong was unable to obtain financing from financial institutions due to its short trading history; and (iii) interest accrued from amounts under (i) and (ii). Such amounts due from Jiangxi Ganghong were interest-bearing during the Track Record Period with a floating rate based on the interest rate determined by the PBOC Monetary Policy Committee. Amount due from Jiangxi Ganghong was unsecured, interest free, except for amounts of approximately RMB40 million, RMB80 million and RMB80 million which were interest bearing at floating rates of 6.534% to 8.217% per annum, 5.4% per annum and 4.86% to 5.6% per annum as at 31 March 2009, 2010 and 2011 respectively, and not repayable within 12 months from the end of each of the financial year end date. In order not to further increase the amount of fine which may be imposed on our Group with respect to the unauthorised loan (details of which are set out in the paragraph immediately below), our Group signed an agreement with Jiangxi Ganghong and Jiangxi Hongkelong on 12 May 2011, pursuant to which it was agreed, among others, that with effect from 1 April 2011, no further interest would be charged by our Group in respect of the amounts due from Jiangxi Ganghong to our Group. As at the Latest Practicable Date, the total outstanding amount due from Jiangxi Ganghong to our Group amounted to approximately RMB40.6 million.

As advised by our PRC legal advisers, the amount due from Jiangxi Ganghong does not breach of any PRC laws or administrative regulations but fall within the category of unauthorised loans under the General Provisions on Loan (貸款通則) (the "General Provisions"). As advised by our PRC legal advisers, the General Provisions are rules of a government department, not laws or administrative regulations. According to the General Provisions, the PBOC may (i) impose on the lender a fine equivalent to one time to five times of its income derived from such loan transactions; and (ii) suppress such lending activity. As such, our Group may have to pay a penalty of up to five times of its interest received. As at the Latest Practicable Date, the total interest accrued and due from Jiangix Asia City to Jiangxi Ganghong amounted to approximately RMB10.6 million. As such, the maximum amount of penalty which may be imposed on our Group as a result of the aforesaid amount due will be approximately RMB53.0 million. Pan Hong Property has undertaken to indemnify our Group on a full indemnity basis in the event that any penalty is imposed on our Group. Our PRC legal advisers have also advised that with effect from 1 April 2011, the unauthorised loans will not result in our Group incurring any further penalties under the General Provisions, as the amounts due from Jiangxi Ganghong to Jiangxi Asia City have become interest-free since then.

PROPERTIES HELD UNDER DEVELOPMENT

Our properties held under development as at 31 March 2009, 2010 and 2011 amounted to approximately RMB323.9 million, approximately RMB734.4 million and approximately RMB1,063.1 million respectively.

	As at 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Property interests in land	96,957	444,699	669,299
Development costs	222,110	281,372	377,071
Finance costs capitalised	4,792	8,289	16,751
	323,859	734,360	1,063,121

Our property interests in land as at 31 March 2011 were made up of:

– parcels of land located at Huang Jia Hu West Road, Nanchang Economic Development Zone Nanchang City, Jiangxi Province, the PRC;

– parcels of land located at Hushan Meiyan Reclamation Farm, Leping City, Jiangxi Province, the PRC;

– portion of land pertaining to two buildings of Phase 2 of Nanchang Honggu Kaixuan, No. 1568, Honggu Avenue, Honggu Tan Central District, Nanchang City, Jiangxi Province, the PRC; and

– a parcel of land located at the east of Jinchao Avenue, the west of Wutang Road, the south of Yingbin Avenue and the north of Zhushan Road, Fuzhou City, Jiangxi Province, the PRC.

Our property interests in land located in the PRC have lease terms expiring from 2043 to 2080.

PROPERTIES HELD FOR SALE

Our properties held for sale as at 31 March 2009, 2010 and 2011 amounted to approximately RMB120.7 million, approximately RMB297.7 million and approximately RMB125.5 million respectively.

	As at 31 March		
	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*
Gross carrying amount	140,529	297,742	125,481
Less: Write down to net realisable value	(19,811)	–	–
Net carrying amount	120,718	297,742	125,481

During the years ended 31 March 2010 and 2011, properties held for sale with carrying values of approximately RMB8.2 million and approximately RMB10.7 million, were transferred to investment properties as these properties were under operating lease arrangements with third parties commenced during the respective years to earn rental. The fair value changes at the respective dates of transfer of approximately RMB7.0 million and approximately RMB29.5 million were credited to the profit or loss for the years ended 31 March 2010 and 2011 respectively.

Apart from the diminution in value of car parking spaces of approximately RMB19.8 million recorded in the year ended 31 March 2009, there has been no other impairment in value of the properties held for sale during the Track Record Period.

The total GFA available for pre-sale as at 31 March 2011 and the subsequent sales of properties held for sale in the months during April to June 2011 were as follow:–

	As at 31 March 2011	Sold in April to June 2011
	sq. m.	*sq. m.*
Nanchang Honggu Kaixuan (南昌紅谷凱旋)		
– Residential units of Phase 1 and 2	1,448	410
– Commercial units	4,341	1,803
	5,789	2,213

ACCOUNT RECEIVABLES

Our total account receivables as at 31 March 2009, 2010 and 2011 amounted to approximately RMB7.1 million, approximately RMB4.2 million and approximately RMB0.2 million respectively.

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

	As at 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Based on invoice date			
0 – 3 months past due	–	2,186	–
3 – 6 months past due	733	–	–
6 months – 1 year past due	350	160	–
More than one year past due	5,979	1,817	175
	7,062	4,163	175

There has been no impairment in value of account receivables during the Track Record Period. As at the Latest Practicable Date, approximately RMB21,000 of RMB175,000 outstanding as at 31 March 2011 had been settled.

DEPOSITS PAID, PREPAYMENTS AND OTHER RECEIVABLES

Our total deposits paid, prepayments and other receivables as at 31 March 2009, 2010 and 2011 amounted to approximately RMB150.8 million, approximately RMB194.5 million and approximately RMB28.5 million respectively.

	As at 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Deposits paid	90,000	157,220	–
Consideration receivable from disposal of a subsidiary	–	26,250	–
Advance granted to Shanghai Medical Investment	44,000	–	–
Other receivables	16,791	11,003	28,515
	150,791	194,473	28,515

As at 31 March 2009 and 2010, deposit paid included an amount of approximately RMB90.0 million and approximately RMB157.2 million respectively for the acquisition of a piece of land located in Fuzhou City, Jiangxi Province, the PRC. The remaining balance of approximately RMB67 million was fully settled in December 2010 and the relevant land use right certificate was issued to our Group in December 2010 accordingly.

Our Group had recorded an advance granted to 上海成信醫療投資有限公司 (Shanghai Chengxin Medical Investment Limited) ("Shanghai Medical Investment") of RMB44.0 million as at 31 March 2009. Such amount was attributable to a loan provided by our Group's subsidiary, Jiangxi Asia City to Shanghai Medical Investment.

Pursuant to a loan agreement dated 9 June 2008 between Jiangxi Asia City and Shanghai Medical Investment, Hong Kong Dowell Industrial Limited ("Hong Kong Dowell", the immediate holding company of Shanghai Medical Investment) and Pan Hong Investment (the "PRC Loan Agreement"), Jiangxi Asia City agreed to grant a loan in an amount of RMB44.0 million to Shanghai Medical Investment for a period of six months from 9 June 2008 to 8 December 2008 on the condition that Hong Kong Dowell to provide a loan in the amount of HK$50.0 million (approximately RMB44,165,000) to Pan Hong Investment as security. In this connection, on 9 June 2008, Hong Kong Dowell and Pan Hong Investment entered into a loan agreement (the "HK Loan Agreement") whereby Hong Kong Dowell agreed to provide a loan of HK$50.0 million (approximately RMB44,165,000) to Pan Hong Investment for a period of six months from 9 June 2008 to 8 December 2008. Both Shanghai Medical Investment and Hong Kong Dowell are Independent Third Parties. The reason for the loan arrangement between Shanghai Medical Investment and Jiangxi Asia City was to better utilise the RMB fund of the Pan Hong Group and our Group as part of their treasury management arrangements. The repayment date of the loans advanced under each of the PRC Loan Agreement and the HK Loan Agreement was extended to 16 January 2010 by mutual agreement of the parties thereto. Shanghai Medical Investment fully repaid the loan of RMB44.0 million by 15 January 2010 and Pan Hong Investment fully repaid the loan of HK$50.0 million by 13 January 2010.

As advised by our PRC legal advisers, the loan to Shanghai Medical Investment is not in breach of any PRC laws or administrative regulations but falls within the category of unauthorised loans under the General Provisions on Loan (貸款通則) (the "General Provisions"). As advised by our PRC legal advisers, the General Provisions are rules of a government department, not laws or administrative regulations. According to the General Provisions, the PBOC may (i) impose on the lender a fine equivalent to one time to five times of its income derived from such loan transactions; and (ii) suppress such lending activity. As such, Jiangxi Asia City may have to pay a penalty of up to five times of its interest received. As at the Latest Practicable Date, the total amount of interest received by our Group from the aforesaid loan amounted to approximately RMB6.8 million. As such, the maximum amount of penalty which may be imposed on our Group as a result of the aforesaid loans will be approximately RMB34.0 million. Pan Hong Property has undertaken to indemnify our Group on a full indemnity basis in the event that any penalty is imposed on our Group.

Other receivables included mainly of travelling advances, deposits paid to government authorities and prepaid expenses. Our PRC legal advisers confirmed that these do not give rise to violation of any PRC laws and regulations.

ACCOUNT PAYABLES, ACCRUALS, RECEIPTS IN ADVANCE AND OTHER PAYABLES

Our total account payables as at 31 March 2009, 2010 and 2011 amounted to approximately RMB879,000, approximately RMB8.8 million and approximately RMB6.3 million respectively.

The aging analysis of account payables, based on invoice date, is as follows:

	As at 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
0 – 3 months	588	8,167	1,593
3 – 6 months	66	312	2,781
6 months – 1 year	160	181	496
More than 1 year	65	127	1,402
	879	8,787	6,272

Our total accruals, receipts in advance and other payables as at 31 March 2009, 2010 and 2011 amounted to approximately RMB98.2 million, approximately RMB588.1 million and approximately RMB536.4 million respectively.

	As at 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Receipts in advance	57,635	250,753	438,877
Accrued construction cost and other project-related expense	23,823	157,694	79,875
Accruals and other payables	16,780	21,221	17,622
Consideration payable in respect of acquisition of a subsidiary	–	158,442	–
	98,238	588,110	536,374

Accrued construction cost and other project-related expense were accrued based on the terms of the relevant agreements and project progress and was not due for payment as at the end of each of the Track Record Period.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow

We generally financed our operations through a combination of internally generated funds and bank borrowings. The following table presents selected cash flow data from our audited combined statements of cash flows for the Track Record Period in Appendix I to the prospectus:

	Year ended 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Net cash (used in)/generated from operating activities	(160,698)	159,192	160,618
Net cash (used in)/generated from investing activities	(136,819)	(168,142)	32,556
Net cash generated from/(used in) financing activities	231,624	14,463	(89,919)
Net (decrease)/increase in cash and cash equivalents	(65,893)	5,513	103,255
Effect of foreign exchange rate, net	2,768	415	(1,090)
Cash and cash equivalents at beginning of year	92,189	29,064	34,992
Cash and cash equivalents at end of year	29,064	34,992	137,157

Cash inflow/outflow from operating activities

We had net cash generated from operating activities of approximately RMB160.6 million for the year ended 31 March 2011. The cash generation was mainly attributable to an approximately RMB128.1 million operating profit before working capital changes, an approximately RMB106.5 million increase in accruals, receipts in advance and other payables, offset by an approximately RMB59.5 million income tax paid and an approximately RMB17.5 million increase in deposits paid, prepayments and other receivables. The operating profits recorded for the year was mainly driven by GFA delivered during the year. The increase in accruals, receipts in advance and other payables was driven by an increase in receipts in advances driven by pre-sale activities offset by a decrease in accruals and other payables. The tax paid was attributable to tax on taxable profits in the previous year. The increase in deposits paid, prepayments and other receivables was driven by prepayments and other receivables.

We had net cash generated from operating activities of approximately RMB159.2 million for the year ended 31 March 2010. The cash generation was mainly attributable to an approximately RMB315.1 million increase in accruals, receipts in advance and other payables, and an approximately RMB86.3 million operating profit before working capital changes, partially offset by an approximately RMB225.5 million increase in properties held under development and properties held for sale. The increase in properties held under development and properties held for sale was driven by the increase in completed units of phase 2 of Nanchang Honggu Kaixuan (南昌紅谷凱旋) not yet delivered to the buyers by the end of 2010. The increase in accruals, receipt in advance and other payables was mainly driven by receipts in advance from pre-sale of properties and partly to a higher level of accrued costs for completed construction work. The operating profit before working capital changes was attributable to sales recognised in the year.

We had net cash used in operating activities of approximately RMB160.7 million for the year ended 31 March 2009. This cash outflow was primarily a result of an approximately RMB178.0 million increase in properties held under development and properties held for sale, an approximately RMB25.8 million decrease in accruals, receipts in advance and other payables, and an approximately RMB8.0 million income taxes paid, partially offset by an approximately RMB25.2 million decrease in deposits paid, prepayments and other receivables, and an approximately RMB12.5 million decrease in accounts receivables. The increase in properties held under development was driven by the construction of the Nanchang Honggu Kaixuan (南昌紅谷凱旋) project. The decrease in deposit paid, prepayments and other receivables was attributable to the release of an approximately RMB72.0 million deposit pledged with Smartway Trading Limited against a HK$70.0 million loan granted to Pan Hong Investment (Please refer to the sub-paragraph headed "Loan Agreement between Pan Hong Investment and Smartway Trading Limited" under the section headed "Connected Transactions" of this prospectus for further details), partially offset by a RMB44.0 million loan granted to Shanghai Medical investment by Jiangxi Asia City (Please refer to the paragraph "Deposits paid, prepayments and other receivables" in this section of the prospectus for further details). The decrease in accruals, receipts in advance and other payables was driven by a decrease in the level of accrued construction costs and project-related expenses partially offset by an increase in receipts in advance driven by pre-sale of properties.

Cash inflow/outflow from investing activities

During the Track Record Period, our cash inflow from investing activities was principally generated from the disposal of a subsidiary. Cash outflows from investing activities mainly represented investment in the jointly controlled entity and the acquisition of a subsidiary and fixed assets. It represented the proceeds from disposal of a subsidiary and the release of pledged deposits set off against the consideration paid in respect of the acquisition of Nanchang Dingxun.

In the year ended 31 March 2011, the net cash generated from investing activities was approximately RMB32.6 million. It comprised of the release of pledged deposits of approximately RMB157.2 million, and the proceeds from disposal of a subsidiary of approximately RMB34.7 million, set off against the consideration paid respect of the acquisition of Nanchang Dingxun of approximately RMB158.4 million.

In the year ended 31 March 2010, the net cash used in investing activities was approximately RMB168.1 million. It comprised of an advance to a jointly controlled entity of approximately RMB40.0 million, an approximately RMB63.4 million of net investment in a subsidiary and the increase in pledged deposits of approximately RMB67.7 million, off set by an approximately RMB3.9 million increase in proceed from the disposal of a subsidiary.

In the year ended 31 March 2009, the net cash used in investing activities was approximately RMB136.8 million. This mainly represented an advance to a jointly-controlled entity of approximately RMB40.0 million, and the increase in pledged deposits of approximately RMB96.8 million.

Cash inflow/outflow from financing activities

Cash inflows from financing activities mainly represented increases in bank loans and fund raising by other resources. Cash outflows from financing activities mainly represented repayment of bank loans, interest paid and dividend paid.

In the year ended 31 March 2011, the net cash outflow from financing activities was approximately RMB89.9 million. This represented an approximately RMB105.0 million dividend paid and an approximately RMB88.1 million of advance made to related parties. Such cash outflow was offset against by the proceeds from contribution to the registered capital of Fuzhou Pan Hong of approximately RMB51.4 million and increase in new borrowings of approximately RMB60.0 million. Please refer to the sub-heading “Loan arrangement between Jiangxi Asia City and Jiangxi Hongkelong” under the sub-section “Indebtedness and Contingent Liabilities” under this section for more details concerning the RMB60.0 million new borrowing.

In the year ended 31 March 2010, the net cash inflow from financing activities was approximately RMB14.5 million. This represented a RMB150.0 million of proceeds from new borrowing, offset by a repayment of borrowing of RMB100.0 million, advanced to related companies of approximately RMB29.6 million, and an interest payment of approximately RMB6.2 million.

In the year ended 31 March 2009, the net cash inflow from financing activities was approximately RMB231.6 million. This represented a RMB100.0 million increase in proceeds from new borrowing; an approximately RMB87.3 million increase in proceeds from increase in registered capital, an approximately RMB50.8 million of repayment from related parties.

Working capital

As at 31 March 2009, 2010 and 2011, our cash and cash equivalents (excluding pledged deposits) amounted to approximately RMB29.1 million, approximately RMB35.0 million, and approximately RMB137.2 million respectively.

Taking into account (i) the presently available banking facilities; (ii) the estimated net proceeds from the Share Offer; and (iii) cash generated from our operations and internal financial resources of our Group, the Board confirms that we have sufficient working capital for our operations for at least the next 12 months from the date of this prospectus.

INDEBTEDNESS AND CONTINGENT LIABILITIES

Borrowings

Our borrowings as at the dates indicated are set out in the table below. All the borrowings were denominated in RMB.

	As at 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Bank loan, secured	100,000	150,000	150,000
Other loan, repayable within one year, unsecured	–	–	60,000
Total bank and other loans	100,000	150,000	210,000

Bank loans

As at 31 March 2009, our bank loan of approximately RMB100.0 million had a maturity of three years commencing from May 2008 with a repayable on demand clause. The bank loan was secured by our Group's properties held under development. The interest rate of the bank loan was at the floating rate and the effective interest rate was 7.71% per annum as at 31 March 2009. The bank loan was early settled during the year ended 31 March 2010.

As at 31 March 2010 and 2011, our bank loan of approximately RMB150.0 million had a maturity of two years commencing in December 2009 with a repayable on demand clause. The bank loan was secured by our Group's properties held under development. The interest rate of the bank loan was at the floating rate and the effective interest rate was 5.40% per annum as at 31 March 2010 and 2011.

Other loan – loan arrangement between Jiangxi Asia City and Jiangxi Hongkelong

We had an other loan of approximately RMB60.0 million as at 31 March 2011. Such other loan was unsecured and with a maturity of one year commencing on 14 May 2010. It bore a fixed interest rate and the effective interest rate was 8.05% per annum as at 31 March 2011 and was fully repaid on 12 May 2011.

As advised by our PRC legal advisers, the unsecured loan is a loan between PRC enterprises which falls within the category of unauthorised loans under the General Provisions on Loan (貸款通則) (the "General Provisions"). As advised by our PRC legal advisers, the General Provisions are rules of a government department, not laws or administrative regulations. According to the General Provisions, the PBOC may (i) impose on the lender a fine equivalent to one time to five times of its income derived from such loan transactions; and (ii) suppress such lending activity. However, penalty will only be imposed on the lender but not the borrower. In light of the aforesaid, there will not be any impact on our Group. Nevertheless, our Group shall be obliged to repay the loan to Jiangxi Hongkelong and Jiangxi Hongkelong shall be entitled to bring legal proceedings in court for the repayment of the loan. According to a letter of confirmation and undertaking dated 23 March 2011 issued by Jiangxi Hongkelong, Jiangxi Hongkelong has undertaken that it will not demand or bring any legal proceedings for the repayment of the loan before the maturity date, i.e. 3 May 2011. We have fully repaid the outstanding RMB60.0 million of the loan on 12 May 2011.

Banking facilities

As at 31 May 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, we had total banking facilities of approximately RMB150.0 million, of which the Group had utilised the entire facility amount. Save for the aforesaid, our Group had no other unutilised facility and financial guarantee as at 31 May 2011.

On 22 April 2011, our Group's jointly controlled entity obtained a banking facility of approximately RMB80.0 million, of which approximately RMB20.0 million had been utilised as at 31 May 2011.

Mortgage loan arrangement and pledged deposits

We provided guarantees to certain banks in the PRC as security for mortgage loans granted to our customers who have acquired properties from us. Such guarantees will be terminated upon the earlier of (i) the issuance of real estate ownership certificate, which will normally be available within one to two years after the customers having taken possession of the properties; or (ii) the repayment in full of the mortgage loan. As at 31 March 2009, 2010 and 2011, the outstanding guarantee amounted to approximately RMB93.9 million, approximately RMB190.8 million and approximately RMB217.2 million respectively. Certain of our bank deposits were also pledged, as security, against the aforesaid mortgage loans. As at 31 March 2009, 2010 and 2011, deposits that have been pledged against banking facilities granted to the mortgagees amounted to approximately RMB14.3 million, approximately RMB25.6 million and approximately RMB20.4 million respectively.

The outstanding guarantee amount as at 31 May 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, is set out in the sub-paragraph headed "Financial Guarantee" below.

Pledged deposits

Our Group's subsidiary, Jiangxi Asia City, had provided pledged deposits to secure the following loans granted to our Group's fellow subsidiary, Pan Hong Investment:

Loan agreement between Pan Hong Investment and Smartway Trading Limited

As mentioned in the sub-paragraph headed "Loan agreement between Pan Hong Investment and Smartway Trading Limited" under the paragraph headed "Discontinued Connected Transactions" under the section headed "Connected Transactions" of this prospectus, pursuant to a loan agreement dated 3 February 2008 between Pan Hong Investment and Smartway, Smartway agreed to grant a loan in an amount of approximately HK$70.0 million to Pan Hong Investment for a period of six months, which may be drawn down from 3 February 2008 to 28 July 2008, provided that Smartway had received a pledge of deposit in RMB from a PRC subsidiary of Pan Hong Investment to a PRC subsidiary of Smartway. Pursuant to an agreement dated 3 February 2008 entered into between Jiangxi Asia City, Pan Hong Investment, Smartway and Huzhou Liyang Housing and Landing Development Co. Limited (湖州麗陽房地產開發有限公司), Jiangxi Asia City had deposited approximately RMB72.0 million into a bank account of a PRC subsidiary of Smartway as pledged asset for the aforesaid loan (the "Pledged Deposit"). The aforesaid loan was fully repaid on 28 July 2008 in accordance with the loan agreement, and the Pledged Deposit together with the bank interests accrued during the pledging period was returned on 4 August 2008.

Loan facilities granted to Pan Hong Investment by Bank of Communications Co., Ltd.

Jiangxi Asia City had provided (i) a pledged deposit to Bank of Communications Co., Ltd. Nanchang Branch for an aggregate banking facilities of up to HK$99.1 million granted to Pan Hong Investment; and (ii) a pledged deposit to Bank of Communications Co., Ltd., Huzhou Branch for a banking facility of HK$120.0 million granted to Pan Hong Investment.

As mentioned in the sub-paragraph headed "Loan facilities granted to Pan Hong Investment by Bank of Communications Co., Ltd." under the paragraph headed "Discontinued Connected Transactions" under the section headed "Connected Transactions" of this prospectus, pursuant to two banking facility letters dated 26 June 2008 and 16 July 2008 issued by Bank of Communications Co., Ltd. Hong Kong Branch ("BOCom") to Pan Hong Investment, BOCom agreed to grant banking facilities in the total amount of up to HK$99.1 million to Pan Hong Investment, provided that BOCom had received a pledge of deposit in RMB equivalent to 110% of the loan amount from Jiangxi Asia City with Bank of Communications Co., Ltd. Nanchang Branch. Loan drawn from the aforesaid facilities shall be repaid within one year from the draw down date. The repayment date for the loan drawn from the aforesaid facilities was extended to 30 June 2010 and further extended to 30 September 2010 by mutual agreement. As at 31 March 2011, the loan under the aforesaid facilities had been repaid in full.

As at 31 March 2009 and 2010, the amount of loan drawn under the aforesaid facilities were both approximately HK$99.1 million; and the amount of deposit pledged by Jiangxi Asia City was RMB95.6 million and RMB96.5 million as at 31 March 2009 and 2010 respectively. As at 31 March 2011, the loan under the aforesaid facility had been repaid in full.

In connection with the banking facility letter dated 18 December 2009 issued by BOCom to Pan Hong Investment, Jiangxi Asia City has pledged certain bank deposit with Bank of Communications Co., Ltd., Huzhou Branch. As at 31 March 2009 and 2010, the amount of loan drawn under the said bank facility was nil and HK$120.0 million respectively, and the amount of deposit pledged by Jiangxi Asia City was nil and RMB55.5 million respectively. As at 31 March 2011, the loan under the aforesaid facility had been repaid in full.

Financial guarantee

Our Group has an outstanding guarantee amounted to approximately RMB208.5 million as at 31 May 2011, which was to secure the obligations of repayments for the mortgage loan facilities for certain of our customers' property units.

Our Group's subsidiary, Jiangxi Asia City, had provided financial guarantee of HK$60.0 million to Hang Seng Bank Limited for a loan of HK$60.0 million granted to our Group's fellow subsidiary, Pan Hong Investment. As mentioned in the sub-paragraph headed "Loan facilities granted to Pan Hong Investment by Hang Seng Bank Limited" under the paragraph headed "Discontinued Connected Transactions" in the section headed "Connected Transactions" of this prospectus, pursuant to the banking facility letter issued by Hang Seng Bank Limited to Pan Hong Investment dated 10 August 2010, Hang Seng Bank Limited agreed to grant a loan to Pan Hong Investment in the sum of HK$60.0 million, provided that Hang Seng Bank Limited had received, among other things, a guarantee of HK$60.0 million from Jiangxi Asia City. As at 31 March 2011, the amount of outstanding loan granted by Hang Seng Bank Limited to Pan Hong Investment amounted to HK$60.0 million. On 6 April 2011, Hang Seng Bank Limited confirmed in writing to Pan Hong Investment that it agreed, in principle, to unconditionally release the guarantee provided by Jiangxi Asia City upon the Listing.

Capital expenditure and contractual commitments

Capital expenditure

Our capital expenditure is primarily for properties held under development, properties held for sale and construction of investment and owner-occupied properties in the PRC. Set forth below is a summary of the commitments of our capital expenditure as at the dates indicated:

	As at 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Contracted but not provided for in respect of			
– the Group	122,860	262,758	94,990
– a jointly controlled entity shared by the Group	–	1,500	54,830

For details of our current and planned property developments projects, please refer to the paragraphs headed "Projects under development" and "Projects held for future development" under the section headed "Business" of this prospectus.

Other commitments and arrangements

Pursuant to:

(i) three separate mortgage agreements, the land use rights of three parcels of land held under Jiangxi Ganghong with a total site area of approximately 220,515 sq. m. were pledged in favour of the Bank of the Nanchang Gongren Sub-Branch as security for four separate bank loans granted to Jiangxi Hongkelong with an aggregate principal sum of approximately RMB150.0 million. These commitments, which initially came into effect on 12 May 2010, will expire on 27 April 2012. Jiangxi Hongkelong is not a connected person of our Group under the Listing Rules; and

(ii) a mortgage agreement, the land use rights of four parcels of land held under Jiangxi Ganghong with a total site area of approximately 226,950 sq. m. were pledged in favour of Industrial and Commercial Bank of China, Yichun Branch as security for all monies advanced/ to be advanced to Jiangxi Ganghong pursuant to the terms of certain loan agreements and other financing instruments and documents during the period between 11 March 2011 and 10 March 2014, subject to a maximum principal amount of RMB80 million.

Except for the financial guarantees set forth above, we have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We do not have a retained or contingent interest in assets transferred to an unconsolidated entity or a similar arrangement that serves as credit, liquidity or market risk support to such entity for such assets. We have not entered into any derivative contracts that are indexed to our Shares and classified as shareholders' equity, or that are not reflected in our combined financial statements. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

Contingent liabilities

As at 31 March 2011, we have no significant contingent liabilities.

DISCLAIMERS

Save as disclosed in the paragraph headed "Indebtedness and contingent liabilities" of this section, and apart from intra-group liabilities, we did not have outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities on 31 May 2011. Our Directors have confirmed that there have not been any material changes in our Company's indebtedness since the indebtedness date.

MARKET RISKS

The main risks arising from our financial instruments are commodities risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised as follows:

Commodities risk

We are exposed to fluctuations in the prices of raw materials for our property developments, primarily steel and cement. We purchase most of our supplies of steel and cement at market prices. Such purchase costs are generally accounted for as part of contractors' fees pursuant to our arrangements with the relevant contractors. Rising prices for construction materials will therefore affect our construction costs in the form of increased fees payable to our contractors. As a result, fluctuations in the prices of our construction materials could have a significant impact on our results of operations.

Interest rate risk

Our income and operating cash flows are substantially independent of changes in market interest rates. Other than deposits held at banks, we do not have significant interest-bearing assets. Our exposure to the risk of changes in interest rates relates to our bank deposits and bank borrowings with floating interest rates. We have not used any interest rate swaps to hedge our exposure to interest rate risk, but will consider hedging significant interest rate risk should the need arise.

Foreign currency risk

All of our turnover and substantially all of our operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC. Shortages in the availability of foreign currencies may restrict our ability to remit sufficient foreign currencies to pay dividends or other amounts to our Company.

Under the existing the PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration for the Foreign Exchange Bureau by complying with certain procedural requirements. However, approval from the appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of the PRC to pay capital account items, such as the repayment of bank loans denominated in foreign currencies. Currently, we may purchase foreign currencies for settlement of current account transactions, including payment of dividends to our Company, without prior approval of the State Administration for Foreign Exchange Bureau. We may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration for the Foreign Exchange Bureau, this could affect our ability to obtain the required foreign exchange through debt or equity financing, including by means of loans or capital contributions from our Company.

There are limited hedging instruments available in the PRC to reduce our exposure to exchange rate fluctuations between RMB and other currencies. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to hedge its exposure successfully, or at all.

A reasonably possible change of 5% in the exchange rate between HK$ and RMB would have no material impact on our profit during the Track Record Period and there would be no material impact on other components of our equity.

Credit risk

It is our policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, we do not have any significant credit risk as the credit given to any individual or corporate entity is not significant. There is no significant concentration of credit risk within our Company. The credit risk of our other financial assets, which mainly comprise cash and short term deposits, other receivables and amounts due from related parties, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Liquidity risk

Due to the capital intensive nature of our business, we ensure that our Group maintains sufficient cash and credit lines to meet the liquidity requirements. Our objective is to maintain a balance between continuity of funding and flexibility through the use of loans from related parties.

Inflation

According to the National Bureau of Statistics of The PRC, the national inflation rate, as expressed by the general consumer price index, was approximately -0.6%, 2.2% and 5.0% respectively as at 31 March 2009, 2010 and 2011. We have not been materially affected by the inflation or deflation as at the date of this prospectus.

DIVIDENDS AND DIVIDEND POLICY

Dividend approved and paid during the Track Record Period:

	Year ended 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Interim dividend	–	–	105,000

Dividend was declared and payable by a subsidiary to its respective then shareholders for the year ended 31 March 2011. All declared dividend has been fully paid. No dividend has been paid or declared by our Company since the date of its incorporation.

Dividends may be declared through a general meeting in any currency up to the amount recommended by the Board. In accordance with our Bye-laws, dividends may also be paid out of contributed surplus (as ascertained in accordance with the Companies Act). No dividend shall be paid as distribution made out of contributed surplus. If to do so would render our Company unable to pay its liabilities as they become due, or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Our Board's discretion to declare a dividend will be affected by such factors, inter alia, as: (1) our general business conditions; (2) our financial performance; (3) our capital commitments; (3) our Shareholders' interests; and (4) any other factors which our Board may deem relevant. More specifically, declaration of dividend will also depend on the availability of dividends received from our subsidiaries in the PRC. The PRC laws require that dividends be paid only out of the net profit determined in accordance with the PRC accounting principles which may differ from HKFRSs. The PRC laws also require companies (including foreign investment enterprises) to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiaries in the PRC may also be restricted if they incur debts or losses or in accordance with any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries in the PRC may enter into in the future.

Our Board has the absolute discretion to recommend or declare any dividend in the future. Dividends will be declared, if any, in Hong Kong dollars with respect to the Shares on a per Share basis and will be paid in Hong Kong dollars. Any final dividend for a financial year will be subject to our Shareholders' approval.

DISTRIBUTABLE RESERVES

Our Group has a total of approximately RMB210.0 million of reserve available for distribution to the Shareholders as at 31 March 2011.

PROPERTY INTERESTS

Jones Lang LaSalle Sallmanns Limited, an independent property valuer, has valued our Group's property interests as at 30 April 2011 at approximately RMB3,658 million representing a net revaluation surplus, which the market values of the properties exceeded their book value as at 31 March 2011. The texts of its letter, summary of valuation and the valuation certificates are set out in Appendix III to this prospectus.

The following table set forth the reconciliation between the net book value of our properties as at 31 March 2011 as extracted from our Accountants' Report set forth in Appendix I to this prospectus and the property valuation report as set forth in Appendix III as at 30 April 2011:

	RMB'000
Net book value of our properties as at 31 March 2011	
– Investment properties	61,479
– Investment properties held for sale	5,103
– Properties held under development	1,063,121
– Properties held for sale	125,481
– Share of properties held under development in a jointly controlled entity	138,387
– Building held for own use	428
Net book value of our properties as at 31 March 2011	1,393,999
Less: Cost of sales of properties from 1 April 2011 to 30 April 2011	–
Depreciation charge of building held for own use from 1 April 2011 to 30 April 2011	(2)
Add: Development cost of properties held under development incurred from 1 April 2011 to 30 April 2011	16,076
Revaluation surplus of investment properties	15
Share of jointly controlled entity's cost of properties under development incurred from 1 April 2011 to 30 April 2011	99
Net book value of properties as at 30 April 2011 subject to valuation as set forth in the property valuation report included in Appendix III	1,410,187
Revaluation surplus, before income tax and non-controlling interests	3,843,126
Capital value of properties attributable to non-controlling interests as at 30 April 2011	(1,595,450)
Capital value of properties attributable to us as at 30 April 2011, as set forth in the property valuation report in Appendix III	3,657,863

Details relating to our Group's property interests are set out in Appendix III to this prospectus.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted net tangible assets prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer on the net tangible assets of our Group attributable to owners of our Company as if the Share Offer had taken place on 31 March 2011. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of our Group attributable to owners of our Company had the Share Offer been completed as at 31 March 2011 or at any future dates.

	Unadjusted audited combined net tangible assets of the Group attributable to owners of the Company as at 31 March 2011	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per Share
	RMB'000	*RMB'000*	*RMB'000*	*HK$*
	(note 1)	*(note 2)*		*(note 3)*
Based on an Offer Price of HK$1.10 per Share	535,177	256,488	791,665	0.78
Based on an Offer Price of HK$1.68 per Share	535,177	400,690	935,867	0.92

Notes:

(1) The unadjusted audited combined net tangible assets of our Group attributable to owners of our Company as at 31 March 2011 is extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Share Offer are based on the indicative Offer price of HK$1.10 (equivalent to RMB0.94) and HK$1.68 (equivalent to RMB1.43) per Share respectively, after deduction of the underwriting fees and other related expenses payable by our Company. No account has been taken of the Share which may be issued upon the exercise of Over-allotment Option or Shares which may fall to be issued pursuant to the exercise of options that may be granted under the Share Option Scheme.

(3) The unaudited pro forma adjusted net tangible assets per Share is calculated based on 1,200,000,000 Shares in issue immediately following the completion of the Share Offer but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option or Shares which may fall to be issued pursuant to the exercise of options that may be granted under the Share Option Scheme or any Shares which may be allotted, issued or repurchase by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the paragraph headed "Further Information about our Company and its subsidiaries" in Appendix VI to this prospectus.

(4) The property interests of our Group as at 30 April 2011 were valued by Jones Lang LaSalle Sallmanns Limited. Details of the valuation in respect of these property interests were set out in Appendix III to this prospectus.

The revaluation surplus of the property interests under property, plant and equipment, properties held under development, and properties held for sale of approximately RMB1,016,000, RMB2,291,879,000, and RMB227,793,000 have not been included in the Group's financial statements for the year ending 31 March 2012. Our Group's accounting policy is to state such property, plant and equipment at cost less accumulated depreciation and any impairment loss rather than at revalued amount, and such properties held under development and properties held for sale at the lower of cost and net realisable value.

Had all the property interests been stated at such valuations, the additional annual depreciation would be approximately RMB46,000.

(5) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to 31 March 2011.

(6) The unaudited pro forma adjusted net tangible assets per Share is converted into Hong Kong Dollars at an exchange rate of RMB1.00 to HK$1.1765.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that there is no material adverse change in the financial or trading positions or prospects of our Group since 31 March 2011, the date to which the latest audited financial statements of our Group were prepared as set out in Appendix I to this prospectus.

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that save as disclosed, as at the Latest Practicable Date, there were no circumstances which would give rise to a disclosure obligation pursuant to Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND PROSPECTS

We intend to implement the following plans, each of which is discussed in detail in the paragraph headed "Business strategies" under the section headed "Business" of this prospectus:

- continue to strengthen our position in various cities in the Jiangxi Province, the PRC and expand our business to the Southern Region;
- enhance the market awareness of the properties developed by our Group;
- continue to expand our land reserves to sustain our future growth;
- endeavour to diversify business model by developing commercial properties;
- increase the number of investment properties in order to secure rental as long-term income of our Group; and
- continue to exercise financial discipline in our business in order to ensure sustainable growth and sufficient financial resources.

USE OF PROCEEDS

The net proceeds from the Share Offer will strengthen our capital base and will provide funding for achieving our business strategy and carrying out its future plans as set out in this section.

Assuming an Offer Price of HK$1.39 per Share (being the mid-point of the stated range of the Offer Price of between HK$1.10 per Share and HK$1.68 per Share), the estimated net proceeds of the Share Offer (after deducting related expenses payable by us) and the details of the application of such net proceeds are as follows:

	Offer price of HK$1.39 and the Over-allotment Option is not exercised	**Offer price of HK$1.39 and the Over-allotment Option is fully exercised**
Estimated net proceeds		
Estimated net proceeds of the Share Offer, after deducting related expenses payable by us	Approximately HK$387 million (equivalent to approximately RMB329.0 million)	Approximately HK$448 million (equivalent to approximately RMB380.8 million)
Use of proceeds		
Payment of the construction costs of phase 2 of Fuzhou Huacui Tingyuan (撫州華萃庭院)	Approximately HK$54 million (equivalent to approximately RMB45.9 million)	Approximately HK$63 million (equivalent to approximately RMB53.6 million)
Payment of the construction costs of phase 1 of Nanchang Dingxun Project (南昌鼎迅項目)	Approximately HK$124 million (equivalent to approximately RMB105.4 million)	Approximately HK$143 million (equivalent to approximately RMB121.5 million)
Payment of the construction costs of phase 2 of Yichun Project (宜春項目)	Approximately HK$178 million (equivalent to approximately RMB151.3 million)	Approximately HK$206 million (equivalent to approximately RMB175.1 million)
As general working capital of our Group	Approximately HK$31 million (equivalent to approximately RMB26.4 million)	Approximately HK$36 million (equivalent to approximately RMB30.6 million)

Assuming an Offer Price is set at HK$1.68 per Offer Share and HK$1.10 per Offer Share (being the high-end and low-end of the stated range of the Offer Price), the estimated net proceeds of the Share Offer (after deducting related expenses payable by us) and the details of the application of such net proceeds are set out as follows:

	Assuming Offer Price of HK$1.68 and the Over-allotment Option is not exercised	**Assuming Offer Price of HK$1.68 and the Over-allotment Option is fully exercised**	**Assuming Offer Price of HK$1.10 and the Over-allotment Option is not exercised**	**Assuming Offer Price of HK$1.10 and the Over-allotment Option is fully exercised**
Estimated net proceeds				
Estimated net proceeds of the Share Offer, after deducting related expenses payable by us	Approximately HK$471 million (equivalent to approximately RMB400.4 million)	Approximately HK$545 million (equivalent to approximately RMB463.3 million)	Approximately HK$302 million (equivalent to approximately RMB256.7 million)	Approximately HK$350 million (equivalent to approximately RMB297.5 million)
Use of proceeds				
Payment of the construction costs of phase 2 of Fuzhou Huacui Tingyuan (撫州華萃庭院)	Approximately HK$66 million (equivalent to approximately RMB56.1 million)	Approximately HK$76 million (equivalent to approximately RMB64.6 million)	Approximately HK$42 million (equivalent to approximately RMB35.7 million)	Approximately HK$49 million (equivalent to approximately RMB41.7 million)
Payment of the construction costs of phase 1 of Nanchang Dingxun Project (南昌鼎迅項目)	Approximately HK$151 million (equivalent to approximately RMB128.4 million)	Approximately HK$174 million (equivalent to approximately RMB147.9 million)	Approximately HK$97 million (equivalent to approximately RMB82.5 million)	Approximately HK$112 million (equivalent to approximately RMB95.2 million)
Payment of the construction costs of phase 2 of Yichun Project (宜春項目)	Approximately HK$217 million (equivalent to approximately RMB184.4 million)	Approximately HK$251 million (equivalent to approximately RMB213.4 million)	Approximately HK$139 million (equivalent to approximately RMB118.1 million)	Approximately HK$161 million (equivalent to approximately RMB136.8 million)
As general working capital of our Group	Approximately HK$37 million (equivalent to approximately RMB31.5 million)	Approximately HK$44 million (equivalent to approximately RMB37.4 million)	Approximately HK$24 million (equivalent to approximately RMB20.4 million)	Approximately HK$28 million (equivalent to approximately RMB23.8 million)

To the extent that the net proceeds of the Share Offer and the issue of new Shares under the Over-allotment Option are not immediately applied for the above purposes, it is the present intention of our Directors that such net proceeds will be placed on short-term deposits with financial institutions.

Our Directors are of the view that the net proceeds from the Share Offer, together with internally generated funds and the banking facilities available to our Group, will be sufficient to finance the business development of our Group as described in this prospectus.

PLACING AND PUBLIC OFFER UNDERWRITERS

Sole Bookrunner

Kingsway Financial Services Group Limited

Joint Lead Managers

Kingsway Financial Services Group Limited

OSK Securities Hong Kong Limited

Public Offer Underwriters

Kingsway Financial Services Group Limited

OSK Securities Hong Kong Limited

KGI Capital Asia Limited

First Shanghai Securities Limited

Placing Underwriters

Kingsway Financial Services Group Limited

OSK Securities Hong Kong Limited

KGI Capital Asia Limited

First Shanghai Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company is offering the Public Offer Shares for subscription, subject to the terms and conditions of this prospectus and the Application Forms relating thereto, at the Offer Price.

Subject to, among other matters, the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein on or before 11 August 2011 (or such later date as Kingsway Financial (for itself and on behalf of the other Underwriters) may agree in writing with our Company) and the Offer Price having been determined by our Company and the Joint Lead Managers at or prior to 12:00 noon on Monday, 18 July 2011 or such other date or time as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the other Public Offer Underwriters), the Public Offer Underwriters have agreed to subscribe for or procure subscribers to subscribe for, on the terms and conditions of this prospectus and the Application Forms relating thereto, the Public Offer Shares now being offered for subscription under the Public Offer and which are not taken up under the Public Offer.

Grounds for termination

If, at any time prior to 8:00 a.m. on the Listing Date:

(i) there shall develop, occur, exist or come into effect:

(a) any event, or series of events, beyond the reasonable control of the Public Offer Underwriters (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of God, acts of terrorism, riot, public disorder, economic sanctions, outbreak of diseases or epidemics including SARS and avian influenza and such related/mutated forms or interruption or delay in transportation) in or affecting Hong Kong, the PRC or any other jurisdiction relevant to any member of the Group or the Share Offer (collectively, the "**Relevant Jurisdictions**") which in the reasonable opinion of Kingsway Financial has or would have the effect of making any part of the Public Offer Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof; or

(b) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change in local, national, international, financial, economic, political, military, industrial, fiscal, regulatory or market conditions and matters and/or disaster or any monetary or trading settlement systems (including any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange, or a material fluctuation in the exchange rate of Hong Kong dollars against any foreign currency, or any interruption in securities settlement or clearance service or procedures in the Relevant Jurisdictions); or

(c) any new law or change or development involving a prospective change in existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in any of the Relevant Jurisdictions; or

(d) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for any of the Relevant Jurisdictions; or

(e) a change or development occurs involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in any of the Relevant Jurisdictions; or

(f) any material change or development involving a prospective change, or a materialisation of, any of the risks set forth in the section headed "Risk factors" in the Prospectus; or

(g) any litigation or claim of material importance of any third party being threatened or instigated against any member of the Group; or

(h) a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or

(i) any loss or damage sustained by any member of the Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(j) a petition is presented for the winding up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or

(k) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary of Hong Kong and/or the Hong Kong Monetary Authority or other competent authority) or any of the Relevant Jurisdictions,

which in the sole reasonable opinion of Kingsway Financial (for itself and on behalf of other Public Offer Underwriters):

(1) is or shall have or could be expected to have an material adverse effect on the business, financial or other condition or prospects of the Group as a whole or in the case of sub-paragraph (e) above, to any present or prospective shareholder of the Company in his, her or its capacity as such; or

(2) has or shall have or could reasonably be expected to have an adverse effect on the success, marketability or pricing of the Share Offer or the level of applications under the Public Offer or the level of interest under the Placing; or

(3) makes it inadvisable, inexpedient or impracticable for the Share Offer to proceed.

(ii) there has come to the notice of Kingsway Financial:–

(a) that any statement, reasonably considered by Kingsway Financial to be material, contained in any of this prospectus, the Application Forms and any documents in connection with the Share Offer was when the same was issued, or has become, untrue, incorrect or misleading in any material respect; or

(b) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission therefrom reasonably considered by Kingsway Financial to be material to the Share Offer; or

(c) any material breach of any of the obligations imposed upon any party to the Public Offer Underwriting Agreement or the Placing Underwriting Agreement (other than on any of the Public Offer Underwriters or the Placing Underwriters or Kingsway Financial); or

(d) any change or development that reasonably considered by Kingsway Financial to have or could be expected to have a material adverse effect on business affairs, prospects or the financial or trading position of the Group as a whole; or

(e) any breach, reasonably considered by Kingsway Financial to be material, of any of the warranties;

Kingsway Financial (for itself and on behalf of all other Public Offer Underwriters) shall be entitled by notice in writing to the Company to terminate the Public Offer Underwriting Agreement; and

(iii) the Placing Underwriting Agreement shall not have been duly executed between the Company, Pan Hong Property, the Sponsor, the Joint Lead Managers and the Placing Underwriters at or before 12:00 noon on Monday, 18 July 2011 (or such other date or time as may be agreed between our Company and Kingsway Financial (for itself and on behalf of the other Placing Underwriters)) due to any reason whatsoever.

Undertaking pursuant to the Public Offer Underwriting Agreement

The Company undertakes to each of the Public Offer Underwriters that it shall, and Pan Hong Property undertakes to each of the Public Offer Underwriters to procure the Company to, no further Shares or securities convertible into equity securities of the Company (whether or not of a class already listed) may be issued by the Company or form the subject of any agreement to such an issue by the Company within six months from the Listing Date (whether or not such issue of Shares or securities of the Company will be completed within six months from the commencement of dealings), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

Pan Hong Property undertakes to each of Kingsway Capital, the Company, the Joint Lead Managers and the Stock Exchange that:

(a) during the period commencing on the date by reference to which disclosure of our interests in the Company is made in this prospectus and ending on the date falling six months from the Listing Date (the "**First Six-month Period**"), it shall not, and shall procure that the relevant registered holder(s) and our associates and companies controlled by it and any nominee or trustee holding in trust for it shall not, without the prior written consent of Kingsway Capital and the Stock Exchange (if necessary) unless in compliance with the requirements of the Listing Rules, (i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Shares or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive any of the Shares or securities of the Company disclosed in the Prospectus to be beneficially owned by us or the relevant company, nominee or trustee (including any interest in any shares in any company controlled by us) which is directly or indirectly a beneficial owner of any of the Shares or securities of the Company as disclosed in the Prospectus as aforesaid (the "**Relevant Securities**"); (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Relevant Securities, whether any of the foregoing transactions is to be settled by delivery of the Relevant Securities, in cash or otherwise; (iii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (i) or (ii) above; (iv) announce any intention to enter into or effect any of the transactions referred to in paragraphs (i), (ii) or (iii) above;

(b) it shall not, and shall procure that the relevant registered holder(s) and its associates or companies controlled by it and any nominee or trustee holding in trust for it shall not, directly or indirectly, without the prior written consent of Kingsway Capital and the Stock Exchange in the six-month period commencing on the expiry of the First Six-month Period set out in paragraph (a) above (the "**Second Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company or would together with the other Controlling Shareholders cease to be controlling shareholders (as defined in the Listing Rules) of the Company;

(c) in the event of a disposal of any Shares or securities of the Company or any interest therein within the Second Six-month Period, it shall take all reasonable steps to ensure that such a disposal shall not create a disorderly or false market for any Shares or other securities of the Company;

(d) it shall, and shall procure that its associates and companies controlled by it and nominees or trustees holding in trust for it shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by it or by the registered holder controlled by us of any Shares;

(e) it shall comply with all applicable restrictions under the Listing Rules on the disposal by it or by the registered holder(s) of any Shares or other securities of the Company in respect of which it is disclosed in this prospectus to be interested therein;

(f) neither it nor any of its associates nor any companies controlled by it nor any nominee or trustee holding in trust for it has any present intention of disposing of any Shares or other securities of the Company in respect of which it is disclosed in this prospectus to be interested therein;

(g) it shall not, and shall procure that none of its associates and the companies controlled by it or any nominee or trustee holding in trust for it shall/will sell, transfer or otherwise dispose of (including without limitation the creation of any option over) or create any rights in respect of any interest in any Shares or securities of the Company owned or held by it, its associates or the relevant company, nominee or trustee (including any interest in any shares in any company controlled by it which is directly or indirectly the beneficial owner of any of the Shares or securities of the Company) immediately following the completion of the Capitalisation Issue and the Share Offer (i) within the First Six-month Period; and (ii) within the Second Six-month Period;

(h) when it pledges or charges any securities or interests in the Relevant Securities, it will immediately inform the Company and Kingsway Capital in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and

(i) when it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of the Company will be sold, transferred or disposed of, immediately inform the Company and Kingsway Capital in writing of such indications.

Placing Underwriting Agreement

In connection with the Placing, it is expected that the Company and Pan Hong Property will, on or about 18 July 2011, enter into the Placing Underwriting Agreement with, among other parties, the Sponsor, the Joint Lead Managers and the Placing Underwriters. Under the Placing Underwriting Agreement, it is expected that the Placing Underwriters would, subject to certain conditions set out therein, agree to subscribe for or procure subscribers to subscribe for the Placing Shares.

Under the Placing Underwriting Agreement, our Company intends to grant to Kingsway Financial (for itself and on behalf of the other Underwriters) the Over-allotment Option, which is exercisable by Kingsway Financial for up to 30 days from the last day for the lodging of applications under the

Public Offer, to require our Company to issue up to an aggregate of 45,000,000 additional Shares, representing 15% of the number of Offer Shares initially available under the Share Offer, at the Offer Price, among other things, to cover over-allocations in the Placing, if any.

Commission and expenses

The Public Offer Underwriters will receive a commission of 2.5% of the aggregate Offer Price of all the Public Offer Shares and the Placing Underwriters will receive an underwriting commission of 2.5% of the aggregate of the Offer Price of all the Placing Shares, out of which they will pay any sub-underwriting commissions. The Sponsor will receive financial advisory and documentation fees. The underwriting commission, financial advisory and documentation fee, Stock Exchange listing fees and trading fee, SFC transaction levy, legal and other professional fees together with applicable printing and other expenses relating to the Share Offer are estimated to amount to approximately HK$30.4 million in total (based on an Offer Price of HK$1.39 per Share, being the mid-point of the indicative Offer Price range of between HK$1.10 and HK$1.68 per Share, and on the assumption that the Over-allotment Option is not exercised), and will be payable by our Company.

Underwriters' interests in our Company

Save as disclosed under the paragraph headed "Sponsor's interests in our Company" below and as contemplated under the Public Offer Underwriting Agreement, as at the Latest Practicable Date, none of the Underwriters was interested, directly or indirectly, in any shares or securities in any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any shares or securities in any member of the Group.

Sponsor's interests in our Company

Save as pursuant to the Public Offer Underwriting Agreement, the Compliance Adviser Agreement and as disclosed herein, as at the Latest Practicable Date neither the Sponsor nor any of its associates was interested, directly or indirectly, in any shares or securities in any member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any shares or securities in any member of our Group. No director or employee of any of the Sponsor who is involved in providing advice to our Company has or may, as a result of the Share Offer, have any interest in any class of securities of our Company or any other member of our Group (including options or rights to subscribe for such securities but, for the avoidance of doubt, excluding interests in securities that may be subscribed for by any such director or employee of the Sponsor pursuant to the Public Offer).

None of the Sponsor or any of its associates has accrued any material benefit as a result of the successful outcome of the Share Offer, including by way of example, the repayment of material outstanding indebtedness or success fees, other than the following:

(i) by way of underwriting commission to be paid to Kingsway Financial for acting as one of the Public Offer Underwriters pursuant to the Public Offer Underwriting Agreement and one of the Placing Underwriters pursuant to the Placing Underwriting Agreement;

(ii) the financial advisory and documentation fees to be paid to the Sponsor; and

(iii) certain associates of the Sponsor, whose ordinary business involves the trading of and dealing in securities, may be involved in the trading of and dealing in the securities in our Company. No director or employee of the Sponsor has a directorship in our Company or any other member of our Group.

COMPLIANCE ADVISER AGREEMENT

Pursuant to the Compliance Adviser Agreement entered into between Kingsway Capital Limited ("Kingsway") and our Company, our Company has appointed Kingsway and Kingsway has agreed to act as the compliance adviser of our Company with effect from the Listing Date until the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date or until the Compliance Adviser Agreement is otherwise terminated pursuant to its terms and conditions. Details of the terms of the Compliance Adviser Agreement are set out under the paragraph headed "Compliance Adviser" under the section headed "Directors, Senior Management and Staff" of this prospectus.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK$1.68 and is expected to be not less than HK$1.10 per Offer Share. Based on the maximum Offer Price of HK$1.68 per Offer Share, plus 1% brokerage fee, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee, the total cost payable for one board lot of 2,000 Offer Shares will amount to a total of HK$3,393.87. The Application Forms have tables showing the exact amount payable for multiples of the Offer Shares.

The Offer Price is expected to be fixed by an agreement between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) at or prior to 12:00 noon on Monday, 18 July 2011 or such other date or time as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters).

If, based on the level of interests expressed by prospective professional, institutional and/or other investors during the book-building process, the Joint Lead Managers (for themselves and on behalf of the other Underwriters, and with the consent of our Company) thinks it appropriate (for instance, if the level of interests is below the indicative Offer Price range), the indicative Offer Price range may be reduced below that as stated in this prospectus at any time prior to the morning of the last day for lodging applications. In such case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Public Offer, cause notice of the reduction of the indicative Offer Price range to be published in The Standard (in English) and Sing Pao (in Chinese) and to be posted on our Company's website at **www.sinoharbour.com.hk** and the Stock Exchange's website at **www.hkexnews.hk**. Such notice will also include any financial information which may change as a result of any such reduction.

If, for whatsoever reason, the Offer Price is not agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) at or prior to 12:00 noon on Monday, 18 July 2011 or such other date or time as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters), the Share Offer will not become unconditional and will lapse immediately. In such event, our Company will issue an announcement to be published in The Standard (in English) and Sing Pao (in Chinese).

CONDITIONS OF THE SHARE OFFER

Acceptance of your application for the Offer Shares is conditional upon:

1. Approval of shareholders of Pan Hong Property

The shareholders of Pan Hong Property having granted approval at a special general meeting for the disposal of part of Pan Hong Property's shareholding interest in our Company (the "**Proposed Disposal**") and the material dilution of Pan Hong Property's shareholding interest in our Company (the "**Proposed Material Dilution**"). As already mentioned in the section headed "History and Development" of this prospectus, Pan Hong Property has already obtained such approval on 6 January 2011;

2. Listing

The Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus;

3. Underwriting Agreements

Our Company, the Sponsor, the Joint Lead Managers, the Sole Bookrunner and the other Underwriters entering into the Underwriting Agreements whereby the latter will underwrite the Offer Shares at the Offer Price;

The obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated before 8:00 a.m. on the Listing Date. Details of the Underwriting Agreements and their respective conditions and grounds for termination are set out in the section headed "Underwriting" of this prospectus. If any of these conditions is not fulfilled on or before 11 August 2011 (or such later date as Kingsway Financial may agree in writing (for itself and on behalf of the other Underwriters) with our Company), your application money will be returned to you, without interest. The terms on which your money will be returned to you are set out in the paragraph headed "Refund of your application money" on the Application Forms. In the meantime, your money will be held in one or more separate bank accounts with the receiving banker or other licensed bank or banks in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong);

4. Consent of the Bermuda Monetary Authority

The Bermuda Monetary Authority having given its consent to the issue of the Offer Shares and one copy of this prospectus and the Application Forms having been filed with the Registrar of Companies in Bermuda;

5. Agreement between Pan Hong Property and its advisers

The terms of the Listing and the Share Offer being agreed between Pan Hong Property and its advisers; and

6. Other agreements

The Listing and the Share Offer is not terminated as a result of any other terms and conditions as may be provided for in any agreement entered into by our Company and/or Pan Hong Property in relation to the Listing and the Share Offer, including any force majeure or similar clause.

OFFER MECHANISM

This prospectus is published in connection with the Share Offer, which comprises the Placing and the Public Offer. Initially, 270,000,000 Shares (subject to reallocation and the Over-allotment Option) are to be offered pursuant to the Placing to professional, institutional and private investors and 30,000,000 Shares (subject to reallocation) are to be offered to the public in Hong Kong under the Public Offer. References herein to applications, Application Forms, application monies or to the procedure for application relate solely to the Public Offer. The Offer Shares will represent 25% of our Company's enlarged issued share capital immediately after completion of the Share Offer and the Capitalisation Issue.

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement.

We expect to enter into the Placing Underwriting Agreement relating to the Placing on or about 18 July 2011.

For a summary of the underwriting arrangements, the Public Offer Underwriting Agreement and the Placing Underwriting Agreement, please refer to the section headed "Underwriting" of this prospectus.

Investors may apply for Public Offer Shares under the Public Offer or indicate an interest for Placing Shares under the Placing, but may not do both.

PLACING

Our Company is initially offering, subject to the Over-allotment Option and possible reallocation on the basis discussed below, 270,000,000 Shares, representing 90% of the total number of Shares being offered under the Share Offer, for subscription by way of the Placing. Under the Placing, the Placing Underwriters, on behalf of our Company, will conditionally place the Placing Shares with professional, institutional and private investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the Placing Shares pursuant to the Placing is based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to buy further Shares and/or hold or sell its Shares after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and its shareholders as a whole. Investors allocated with the Placing Shares cannot apply for the Public Offer Shares under the Public Offer. The Placing is conditional on the fulfillment of all the conditions stated in the paragraph headed "Conditions of the Share Offer" above.

PUBLIC OFFER

Our Company is initially offering 30,000,000 Shares at the Offer Price under the Public Offer, representing 10% of the total number of Shares being offered under the Share Offer for subscription in Hong Kong, subject to reallocation as mentioned in this section. The Public Offer is managed by the Joint Lead Managers and is fully underwritten by the Public Offer Underwriters.

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. Applicants for the Public Offer Shares under the Public Offer may not apply for the Placing Shares under the Placing. Allocation of Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The Public Offer will be subject to the conditions stated in the paragraph headed "Conditions of the Share Offer" above.

For allocation purposes only, the Public Offer Shares will be divided equally into two pools of 15,000,000 Shares each: Pool A and Pool B, both of which are available on an equitable basis to successful applicants. The Public Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares with a total subscription amount of HK$5 million or below (excluding the brokerage fee, SFC transaction levy and Stock Exchange trading fee payable). The Public Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares with a total subscription amount of more than HK$5 million and up to the value of Pool B (excluding the brokerage fee, SFC transaction levy and the Stock Exchange trading fee payable). Applicants should be aware that applications in different pools may receive different allocation ratios. Where one but not both of the pools is undersubscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy the demand in that pool and be allocated accordingly.

Applicants can only receive an allocation of the Public Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 50% of the Public Offer Shares initially being offered for subscription by the public (that is, more than 15,000,000 Shares) will be rejected. Only one application on a **WHITE** or **YELLOW** Application Form or by way of giving electronic application instructions to HKSCC via CCASS or to the designated HK eIPO White Form Service Provider through **HK eIPO White Form** service may be made for the benefit of any person. Multiple applications or suspected multiple applications within either pool and between pools will also be rejected.

BASIS OF ALLOCATION OF THE OFFER SHARES

The allocation of Shares between the Public Offer and the Placing is subject to the reallocation adjustment which in turn depends on the level of subscription of the Public Offer. The reallocation will be made on the following basis:

(i) if the number of Public Offer Shares validly applied for under the Public Offer equals or exceeds 450,000,000 Shares (being 15 times of the number of Public Offer Shares initially available for public subscription under the Public Offer) but is less than 1,500,000,000 Shares (being 50 times of the number of Public Offer Shares initially available for public subscription under the Public Offer), then the number of Shares available for public subscription under the Public Offer will be increased to 90,000,000 Shares, representing 30% of the 300,000,000 Shares available under the Share Offer (assuming the Over-allotment Option will not be exercised);

(ii) if the number of Public Offer Shares validly applied for under the Public Offer equals or exceeds 1,500,000,000 Shares (being 50 times of the number of Public Offer Shares initially available for public subscription under the Public Offer) but is less than 3,000,000,000 Shares (being 100 times of the number of Public Offer Shares initially available for public subscription under the Public Offer), then the number of Public Offer Shares available for public subscription under the Public Offer will be increased to 120,000,000 Shares, representing 40% of the 300,000,000 Shares available under the Share Offer (assuming the Over-allotment Option will not be exercised); and

(iii) if the number of Public Offer Shares validly applied for under the Public Offer equals or exceeds 3,000,000,000 Shares (being 100 times of the number of Public Offer Shares initially available for public subscription under the Public Offer), then the number of Public Offer Shares available for public subscription under the Public Offer will be increased to 150,000,000 Shares, representing 50% of the 300,000,000 Shares available under the Share Offer (assuming the Over-allotment Option will not be exercised). In all cases, the additional Shares reallocated to the Public Offer will be allocated equally between pool A and pool B and the number of Offer Shares allocated to the Placing will be correspondingly reduced.

If either the Public Offer or the Placing is not fully subscribed, Kingsway Financial will have the discretion to reallocate all or any unsubscribed Shares originally included in the Public Offer to the Placing (or vice versa, as appropriate) in such proportion and manner as it considers appropriate.

OVER-SUBSCRIPTION

Allocation of Public Offer Shares to applicants under the Public Offer will be based solely on the level of valid applications received. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by each applicant. However, this may involve balloting, which would mean that some applicants may be allotted more Shares than others who have applied for the same number of Public Offer Shares and that applicants who are not successful in the ballot may not receive any Public Offer Shares.

OVER-ALLOTMENT OPTION

In connection with the Share Offer, we have granted an Over-allotment Option to Kingsway Financial (for itself and on behalf of the other Underwriters). Pursuant to the Over-allotment Option, Kingsway Financial will have the right, exercisable at any time from the Listing Date until the date falling the 30th day after the last day for the lodging of applications under the Public Offer, to require the Company to issue the Over-allotment Shares at the Offer Price, representing 15% of the initial Offer Shares to, among other things, cover over-allocations in the Placing and/or the obligations of Kingsway Financial to return securities borrowed under the Stock Borrowing Agreement. If the Over-allotment Option is exercised in full, the additional Shares will represent approximately 3.61% of the enlarged issued share capital of the Company immediately following the completion of the Share Offer, the Capitalisation Issue and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to minimize and, if possible, prevent a decline in the market price of the securities below the initial offering price. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the initial offering price.

In connection with the Share Offer, Kingsway Financial ("Stabilising Manager"), its affiliates or any person acting for it, on behalf of the other Underwriters, may over-allocate or effect transactions with a view to stabilising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail for a limited period commencing from the Listing Date.

Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it to do this. Such stabilisation, if commenced, will be conducted at the absolute discretion of the Stabilising Manager, its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end after a limited period. The number of Shares that may be over-allocated will not be greater than the number of Shares which may be allotted and issued upon exercise of the Over-allotment Option, being 45,000,000 Shares, which is 15% of the Shares initially available under the Share Offer.

The Stabilising Manager, its affiliates or any person acting for it may take all or any of the following stabilising actions in Hong Kong during the stabilisation period:

(i) purchase, or agree to purchase, any of the Shares or offer or attempt to do so for the sole purpose of preventing or minimizing any reduction in the market price of the Shares; and/or

(ii) in connection with any action described in paragraph (i) above:

(A) (1) over-allocate the Shares; or

(2) sell or agree to sell the Shares so as to establish a short position in them, for the sole purpose of preventing or minimizing any reduction in the market price of the Shares;

(B) exercise the Over-allotment Option and purchase or subscribe for or agree to purchase or subscribe for the Shares in order to close out any position established under paragraph (ii)(A) above;

(C) sell or agree to sell any of the Shares acquired by it in the course of the stabilising action referred to in paragraph (i) above in order to liquidate any position that has been established by such action; and/or

(D) offer or attempt to do anything as described in paragraph (ii)(A)(2), (ii)(B) or (ii)(C) above.

The Stabilising Manager, its affiliates or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares, and there is no certainty as to the extent to which and the time period for which it will maintain such position. Investors should be warned of the possible impact of any liquidation of the long position by the Stabilising Manager, its affiliates or any person acting for it, which may include a decline in the market price of the Shares.

Stabilisation cannot be used to support the price of the Shares for longer than the stabilisation period, which begins on the day on which dealings in the Shares commence on the Stock Exchange and ends on the 30th day after the last day for the lodging of applications under the Public Offer. The stabilisation period is expected to expire on Sunday, 14 August 2011. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore their market price, could fall.

Any stabilising action taken by the Stabilising Manager, its affiliates or any person acting for it, may not necessarily result in the market price of the Shares staying at or above the Offer Price either during or after the stabilisation period. Stabilisation bids or market purchases effected in the course of the stabilisation action may be made at any price at or below the Offer Price and can therefore be done at a price below the price investors have paid in acquiring the Shares.

All stabilising actions will be taken in accordance with the laws, rules and regulations in place in Hong Kong on stabilisation.

STOCK BORROWING ARRANGEMENT

In connection with the Share Offer, Kingsway Financial (for itself and on behalf of the other Underwriters) may over-allocate up to but not more than 45,000,000 additional Shares and cover such over-allocations by exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means. In particular, for the purpose of covering such over-allocations, Kingsway Financial may borrow up to 45,000,000 Shares from Pan Hong Property, equivalent to the maximum number of Shares to be issued on a full exercise of the Over-allotment Option, under the Stock Borrowing Agreement. Such stock borrowing arrangement will be in compliance with Rule 10.07(3) of the Listing Rules such that it will not be subject to the restrictions as set out in Rule 10.07(1) of the Listing Rules.

A summary of the stock borrowing arrangement, in compliance with Rule 10.07(3) of the Listing Rules, is set out as follows:

- the Stock Borrowing Agreement will only be effected by Kingsway Financial for settlement of over-allocation in connection with the Placing;
- the maximum number of Shares to be borrowed from Pan Hong Property by Kingsway Financial will be limited to the maximum number of Shares which may be issued upon full exercise of the Over-allotment Option which is 45,000,000 Shares;
- the same number of Shares so borrowed must be returned to Pan Hong Property or its nominee(s), as the case may be, on or before the third business day following the earlier of (i) the last day on which the Shares may be issued by the Company pursuant to the Over-allotment Option or (ii) the day on which the Over-allotment Option is exercised in full;
- the Stock Borrowing Agreement will be effected in compliance with all applicable laws, rules and regulatory requirements; and
- no payment or other benefit will be made to Pan Hong Property by Kingsway Financial under the stock borrowing arrangement.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

There are three ways to make an application for the Public Offer Shares. You may apply for the Public Offer Shares by either (i) using a **WHITE** or **YELLOW** Application Form; (ii) applying online through designated website of the HK eIPO White Form Service Provider, referred herein as the "HK eIPO White Form Service" (**www.hkeipo.hk**), or (iii) by giving **Electronic Application Instructions** to HKSCC to cause HKSCC Nominees to apply for the Public Offer Shares on your behalf. Except where you are a nominee and provide the required information in your application, **you or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying using a WHITE or YELLOW Application Form and/or applying online through HK eIPO White Form Service and/or by giving Electronic Application Instructions to HKSCC.**

Who can apply for the Offer Shares

(a) You, the applicant(s), and any person(s) for whose benefit you are applying, must be 18 years of age or above and must have a Hong Kong address.

(b) If you are a firm, the application must be made in the name(s) of the individual member(s), not in the firm's name.

(c) If you are a body corporate, the application must be stamped with the company chop (bearing the company name) and signed by a duly authorised officer, who must state his or her representative capacity.

(d) Save under the circumstances permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you or any person(s) for whose benefit you are applying is/are:

- an existing beneficial owner of the shares in our Company or any of its subsidiaries;
- the chief executive or a director of our Company or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- within the United States or a U.S. person(s) as defined in Regulation S of the U.S. Securities Act 1933, as amended;
- a connected person (as defined in the Listing Rules) of our Company or a person who will become a connected person of our Company (as defined in the Listing Rules) immediately upon completion of the Share Offer;
- a legal or natural person of the PRC other than Hong Kong, Macau and Taiwan (except those who have complied with all relevant PRC laws and regulations in relation to such applications, including but not limited to qualified domestic institutional investors);

- a person who does not have a Hong Kong address; or
- have been allotted or have applied for or indicated an interest in any Placing Shares under the Placing.

(e) The total number of joint applicants may not exceed four.

If you wish to apply for the Offer Shares online through the **HK eIPO White Form** Service, in addition to the above, you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

Which application method to use

(a) WHITE Application Form

Use a **WHITE** Application Form if you want the Public Offer Shares to be issued in your own name.

(b) HK eIPO White Form

Instead of using a **WHITE** Application Form, you may apply for the Public Offer Shares by means of the **HK eIPO White Form** service by submitting an application online through the designated website at **www.hkeipo.hk**. Use the **HK eIPO White Form** service if you want the Shares to be registered in your own name.

(c) YELLOW Application Form

Use a **YELLOW** Application Form if you want the Public Offer Shares to be issued in the name of HKSCC Nominees and to be deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

(d) Give Electronic Application Instructions to HKSCC via CCASS

Instead of using a **YELLOW** Application Form, you may give **Electronic Application Instruction** to HKSCC to cause HKSCC Nominees to apply for the Public Offer Shares on your behalf via CCASS. Any Public Offer Shares allocated to you will be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participants stock account or your designated CCASS Participant's stock account.

The Public Offer Shares are not available to the directors, and chief executive of our Company or its subsidiaries or any of their respective associates (as defined in the Listing Rules).

1. APPLYING BY USING A WHITE OR YELLOW APPLICATION FORM

There are detailed instructions on each Application Form. You should read those instructions carefully. If you do not follow the instructions, your application may be rejected and returned by ordinary post together with the accompanying cheque(s) or banker's cashier order(s) to you (or the first-named applicant in the case of joint applicants) at your own risk at the address stated in the Application Form.

If your application is made through a duly authorised attorney, our Company, the Joint Lead Managers, the Sole Bookrunner, the Underwriters and their respective agents or nominees as agent for our Company will have full discretion to reject or accept any application, in full or in part, without assigning any reasons therefor and subject to any conditions they think fit, including, without limitation, requiring the production of evidence of the authority of your attorney.

Where to collect this prospectus and the WHITE and YELLOW Application Forms

You can collect a **WHITE** Application Form and this prospectus during normal business hours from 9:00 a.m. on Tuesday, 12 July 2011 until 12:00 noon on Friday, 15 July 2011 from any of the following addresses:

Kingsway Capital Limited
5th Floor, Hutchison House
10 Harcourt Road, Central
Hong Kong

OSK Securities Hong Kong Limited
12th Floor, World-Wide House
19 Des Voeux Road, Central
Hong Kong

or any of the following branches of Bank of Communications Co., Ltd. Hong Kong Branch:

	Branch Name	Address
Hong Kong Island	Hong Kong Branch	20 Pedder Street, Central
	King's Road Sub-Branch	67-71 King's Road
	Taikoo Shing Sub-Branch	Shop 38, G/F, City Plaza 2 18 Taikoo Shing Road
	Hennessy Road Sub-Branch	G/F, Bank of Communications Building, 368 Hennessy Road

	Branch Name	Address
Kowloon	Cheung Sha Wan Plaza Sub-Branch	Unit G04, Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road
	Hunghom Sub-Branch	Room A6, G/F, Wing Kwai Building, 1-3 Tak Man Street, Whampoa Estate
	Tsimshatsui Sub-Branch	Shop 1-3, G/F, 22-28 Mody Road
New Territories	Tuen Mun Sub-Branch	Shop 7-8, G/F, Castle Peak Lin Won Building, 2-4 Yan Ching Street
	Ma On Shan Sub-Branch	Shop Nos. 3038A & 3054-56, Level 3, Sunshine City Plaza
	Tiu Keng Leng Sub-Branch	Unit L2-064 & 065, Metro Town Shopping Mall, 8 King Ling Road

You can collect a **YELLOW** Application Form and this prospectus during normal business hours from 9:00 a.m. on Tuesday, 12 July 2011 until 12:00 noon on Friday, 15 July 2011 from:

(i) the **Depository Counter of HKSCC** at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong; and

(ii) your broker, who may have such Application Forms and this prospectus available.

You should note that by completing and submitting the **WHITE** or **YELLOW** Application Form, you (and if you are joint applicants, each of you jointly and severally), for yourself or as agent or nominee and on behalf of each person for whom you as agent or nominee, amongst other things:

(i) **agree** with our Company, for itself and on behalf of each Shareholder, and our Company agrees with each Shareholder, to observe and comply with the Companies Ordinance, the memorandum of association of our Company and the Bye-laws;

(ii) **agree** with our Company and each of the Shareholders that the Shares are freely transferable by the holder thereof;

(iii) **confirm** that you have received a copy of this prospectus, and have only relied on the information and representations in this prospectus and the Application Form in making your application and that you will not rely on any other information and/or representations save as set out in any supplement to this prospectus;

(iv) **agree** that our Company, the Directors, the Sponsor, the Joint Lead Managers, the Sole Bookrunner and the Underwriters (or their respective agents and nominees) and any of their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer are liable only for the information and representations contained in this prospectus and any supplement to this prospectus;

(v) **agree** (without prejudice to any other rights you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation other than as provided in this prospectus;

(vi) (if the application is made for your own benefit) **warrant** that the application is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or to the **HK eIPO White Form** Service Provider via **HK eIPO White Form** service (**www.hkeipo.hk**) or by giving **Electronic Application Instructions** to HKSCC via CCASS;

(vii) (if the application is made by an agent on your behalf) **warrant** that you have validly and irrevocably conferred on your agent all necessary power and authority to make the application;

(viii) (if you are making the application as agent for the benefit of another person) **warrant** that reasonable enquiries have been made of that other person and that the application is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or to the **HK eIPO White Form** Service Provider via the **HK eIPO White Form** service (**www.hkeipo.hk**) or by way of giving **Electronic Application Instructions** to HKSCC via CCASS, and that you are duly authorised to sign the Application Form as that other person's agent;

(ix) **warrant** the truth and accuracy of the information contained in the Application Form;

(x) **agree** to disclose to our Company, our Company's Hong Kong branch share registrar and transfer office, the receiving banker, the Sponsor, the Joint Lead Managers, the Sole Bookrunner and the Underwriters (and their respective agents, advisers or nominees) personal data and any information which they require about you or the person(s) for whose benefit you have made the application;

(xi) **agree** that the processing of your application, including the despatch of refund cheques (where applicable), may be done by any of our Company's receiving bankers and is not restricted to the bank at which your Application Form was lodged;

(xii) **instruct** and **authorise** our Company, the Joint Lead Managers, the Sole Bookrunner, the Underwriters (or their respective agents or nominees) each acting as an agent of our Company to do on your behalf all things necessary to register any Public Offer Shares allotted to you in your name(s) or the name of HKSCC Nominees, as the case may be, and otherwise to give effect to the arrangements described in this prospectus and the relevant Application Form;

(xiii) **undertake** to sign all documents and to do all things necessary to enable you or HKSCC Nominees, as the case may be, to be registered as the holder of the Public Offer Shares to be allotted to you, and as required by the memorandum of association of our Company and the Bye-laws;

(xiv) **represent, warrant** and **undertake** that you are not restricted by any applicable laws of Hong Kong or elsewhere from making this application, pay any application monies for, or being allotted or taking up any Public Offer Shares; and you understand that the Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended and you are not a U.S. person (as defined in Regulation S of the U.S. Securities Act 1933, as amended) or a person to or by whom the allotment of or application for the Public Offer Shares is made would require our Company, the Sponsor, the Joint Lead Managers, the Sole Bookrunner and/or the Underwriters to comply with any requirement under any law or regulation (whether or not having the force of law) of any territory outside Hong Kong;

(xv) **agree** that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xvi) **undertake** and **agree** to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xvii) **authorise** our Company to place your name(s) or the name of HKSCC Nominees, as the case may be, on the branch register of members of our Company as the holders(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any refund cheque (where applicable) to you or the first-named applicant in the Application Form (in case of joint applicants) by ordinary post at your own risk to the address stated in your application form (except that if you have applied for 1,000,000 Public Offer Shares or more and have indicated in your Application Form that you will collect your share certificate(s) and/or refund cheque(s) (if any) in person), you can collect your share certificate(s) and/or refund cheque(s) (where applicable) in person between 9:00 a.m. and 1:00 p.m. on Thursday, 21 July 2011 from Tricor Investor Services Limited;

(xviii) **understand** that these declarations and representations will be relied upon by our Company, the Directors, the Joint Lead Managers, the Sole Bookrunner and the Underwriters and their respective agents or nominees in deciding whether or not to allocate any Public Offer Shares in response to your application and that you may be prosecuted for making any false declaration; and

(xix) if the laws of any place outside Hong Kong are applicable to your application, **agree** and **warrant** that you have complied with all such laws and none of our Company, the Sponsor, the Joint Lead Managers, the Sole Bookrunner, the Underwriters and other parties involved in the Share Offer nor any of their respective directors, employees, partners, agents, officers or advisers will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Forms.

In order for the **YELLOW** Application Form to be valid:

The applicant(s) must complete the **YELLOW** Application Form as indicated below and sign on the first page of the **YELLOW** Application Form. Only written signatures will be accepted.

(i) **If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant)**, the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box in the Application Form.

(ii) **If the application is made by an individual CCASS Investor Participant:**

(a) the Application Form must contain the CCASS Investor Participant's full name and Hong Kong identity card number; and

(b) the CCASS Investor Participant must insert his participant I.D. in the appropriate box in the Application Form.

(iii) **If the application is made by joint individual CCASS Investor Participants:**

(a) the Application Form must contain all joint CCASS Investor Participants' full names and the Hong Kong identity card numbers of all joint CCASS Investor Participants; and

(b) the participant I.D. must be inserted in the appropriate box in the Application Form.

(iv) **If the application is made by a corporate CCASS Investor Participant:**

(a) the Application Form must contain the company name and Hong Kong business registration number; and

(b) the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or incomplete details of the CCASS Participant or the omission of details of the CCASS Participant including participant I.D. and/or company chop bearing its company name or other similar matters may render the application invalid.

Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are requested to designate on each Application Form in the box marked "For nominees" account numbers or other identification code for each beneficial owner or, in the case of joint beneficial owners, for each such beneficial owner.

If you apply for the Public Offer Shares using a **YELLOW** Application Form, in addition to the confirmations and agreements referred to above, you (and if you are joint applicants, each of you jointly and severally) are deemed to do the following:

(i) **agree** that any Public Offer Shares allocated to you shall be registered in the name of HKSCC Nominees and deposited directly into CCASS operated by HKSCC for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant, in accordance with your election in the Application Form;

(ii) **agree** that each of HKSCC and HKSCC Nominees reserves the right at its absolute discretion (1) not to accept any or part of the Public Offer Shares allocated to you issued in the name of HKSCC Nominees or not to accept such Public Offer Shares for deposit into CCASS; (2) to cause such allotted Public Offer Shares to be withdrawn from CCASS and transferred into your name (or, if you are joint applicants, to the name of the first-named applicant) at your own risk and costs; and (3) to cause such allotted Public Offer Shares to be issued in your name (or, if you are a joint applicant, in the name of the first-named applicant) and in such a case, to post the certificates for such allotted Public Offer Shares at your own risk to the address stated in the Application Form by ordinary post or to make available the same for your collection;

(iii) **agree** that each of HKSCC and HKSCC Nominees may adjust the number of Public Offer Shares allocated to you and issued in the name of HKSCC Nominees;

(iv) **agree** that neither HKSCC nor HKSCC Nominees shall have any liability for the information and representations not so contained in this prospectus and the Application Form; and

(v) **agree** that neither HKSCC nor HKSCC Nominees shall be liable to you in any way.

How to make payment for the application

Each completed **WHITE** or **YELLOW** Application Form must be accompanied by either one cheque or one banker's cashier order, which must be stapled to the top left hand corner of the Application Form.

If you pay by cheque, the cheque must:

(i) be in Hong Kong dollars;

(ii) be drawn on your Hong Kong dollar bank account in Hong Kong;

(iii) show your account name (or, in the case of joint applicants, the name of the first-named applicant) (either pre-printed on the cheque or endorsed on the back of the cheque by an authorised signatory of the bank on which it is drawn), which must be the same as the name on your Application Form (or, in the case of joint applicants, the name of the first-named applicant). If the cheque is drawn on a joint account, one of the joint account names must be the same as the name of the first-named applicant);

(iv) be made payable to "Bank of Communications (Nominee) Co. Ltd. – Sino Harbour Public Offer";

(v) be crossed "Account Payee Only"; and

(vi) not be post-dated.

Your application may be rejected if your cheque does not meet all of these requirements or is dishonoured on first presentation.

If you pay by banker's cashier order, the banker's cashier order must:

(i) be in Hong Kong dollars;

(ii) be issued by a licensed bank in Hong Kong and have your name certified on the back of the banker's cashier order by an authorised signatory of the bank on which it is drawn. The name on the back of the banker's cashier order and the name on the Application Form must be the same. If the application is a joint application, the name on the back of the banker's cashier order must be the same as the name of the first-named applicant;

(iii) be made payable to "Bank of Communications (Nominee) Co. Ltd. – Sino Harbour Public Offer";

(iv) be crossed "Account Payee Only"; and

(v) not be post-dated.

Your application may be rejected if your banker's cashier order does not meet all of these requirements. The right is reserved to present all or any remittance for payment. However, your cheque or banker's cashier order will not be presented for payment before 12:00 noon on Friday, 15 July 2011. Our Company will not give you a receipt for your payment. Our Company will keep any interest accrued on your application monies (up until, in the case of monies to be refunded, the date of despatch of refund cheques). The right is also reserved to retain any share certificates and/or any surplus application monies or refunds pending clearance of your cheque or banker's cashier order.

Members of the public – time for applying for Public Offer Shares

Completed **WHITE** or **YELLOW** Application Forms, with payment in Hong Kong dollars for the full amount on application attached, must be lodged by **12:00 noon on Friday, 15 July 2011**, or, if the application lists are not open on that day, then by 12:00 noon on the next Business Day the lists are open.

Your completed **WHITE** or **YELLOW** Application Form, with payment in Hong Kong dollars for the full amount payable on application attached, should be deposited in the special collection boxes provided at any of the branches of Bank of Communications Co., Ltd. Hong Kong Branch listed on the sub-paragraph headed "Where to collect this prospectus and the **WHITE** and **YELLOW** Application Forms" of this section.

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 15 July 2011.

Application for the Public Offer Shares will not be processed, and no allotment of any such Public Offer Shares will be made, until the close of the application lists.

2. APPLYING THROUGH HK eIPO WHITE FORM

General

(i) You may apply through **HK eIPO White Form** by submitting an application through the designated website at **www.hkeipo.hk** if you satisfy the relevant eligibility criteria for this as set out in the sub-paragraph headed "Who can apply for the Offer Shares" and on the same website. If you apply through **HK eIPO White Form**, the Shares will be issued in your own name.

(ii) Detailed instructions for application through the **HK eIPO White Form** service are set out on the designated website at **www.hkeipo.hk**. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated HK eIPO White Form Service Provider and may not be submitted to our Company.

(iii) If you give **Electronic Application Instructions** through the designated website at **www.hkeipo.hk**, you will have authorised the designated HK eIPO White Form Service Provider to apply on the terms and conditions set out in this prospectus, as supplemented and amended by the terms and conditions applicable to the **HK eIPO White Form** service.

(iv) In addition to the terms and conditions set out in this prospectus, the designated HK eIPO White Form Service Provider may impose additional terms and conditions upon you for the use of the **HK eIPO White Form** service. Such terms and conditions are set out on the designated website at **www.hkeipo.hk**. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.

(v) By submitting an application to the designated HK eIPO White Form Service Provider through the **HK eIPO White Form** service, you are deemed to have authorised the designated HK eIPO White Form Service Provider to transfer the details of your application to our Company, the Sponsor, the Joint Lead Managers, the Sole Bookrunner, the Underwriters, the receiving bankers and the registrars.

(vi) You may submit an application through the **HK eIPO White Form** service in respect of a minimum of 2,000 Offer Shares. Each **Electronic Application Instruction** in respect of more than 2,000 Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at **www.hkeipo.hk**.

(vii) You should give **Electronic Application Instructions** through **HK eIPO White Form** at the times set out in the paragraph headed "Time for applying for the Public Offer Shares" in this section below.

(viii) You should make payment for your application made by **HK eIPO White Form** service in accordance with the methods and instructions set out in the designated website at **www.hkeipo.hk**. **If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Friday, 15 July 2011 or such later time as described under the paragraph headed "Effect of bad weather on electronic applications under HK eIPO White Form" in this section below, the designated HK eIPO White Form Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at www.hkeipo.hk. You will not be permitted to submit your application to the designated HK eIPO White Form Service Provider through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.**

(ix) Once you have completed payment in respect of any **Electronic Application Instruction** given by you or for your benefit to the designated **HK eIPO White Form** Service Provider to make an application for Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **Electronic Application Instruction** under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular payment application reference number will not constitute an actual application.

(x) Warning: The application for Offer Shares through the **HK eIPO White Form** service is only a facility provided by the designated HK eIPO White Form Service Provider to public investors. **Our Company, the Directors, the Sponsor, the Joint Lead Managers, the Sole Bookrunner and the Underwriters take no responsibility for such applications, and provide no assurance that applications through the HK eIPO White Form service will be submitted to our Company or that you will be allotted any Offer Shares. Please note that internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the HK eIPO White Form service, you are advised not to wait until the last day for submitting applications in the Public Offer to submit your Electronic Application Instructions.** In the event that you have problems connecting to the designated website for the **HK eIPO White Form** service, you should submit a **WHITE** Application Form. However, once you have submitted **Electronic Application Instructions** and completed payment in full using the payment reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** or **YELLOW** Application Form or give **Electronic Application Instructions** to HKSCC via CCASS.

Conditions of the HK eIPO White Form service

In using the **HK eIPO White Form** service to apply for the Offer Shares, the applicant shall be deemed to have accepted the following conditions:

That the applicant:

- **applies** for the desired number of Offer Shares on the terms and conditions of this prospectus and the **HK eIPO White Form** subject to the memorandum of association of our Company and the Bye-laws;

- **undertakes** and **agrees** to accept the Offer Shares applied for, or any lesser number allotted to the applicant on such application;

- **declares** that this is the only application made and the only application intended by the applicant to be made whether on a **WHITE** or **YELLOW** Application Form or by giving **Electronic Application Instruction** to HKSCC or to the HK eIPO White Form Service Provider under the **HK eIPO White Form** service, to benefit the applicant or the person for whose benefit the applicant is applying;

- **undertakes** and **confirms** that the applicant and the person for whose benefit the applicant is applying has not applied for or taken up, or indicated an interest for, or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor otherwise participate in the Placing;

- **understands** that the declaration and representation made in the **HK eIPO White Form will be relied upon by our Company, the Joint Lead Managers, the Sole Bookrunner and the Underwriters in deciding whether or not to make any allotment of Offer Shares in response to such application**;

- **authorises** our Company to place the applicant's name on the register of members of our Company as the holder of any Offer Shares to be allotted to the applicant, and (subject to the terms and conditions set out in this prospectus) to send any share certificates and/or any refund cheque(s) by ordinary post at the applicant's own risk to the address given on the **HK eIPO White Form** except where the applicant has applied for 1,000,000 or more Offer Shares and that applicant collects any share certificate(s) and/or refund cheque(s) in person in accordance with the procedures prescribed in the **HK eIPO White Form** and this prospectus;

- **requests** that any White Form e-refund payment instruction(s)/refund cheque(s) be made payable to the applicant; and (subject to the terms and conditions set out in this prospectus) to send any refund cheques by ordinary post and at the applicant's own risk to the address given on the **HK eIPO White Form** (except where the applicant has applied for 1,000,000 or more Offer Shares and collects any refund cheque(s) in person in accordance with the procedures prescribed in the **HK eIPO White Form** and this prospectus);

- **has read** the terms and conditions and application procedures set out in/on the **HK eIPO White Form**, this prospectus and the **HK eIPO White Form** website and agree to be bound by them;

- **represents, warrants** and **undertakes** that the applicant, and any persons for whose benefit the applicant is applying are non-U.S. person(s) outside the United States (as defined in Regulation S), when completing and submitting the **HK eIPO White Form** or is a person described in paragraph (h)(3) of Rule 902 of Regulation S or the allotment of or application for the Offer Shares to or by whom or for whose benefit the application is made would not require our Company to comply with any requirements under any law or regulation (whether nor not having the force of law) of any territory outside Hong Kong; and

- **agrees** that such application, any acceptance of it and the resulting contract, will be governed by and construed in accordance with the laws of Hong Kong.

Supplemental Information

If any supplement to this prospectus is issued, applicant(s) who have already submitted an electronic application instruction through the **HK eIPO White Form** service may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications through the **HK eIPO White Form** service that have been submitted remain valid and may be accepted. Subject to the above and below, an application once made through the **HK eIPO White Form** service is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

Effect of bad weather on electronic applications under HK eIPO White Form Service

The latest time for submitting an application to the designated HK eIPO White Form Service Provider through **HK eIPO White Form** service will be 11:30 a.m. on Friday, 15 July 2011 and the latest time for completing full payment of application monies will be 12:00 noon on Friday, 15 July 2011. If there is:

- a tropical cyclone warning signal number eight or above; or

- a “black” rainstorm warning

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 15 July 2011, the latest time to complete the application and the latest time to complete payment will be postponed to 11:30 a.m. and 12:00 noon respectively on the next Business Day which does not have either of those warning signals in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on such day.

Effect of completing and submitting an application through the HK eIPO White Form service

By completing and submitting an application through the **HK eIPO White Form** service, you for yourself or as agent or nominee and on behalf of any person for whom you act as agent or nominee shall be deemed to:

- **instruct** and **authorise** our Company, the Sponsor, the Joint Lead Managers, the Sole Bookrunner and the Underwriters as agents for our Company (or their respective agents or nominees) to do on your behalf all things necessary to register any Offer Shares allotted to you in your name as required by the Bye-laws and otherwise to give effect to the arrangements described in this prospectus and the **HK eIPO White Form** designated website at **www.hkeipo.hk**;

- **confirm** that you have only relied on the information and representations in this prospectus in making your application and will not rely on any other information and representations save as set out in any supplement to this prospectus;

- **agree** that our Company and the Directors are liable only for the information and representations contained in this prospectus and any supplement thereto;

- **agree** (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

- (if the application is made for your own benefit) **warrant** that this is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **Electronic Application Instructions** to HKSCC or to the HK eIPO White Form Service Provider via the **HK eIPO White Form** service;

- (if you are an agent for another person) **warrant** reasonable enquiries have been made of that other person that this is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **Electronic Application Instructions** to HKSCC or to the HK eIPO White Form Service Provider via the **HK eIPO White Form** service, and that you are duly authorised to submit the application as that other person's agent;

- **undertake** and **confirm** that you (if the application is made for your benefit) or the person(s) for whose benefit you have made this application have not applied for or taken up, or indicated an interest for, and will not apply for, take up or indicate an interest for, any Offer Shares under the Placing;

- **agree** that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

- **agree** to disclose to our Company, and/or its registrars, receiving bankers, the Sponsor, the Joint Lead Managers, the Sole Bookrunner, the Underwriters and their respective advisers and agents personal data and any information which they require about you or the person(s) for whose benefit you have made this application;

- **agree** with our Company and each shareholder of our Company, and our Company agrees with each of its shareholder, to observe and comply with the Companies Ordinance, the memorandum of association of our Company and the Bye-laws;

- **agree** with our Company and each shareholder of our Company that the Shares in our Company are freely transferable by the holders thereof;

- **represent, warrant** and **undertake** that you are not, and none of the other person(s) for whose benefit you are applying, is a U.S. person (as defined in Regulation S);

- **represent** and **warrant** that you understand that the Shares have not been and will not be registered under the U.S. Securities Act and you are outside the United States (as defined in Regulation S) when completing the Application Form or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

- **confirm** that you have read the terms and conditions and application procedures set out in this prospectus, the **HK eIPO White Form** designated website at **www.hkeipo.hk** and agree to be bound by them;

- **undertake** and **agree** to accept the Shares applied for, or any lesser number allocated to you under your application; and

- if the laws of any place outside Hong Kong are applicable to your application, **agree** and **warrant** that you have complied with all such laws and none of our Company, the Sponsor, the Joint Lead Managers, the Sole Bookrunner and the Underwriters nor any of their respective officers or advisers will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus, the **HK eIPO White Form** designated website at **www.hkeipo.hk**.

Our Company, the Directors, the Sponsor, the Joint Lead Managers, the Sole Bookrunner, the Underwriters and their respective directors, officers, employees, partners, agents, advisers, and any other parties involved in the Share Offer are entitled to rely on any warranty, representation or declaration made by you in such application.

In the event of an application being made by joint applicants, all the warranties, representations, declarations and obligations expressed to be made, given or assumed by or imposed on the joint applicants shall be deemed to have been made, given and assumed by and imposed on the applicants jointly and severally.

For the purposes of allocating the Offer Shares, each applicant giving electronic application instructions through **HK eIPO White Form** service to the HK eIPO White Form Service Provider through the designated website at **www.hkeipo.hk** will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Offer Shares for which you have applied, or if your application is otherwise rejected by the designated HK eIPO White Form Service Provider, it may adopt alternative arrangements for the refund of application monies to you. Please refer to the additional information provided by the designated HK eIPO White Form Service Provider on the designated website at **www.hkeipo.hk**.

Otherwise, any application monies payable to you due to a refund for other reasons are set out below in the paragraph headed "Despatch/collection of share certificates, White Form e-refund payment instructions and refund cheques" of this section below.

3. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

General

CCASS Participants may give **Electronic Application Instructions** to HKSCC to apply for the Public Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

If you are a CCASS Investor Participant, you may give **Electronic Application Instructions** through the CCASS Phone System by calling 2979 7888 or CCASS Internet System at https://ip.ccass.com (according to the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **Electronic Application Instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
2/F., Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Copies of this prospectus are available for collection from the above address. If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **Electronic Application Instructions** via CCASS terminals to apply for Public Offer Shares on your behalf.

You are deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to our Company, the Sponsor, the Joint Lead Managers, the Sole Bookrunner, the Underwriters and our Company's share registrar and transfer offices.

Application for the Public Offer Shares by HKSCC Nominees on your behalf

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **Electronic Application Instructions** to apply for the Public Offer Shares:

(i) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees does the following things on behalf of each such person:

- **agrees** that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has input **Electronic Application Instructions** on that person's behalf or that person's CCASS Investor Participant stock account;

- **undertakes** and **agrees** to accept the Public Offer Shares in respect of which that person has given **Electronic Application Instructions** or any lesser number;

- **undertakes** and **confirms** that that person has not indicated an interest for, applied for or taken up any Offer Shares under the Placing and will not apply for or take up or indicate any interest in any of the Placing Shares, nor otherwise participated in the Placing;

- (if the **Electronic Application Instructions** are given for that person's own benefit) **warrants** that only one set of **Electronic Application Instructions** has been given for that person's benefit on a **WHITE** or **YELLOW** application form or by giving electronic application instructions to HKSCC or to the **HK eIPO White Form** Service Provider under the **HK eIPO White Form** service;

- (if that person is an agent for another person) **warrants** that the application is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **HK eIPO White Form** Service Provider via **HK eIPO White Form** service and that you are duly authorised to sign this Application Form as that other person's agent;

- **understands** that the above declaration will be relied upon by our Company, the Directors, the Joint Lead Managers, the Sole Bookrunner and/or the Underwriters in deciding whether or not to make any allocation of the Public Offer Shares in respect of the **Electronic Application Instructions** given by that person and that that person may be prosecuted if he makes a false declaration;

- **authorises** our Company to place the name of HKSCC Nominees on the register of members of our Company as the holder of the Public Offer Shares allotted in respect of that person's **Electronic Application Instructions** and to send share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company and HKSCC;

- **confirms** that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;

- **confirms** that that person has only relied on the information and representations in this prospectus (and any supplement thereto) in giving that person's **Electronic Application Instructions** or instructing that person's broker or custodian to give **Electronic Application Instructions** on that person's behalf;

- **agrees** that our Company, the Directors, the Sponsor, the Joint Lead Managers, the Sole Bookrunner, the Underwriters, their respective directors, officers, employees, advisers and any other parties involved in the Share Offer are not liable for the information and representations not so contained in this prospectus and any supplement thereto;

- **agrees** to disclose that person's personal data to our Company, the Sponsor, the Joint Lead Managers, the Sole Bookrunner, the Underwriters, its registrars, the receiving bankers and any of their respective agents and any information which they may require about that person;

- **agrees** (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees is accepted, the application cannot be rescinded for innocent misrepresentation;

- **agrees** that any application made by HKSCC Nominees on behalf of that person pursuant to **Electronic Application Instructions** given by that person is irrevocable before the expiration of the fifth day after the time of opening of the application lists or such later date as the application lists may open as described under the sub-paragraph headed "Effect of bad weather on the opening of the application lists" below, such agreement to take effect as a collateral contract with our Company and to become binding when that person gives the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the expiration of the fifth day after the time of opening of the application lists except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the end of the fifth day after the time of the opening of the application lists if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus (for the purpose of this paragraph, the term "day" shall be construed to exclude any Saturday, Sunday or public holiday in Hong Kong);

- **agrees** that any application made by HKSCC Nominees on behalf of that person pursuant to **Electronic Application Instructions** given by that person is irrevocable, save as provided for in this prospectus;

- **agrees** that once the application of HKSCC Nominees is accepted, neither that application nor that person's **Electronic Application Instruction** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Public Offer published by our Company;

- **agrees** to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **Electronic Application Instructions** relating to the Public Offer Shares;

- **agrees** with our Company, for itself and for the benefit of each of the Shareholders (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for our Company and on behalf of each of the Shareholders, with each CCASS Participant giving **Electronic Application Instructions**), to observe and comply with the Companies Ordinance, the memorandum of association of our Company and the Bye-laws;

- **agrees** with our Company (for itself and for the benefit of each of the Shareholders) that the Shares are freely transferable by the holders thereof; and

- **agrees** that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC

By giving **Electronic Application Instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees will be liable to our Company or any other person in respect of the things mentioned below:

- **instructed** and **authorised** HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;

- **instructed** and **authorised** HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of wholly or partly unsuccessful applications and/or if the Offer Price is less than the maximum Offer Price per Share initially paid on application, refund of the application monies, in each case including the related brokerage, SFC transaction levy and Stock Exchange trading fee, by crediting your designated bank account; and

- **instructed** and **authorised** HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

Minimum subscription amount and permitted multiples

You may give or cause your broker or a custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **Electronic Application Instructions** in respect of a minimum of 2,000 Public Offer Shares. Such instructions in respect of more than 2,000 Public Offer Shares must be in one of the numbers or multiples set out in the table in the Application Forms. No application for any number of the Public Offer Shares will be considered and any such application is liable to be rejected.

Multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **Electronic Application Instructions** to make an application for Public Offer Share given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made. Further information in this regard is set forth under the paragraph headed "How many applications you may make" below.

Effect of bad weather on the opening of application lists

The latest time for inputting your electronic application instructions will be 12:00 noon on Friday, 15 July 2011, the last application day. If there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning signal

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 15 July 2011, the last application day will be postponed to the next Business Day which does not have either of these warning signals in Hong Kong at any time between 9:00 a.m. and 12:00 noon on such day.

Allocation of the Public Offer Shares

For the purposes of allocating the Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **Electronic Application Instructions** or each person for whose benefit each such instruction is given will be treated as an applicant.

Personal Data

The paragraph headed "Personal Data" in the Application Forms applies to any personal data held by our Company, its registrars, receiving banker, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Section 40 of the Companies Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives, or causes to give, **Electronic Application Instructions** is a person who may be entitled to compensation under section 40 of the Companies Ordinance.

Warning

The application for the Public Offer Shares by giving **Electronic Application Instructions** to HKSCC is only a facility provided to CCASS Participants. Our Company, the Directors, the Sponsor, the Joint Lead Managers, the Sole Bookrunner and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participants will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **Electronic Application Instructions** to HKSCC through the CCASS Phone System or CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **Electronic**

Application Instructions to the systems. In the event that CCASS Investor Participants have problems connecting to CCASS Phone System/CCASS Internet System for submission of **Electronic Application Instructions**, they should either (i) submit the **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an application instruction input request form for **Electronic Application Instructions** before 12:00 noon on Friday, 15 July 2011 or such later time as described under the paragraph headed "Effect of bad weather on the opening of the application lists" below.

HOW MANY APPLICATIONS YOU MAY MAKE

You may make more than one application for the Public Offer Shares if you are a nominee. You may both give **Electronic Application Instructions** to HKSCC (if you are a CCASS participant) and lodge more than one application in your own name if each application is made on behalf of different beneficial owners. In the box on the Application Form marked "For nominees" you must include:

(i) an account number; or

(ii) some other identification code

for **each** beneficial owner. If you do not include this information, the application will be treated as being for your own benefit. Otherwise, multiple applications are not allowed.

It will be a term and condition of all applications that by completing and delivering an Application Form, or submitting an **Electronic Application Instruction** to HKSCC or to the HK eIPO White Form Service Provider via the **HK eIPO White Form** service you:

- (if the application is made for your own benefit) warrant that this is the only application which has been or will be made for your own benefit on a **WHITE** or **YELLOW** Application Form or by giving **Electronic Application Instructions** to HKSCC or to the HK eIPO White Form Service Provider via the **HK eIPO White Form** service; or

- (if you are an agent or nominee for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which has or will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **Electronic Application Instructions** to HKSCC or to the HK eIPO White Form Service Provider via the **HK eIPO White Form** service and that you are duly authorised to sign the Application Form as that other person's agent or nominee.

Except where you are a nominee and provide the information required to be provided in your application, **all** of your applications may be rejected as multiple applications if you, or you and/or your joint applicants together:

- make more than one application on a **WHITE** or **YELLOW** Application Form and/or by giving **Electronic Application Instructions** to HKSCC via CCASS and/or to the HK eIPO White Form Service Provider via the **HK eIPO White Form** service; or

- both apply (whether individually or jointly) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give **Electronic Application Instructions** to HKSCC via CCASS or to the HK eIPO White Form Service Provider in the **HK eIPO White Form** service; or

- apply on one **WHITE** or **YELLOW** Application Form or by giving **Electronic Application Instructions** to HKSCC via CCASS or to the **HK eIPO White Form** Services Provider via the **HK eIPO White Form** service for more than 100% of the Public Offer Shares initially available under pool A and pool B as referred to in the section headed "Structure of the Share Offer" in this prospectus; or

- have applied for or taken up, or indicated an interest in applying for or taking up or have been allotted or will be allotted Placing Shares under the Placing.

All of your applications will also be rejected as multiple applications if more than one application (i) on a **WHITE** or **YELLOW** Application Form and/or (ii) by giving **Electronic Application Instructions** to HKSCC via CCASS and/or (iii) to the HK eIPO White Form Service Provider via the **HK eIPO White Form** service is made for your benefit (including the part of the application made by HKSCC acting on electronic application instructions). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and

- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

Unlisted company means a company with no equity securities listed on the Stock Exchange.

Statutory control means you:

- control the composition of the board of directors of the company; or

- control more than half of the voting power of the company; or

- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

HOW MUCH ARE THE PUBLIC OFFER SHARES

The maximum Offer Price is HK$1.68 per Offer Share. You must also pay brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. This means that for every 2,000 Public Offer Shares, you will pay HK$3,393.87. Each Application Form has a table showing the exact amount payable for certain multiples of the Public Offer Shares. You must pay the maximum Offer Price, the brokerage, the Stock Exchange trading fee and the SFC transaction levy in full when you apply for the Public Offer Shares.

If your application is successful, the brokerage is paid to participants of the Stock Exchange, the transaction levy is paid to the Stock Exchange collecting on behalf of the SFC, and the trading fee is paid to the Stock Exchange. If the Offer Price as finally determined is less than HK$1.68 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the surplus application monies) will be made to the applicants, without interests. Details of the procedures for refund are contained below in the paragraph headed "Despatch/collection of share certificates, White Form e-refund payment instructions and refund cheques".

Our Company will not issue temporary documents of title, evidence of title or receipt for payment.

TIME FOR APPLYING FOR THE PUBLIC OFFER SHARES

WHITE and YELLOW Application Forms

Completed **WHITE** or **YELLOW** Application Forms, with payment attached, must be lodged by 12:00 noon on Friday, 15 July 2011, or, if the application lists are not open on that day, then by the time and date stated in the paragraph headed "Effect of bad weather on the opening of the application lists".

Your completed Application Form, with payment in Hong Kong dollars for the full amount payable on application attached, should be deposited in the special collection boxes provided at any one of the branches of the Bank of Communications Co., Ltd. Hong Kong Branch listed under the sub-paragraph headed "Where to collect this prospectus and the **WHITE** and **YELLOW** Application Forms" above at the following times:

Tuesday, 12 July 2011 - 9:00 a.m. to 5:00 p.m.
Wednesday, 13 July 2011 - 9:00 a.m. to 5:00 p.m.
Thursday, 14 July 2011 - 9:00 a.m. to 5:00 p.m.
Friday, 15 July 2011 - 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 15 July 2011 June 2011.

HK eIPO White Form

You may submit your application to the designated HK eIPO White Form Service Provider through the designated website at **www.hkeipo.hk** from 9:00 a.m. on Tuesday, 12 July 2011 until 11:30 a.m. on Friday, 15 July 2011 or such later time as described under the paragraph headed "Effect of bad weather on the opening of the application lists" below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, 15 July 2011, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the paragraph headed "Effect of bad weather on the opening of the application lists" below.

You will not be permitted to submit your application to the designated HK eIPO White Form Service Provider through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an payment reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Friday, 15 July 2011, or such later time as described under the sub-paragraph headed "Effects of bad weather on the opening of the application lists", the designated White Form eIPO Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at www.hkeipo.hk.

Electronic Application Instructions to HKSCC

CCASS Clearing/Custodian Participants can input **Electronic Application Instructions** via CCASS at the following times on the following dates:

Tuesday, 12 July 2011 - 9:00 a.m. to 8:30 p.m.[(1)]
Wednesday, 13 July 2011 - 8:00 a.m. to 8:30 p.m.[(1)]
Thursday, 14 July 2011 - 8:00 a.m. to 8:30 p.m.[(1)]
Friday, 15 July 2011 - 8:00 a.m.[(1)] to 12:00 noon

(1 These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **Electronic Application Instructions** from 9:00 a.m. on Tuesday, 12 July 2011 until 12:00 noon on Friday, 15 July 2011 (24 hours daily, except the last application date).

The latest time for inputting your **Electronic Application Instructions** (if you are a CCASS Participant) is 12:00 noon on Friday, 15 July 2011 or, if the application lists are not open on that day, by the time and date stated under the paragraph headed "Effect of bad weather on the opening of the application lists" below.

Application Lists

Subject to the events as described in the paragraph headed "Effect of bad weather on the opening of the application lists" below, the application lists will open at 11:45 a.m. and close at 12:00 noon on Friday, 15 July 2011.

No proceedings will be taken on application for the Shares and no allotment of any such Shares will be made until the closing of the application lists.

EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number eight or above, or
- a "black" rainstorm warning

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 15 July 2011. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on such day.

CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED THE PUBLIC OFFER SHARES

Full discretion of our Company, the Joint Lead Managers, the Sole Bookrunner, the HK eIPO White Form Service Provider and their respective agents to reject or accept your application

Our Company, the Joint Lead Managers, the Sole Bookrunner, the HK eIPO White Form Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of an application, and do not have to give any reason for any rejection or acceptance.

Full details of the circumstances in which you will not be allocated the Public Offer Shares are set out in the notes attached to the Application Forms, and you should read them carefully. You should note, in particular, the following situations in which the Public Offer Shares will not be allocated to you:

If your application is revoked

By completing and submitting an Application Form, or by giving or submitting **Electronic Application Instructions** to HKSCC, or by completing and submitting an application online through the designated website at **www.hkeipo.hk**, you agree that you cannot revoke your application or the application made by HKSCC Nominees on your behalf on or before the expiration of the fifth day after the time of the opening of the application lists.

This agreement will take effect as a collateral contract with our Company, and will become binding when you lodge your Application Form or submit your **Electronic Application Instructions** to HKSCC and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the end of the fifth day after the time of opening of the application lists except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees on your behalf may be revoked on or before the fifth day after the time of the closing of the application lists, if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

For the purpose of the above paragraphs, the term "day" shall be construed to exclude any Saturday, Sunday or public holiday in Hong Kong.

If any supplement to this prospectus is issued, applicants who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicants have not been so notified, or if applicants have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted will remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. Acceptance of application which are not rejected will be constituted by notification in the announcement of the results of allocation and, where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to satisfaction of such conditions or the results of such ballot, respectively.

If the allotment of Public Offer Shares is void

Any allotment of the Public Offer Shares to you or to HKSCC Nominees (if you give **Electronic Application Instructions** to HKSCC or apply by a **YELLOW** Application Form) will be void if the Stock Exchange does not grant the approval of the listing of, and permission to deal in, the Shares either:

- within three weeks from the closing date of the application lists of the Public Offer; or
- within a longer period of up to six weeks if the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists of the Public Offer.

If your application is rejected

Your application will be rejected if:

- it is a multiple application or a suspected multiple application; or

- you or the person(s) for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have received or have been or will be placed or allotted (including conditionally and/or provisionally) Placing Shares. Reasonable steps will be taken to identify and reject applications in the Public Offer from investors who have received the Placing Shares; and to identify and reject indications of interest in the Placing from investors who have received Public Offer Shares in the Public Offer; or

- your Application Form is not completed correctly or fully completed (if you apply by an Application Form); or

- your **Electronic Application Instructions** to the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions set out in the designated website at **www.hkeipo.hk**; or

- your payment is not made in the correct form or amount; or

- you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured on its first presentation; or

- our Company, the Sponsor, the Joint Lead Managers, the Sole Bookrunner and/or the Underwriters or their respective agents or nominees as the agent of our Company believe that by accepting your application, they would violate the applicable securities laws or other laws, rules or regulations of the jurisdiction in which your application is received or your address is located; or

- your application is for more than 15,000,000 Public Offer Shares, being 50% of the Public Offer Shares initially available for subscription under the Public Offer.

Your application will not be accepted

Your application (including the part of an application made by HKSCC Nominees acting upon **Electronic Application Instructions**) will not be accepted if either:

- the Underwriting Agreements do not become unconditional in accordance with the terms and conditions thereunder; or

- the Underwriting Agreements are terminated in accordance with the terms and conditions thereunder.

DESPATCH/COLLECTION OF SHARE CERTIFICATES, WHITE FORM E-REFUND PAYMENT INSTRUCTIONS AND REFUND CHEQUES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$1.68 per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon) initially paid on application, or if the conditions of the Public Offer are not fulfilled in accordance with the paragraph headed "Conditions of the Share Offer" under the section headed "Structure of the Share Offer" in this prospectus or if any application is revoked or any allotment pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

No temporary documents of title will be issued in respect of the Public Offer Shares.

No receipt will be issued for the sums paid on application but, subject to personal collection as mentioned below, they will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on your Application Form in due course:

(a) for applications on **WHITE** Application Forms or by giving **Electronic Application Instructions** through **HK eIPO White Form** service:

    (i) share certificate(s) for all the Public Offer Shares applied for, if the application is wholly successful; or

    (ii) share certificate(s) for the number of Public Offer Shares successfully applied for, if the application is partially successful; and/or

(b) for wholly successful and partially successful applications on the **YELLOW** Application Forms: share certificates for the Shares successfully applied for will be deposited into CCASS as described below; and/or

(c) for applications on the **WHITE** or **YELLOW** Application Forms, refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Public Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the final Offer Price and the maximum Offer Price of HK$1.68 per Offer Share paid on application in the event that the Offer Price is less than the Offer Price per Share initially paid on application, in each case including the related brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interests; and/or

(d) for applicants applying through the **HK eIPO White Form** service by paying the application monies through a single bank account and applicant's application is wholly or partially unsuccessful and/or the final Offer Price being different from the maximum Offer Price initially paid on applicant's application, White Form e-refund payment instructions (if any) will be despatched to application payment bank account on or around Thursday, 21 July 2011; and/or

(e) for applicants applying through the **HK eIPO White Form** service by paying the application monies through multiple bank accounts and applicant's application is wholly or partially unsuccessful and/or the final Offer Price being different from the maximum Offer Price initially paid on applicant's application, refund cheque(s) will be sent to the address specified in applicant's application instructions to the designated HK eIPO White Form Service Provider on or around Thursday, 21 July 2011, by ordinary post and at applicant's own risk.

Subject to personal collection as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the Offer Price per Share initially paid on application (if any) under **WHITE** or **YELLOW** Application Forms or by giving **Electronic Application Instructions** through **HK eIPO White Form** service; and share certificates for wholly and partially successful applicants under **WHITE** Application Forms or by giving **Electronic Application Instructions** through **HK eIPO White Form** service are expected to be posted on or around Thursday, 21 July 2011. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s).

Pursuant to a new measure to improve security as agreed and adopted by The Hong Kong Association of Banks, the Hong Kong Monetary Authority, the Federation of Share Registrars and the SFC with effect from 2 April 2007, refund cheques will be printed with part of your Hong Kong identity card number or passport number. For joint applicants, the identity information of the first-named applicant will be printed. When a refund cheque is presented to a bank, the bank will cross-check both the name and the printed part of the Hong Kong identity card or passport number of the payee shown on the cheque against the bank's own record on the information of the account holder. Such data would also be transferred to a third party for refund purpose. If there is a discrepancy, the bank might request other proof of identity or take other steps for verification. If the bank is unable to be satisfied with the identity of the payee, the bank might reject the deposit of the refund cheque concerned. You are therefore advised to ensure that your identification numbers are accurately filled in on your Application Form to avoid delay in cashing your refund cheques.

A cheque deposit might be rejected if you fail to fill in correct identity information. Share certificates will only become valid certificates of title at 8:00 a.m. on Friday, 22 July 2011 provided that the Share Offer has become unconditional in all respects and the rights of termination described in the paragraph headed "Grounds for termination" in the section headed "Underwriting" in this prospectus has not been exercised.

You will receive one share certificate for all the Offer Shares issued to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Form or by **Electronic Application Instructions** to HKSCC where share certificates will be deposited into CCASS).

If you apply through WHITE Application Form

If you have applied for 1,000,000 Public Offer Shares or above and have indicated on your Application Form that you will collect your share certificate(s) (where applicable) and/ or refund cheque (if any) in person and have provided all information required by your Application Form, you may collect it/them from:

Tricor Investor Services Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

between 9:00 a.m. and 1:00 p.m. on Thursday, 21 July 2011 or any other date notified by our Company in the newspaper as the date of despatch of share certificates and refund cheques.

If you are an individual who opts for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must, in any event, produce, at the time of collection, evidence of identity acceptable to Tricor Investor Services Limited. If you do not collect your share certificate(s) and/or refund cheque (if any) within the time for collection specified above, they will be sent to you by ordinary post to the address as specified in your Application Form (or the address of the first-named applicant in case of a joint application) and at your own risk shortly after the time for collection.

If you have applied for 1,000,000 Public Offer Shares or above and have not indicated on your Application Form that you will collect your share certificate(s) and/or refund cheque (if any) in person; or if you have applied for less than 1,000,000 Public Offer Shares; or if your application is rejected, not accepted or accepted in part only; or if the conditions of the Public Offer are not fulfilled in accordance with the paragraph headed "Conditions of the Share Offer" under the section headed "Structure of the Share Offer" in this prospectus, or if any application is revoked or any allotment pursuant thereto has become void, then your share certificate(s) (where applicable) and/or refund cheque (where applicable) in respect of the application monies or the appropriate portion thereof, together with the related brokerage, Stock Exchange trading fee and SFC transaction levy (without interest) will be sent to the address on your Application Form (or the address of the first-named applicant in case of a joint application) on Thursday, 21 July 2011 by ordinary post and at your own risk.

If you apply through HK eIPO White Form

If you apply for 1,000,000 Public Offer Shares or more through the **HK eIPO White Form** Service by submitting an **Electronic Application Instructions** to the designated HK eIPO White Form Service Provider through the designated website at **www.hkeipo.hk** and your application is wholly or partially successful, you may collect your share certificate(s) in person from Tricor Investor Services Limited, from 9:00 a.m. to 1:00 p.m. on Thursday, 21 July 2011.

If you do not collect your share certificate(s) and/or refund cheque(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the designated **HK eIPO White Form** Service Provider promptly thereafter, by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your share certificate(s) will be sent to the address specified in your application instructions to the designated **HK eIPO White Form** Service Provider through the designated website at **www.hkeipo.hk** on Thursday, 21 July 2011 by ordinary post and at your own risk.

If you paid the application monies from a single bank account and your application is wholly or partially unsuccessful and/ or the Offer Price is different from the initial price paid on your application, White Form e-refund payment instructions (if any) will be dispatched to your application payment bank account on Thursday, 21 July 2011.

If you used multi-bank accounts to pay the application monies and your application is wholly or partially unsuccessful and/ or the Offer Price is different from the initial price paid on your application, refund cheque(s) will be sent to the address specified in your application instructions to the designated **HK eIPO White Form** Service Provider on Thursday, 21 July 2011 by ordinary post and at your own risk.

If you apply using a YELLOW Application Form or give an electronic application instruction to HKSCC via CCASS

If you apply for the Public Offer Shares using a **YELLOW** Application Form or by giving **Electronic Application Instructions** to HKSCC, and your application is wholly or partially successful, your share certificate will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant's stock account or the stock account of your designated CCASS Participant as instructed by you on Thursday, 21 July 2011, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

We expect to publish the application results of CCASS Investor Participants using **YELLOW** Application Form and the application results of CCASS Participants applying by giving **Electronic Application Instructions** to HKSCC (and where the CCASS Participants is a broker or custodian, we shall include information relating to the beneficial owner if supplied), the Hong Kong identity card numbers, passport numbers or other identification code (Hong Kong business registration number for corporations) on Thursday, 21 July 2011. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 21 July 2011 or such other date as shall be determined by HKSCC or HKSCC Nominees. Applicants applying as a CCASS Investor Participant using **YELLOW** Application Form or applying by giving **Electronic Application Instructions** to HKSCC can also check the result of application via the CCASS Phone System and CCASS Internet System (under the procedures contained in HKSCC's ''An Operating Guide for Investor Participants'' in effect from time to time) on Thursday, 21 July 2011.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of the Public Offer Shares allotted to you (and the amount of refund money payable to you if you have instructed a CCASS Clearing/Custodian Participant to give electronic application instructions on your behalf) with that CCASS Participant.

If you are applying as a CCASS Investor Participant, you can check your new account balance and the amount of refund (if any) payable to you via the CCASS Phone System and CCASS Internet System immediately after the credit of the Public Offer Shares to your stock account. HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your stock account (and the amount of refund money (if any) credited to your designated bank account if you are applying by giving electronic application instructions to HKSCC).

Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications, in each case including the related brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your CCASS Clearing Participant or CCASS Custodian Participant on Thursday, 21 July 2011. No interest will be paid thereon.

If you apply for 1,000,000 Public Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

If you have applied for 1,000,000 Public Offer Shares or above and have not indicated on your Application Forms that you will collect your refund cheque(s) (if any) in person, or you have applied for less than 1,000,000 Public Offer Shares or if your application is rejected, not accepted or accepted in part only, or if the conditions of the Public Offer are not fulfilled in accordance with the paragraph headed "Conditions of the Share Offer" under the section headed ''Structure of the Share Offer'' in this prospectus, or if your application is revoked or any allotment pursuant thereto has become void, your refund cheque(s) (where applicable) in respect of the application monies or the appropriate portion thereof, together with the related brokerage, Stock Exchange trading fee and SFC transaction levy, if any, (without interest) will be sent to the address on your Application Form on Thursday, 21 July 2011 by ordinary post and at your own risk.

PUBLICATION OF RESULTS

Our Company expects to release an announcement of the Offer Price, the level of indication of interest in the Placing, the basis of allocation and the level of applications for the Public Offer Shares to be published in The Standard (in English) and Sing Pao (in Chinese) on Thursday, 21 July 2011 and to be posted on our Company's website at **www.sinoharbour.com.hk** and the Stock Exchange's website at **www.hkexnews.hk**.

Results of allocations in the Public Offer, including the Hong Kong identity card/ passport/ Hong Kong business registration numbers of successful applicants (where supplied) and the number of Public Offer Shares successfully applied for under **WHITE** and **YELLOW** Application Forms, by giving **Electronic Application Instructions** to HKSCC or to the HK eIPO White Form Service Provider under the **HK eIPO White Form**, will be made available at the times and dates and in the manner specified below:

- Results of allocations for the Public Offer can be found in our announcement to be posted on our Company's website at **www.sinoharbour.com.hk** and the website of the Stock Exchange at **www.hkexnews.hk** by no later than 9:00 a.m. on Thursday, 21 July 2011.

- Results of allocations for the Public Offer will be available from our designated results of allocations website at **www.tricor.com.hk/ipo/result** on a 24-hour basis from 8:00 a.m. on Thursday, 21 July 2011 to 12:00 midnight on Wednesday, 27 July 2011. Search by ID function will be available on the Public Offer results of allocations website at **www.tricor.com.hk/ipo/result**, or via a hyperlink from our website at **www.sinoharbour.com.hk** to the Public Offer results of allocations website at **www.tricor.com.hk/ipo/result**. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application form to search for his/her/its own allocation result;

- Results of allocations will be available from the Public Offer allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Public Offer Shares allocated to them, if any, by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 21 July 2011 to Tuesday, 26 July 2011 (excluding Saturday, Sunday and public holidays in Hong Kong);

- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches from Thursday, 21 July 2011 to Monday, 25 July 2011 at all the receiving bank branches at the addresses set out in this announcement.

COMMENCEMENT OF DEALINGS IN THE SHARES

The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of our Company and the refund monies, if any, will be returned to the applicants without interest on Thursday, 21 July 2011. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Friday, 22 July 2011. Shares will be traded in board lots of 2,000 Shares. The stock code of the Shares is 1663.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the approval of the listing of, and permission to deal in, the Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Shares on the Stock Exchange or, under contingent situation, such other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangements, as such arrangements will affect their rights and interests.

The following is the text of a report, prepared for the purpose of inclusion in this prospectus, received from the reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong:

Tel : +852 2541 5041
Fax : +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2541 5041
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

12 July 2011

The Directors
Sino Harbour Property Group Limited
Kingsway Capital Limited

Dear Sirs,

We set out below is our report on the financial information (the "Financial Information") regarding Sino Harbour Property Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), including the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the three years ended 31 March 2009, 2010 and 2011 (the "Relevant Periods"), the combined statements of financial position of the Group as at 31 March 2009, 2010 and 2011 and the statement of financial position of the Company as at 31 March 2011, together with explanatory notes thereon, for inclusion in the prospectus of the Company dated 12 July 2011 in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated in Bermuda on 5 January 2011 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. As set out in Note 2 of Section II below, pursuant to a group reorganisation (the "Group Reorganisation"), the Company has become the holding company of the subsidiaries now comprising the Group. The Company has not carried on any business since the date of its incorporation saves for the aforementioned Group Reorganisation. Details of the Company's direct and indirect interests in its subsidiaries at the date of this report are set out in Note 1 of Section II below. Except for subsidiaries established in the People's Republic of China (the "PRC") which have adopted 31 December as their financial year end date, all other subsidiaries now comprising the Group have adopted 31 March as their financial year end date.

No audited financial statements have been prepared for the Company and Sino Harbour Property Holdings Limited ("SHPH") since their respective dates of incorporation as they are newly incorporated and have not been involved in any significant business transactions except for the Group Reorganisation as set out in Note 2 of Section II below.

The statutory financial statements of Sino Harbour Limited ("Sino Harbour") and Enrich H.K. Investments Limited ("Enrich HK") were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and were audited by Grant Thornton (now known as JBPB & Co.), Certified Public Accountants for the fifteen months ended 31 March 2009 and the year ended 31 March 2010 and audited by BDO Limited, Certified Public Accountants for the year ended 31 March 2011.

The statutory financial statements of Jiangxi Asia City Real Estate Development Co., Ltd. ("Jiangxi Asia City") and Leping City Feng Huang Jincheng Industry Co., Ltd. ("Leping Feng Huang") for the years ended 31 December 2008, 2009 and 2010 were prepared in accordance with the accounting principles and relevant accounting rules applicable to enterprises established in the PRC and were audited by Jiangxi Huipu Certified Public Accountants (江西惠普會計師事務所有限責任公司) (note), Certified Public Accountants, for the years ended 31 December 2008 and 2009 and Jiangxi Huaxia Certified Public Accountants Co., Ltd. (江西華夏會計師事務所有限責任公司) (note), Certified Public Accountants, for the year ended 31 December 2010.

The statutory financial statements of Fuzhou Pan Hong Kai Xuan Property Development Co., Ltd. ("Fuzhou Pan Hong") for the years ended 31 December 2008, 2009 and 2010 were prepared in accordance with the accounting principles and relevant accounting rules applicable to enterprises established in the PRC and were audited by Jiangxi Huipu Certified Public Accountants (江西惠普會計師事務所有限責任公司) (note), Certified Public Accountants, for the years ended 31 December 2008 and 2009 and Jiangxi Decheng United Certified Public Accountants Office (江西德誠聯合會計師事務所有限責任公司) (note), Certified Public Accountants, for the year ended 31 December 2010.

The statutory financial statements of Nanchang Liyang Decoration Limited ("Nanchang Liyang") for the period from 17 September 2009 (date of establishment) to 31 December 2009 and for the year ended 31 December 2010 were prepared in accordance with the accounting principles and relevant accounting rules applicable to enterprises established in the PRC and were audited by Jiangxi Huipu Certified Public Accountants (江西惠普會計師事務所有限責任公司) (note), Certified Public Accountants, for the period from 17 September 2009 (date of establishment) to 31 December 2009 and Jiangxi Huaxia Certified Public Accountants Co., Ltd. (江西華夏會計師事務所有限責任公司) (note), Certified Public Accountants, for the year ended 31 December 2010.

Nanchang Dingxun Co., Limited ("Nanchang Dingxun") was acquired by the Group on 12 January 2010. The statutory financial statements of Nanchang Dingxun for the year ended 31 December 2010 was prepared in accordance with the accounting principles and relevant accounting rules applicable to enterprises established in the PRC and was audited by Jiangxi Xinggan Certified Public Accountants Ltd. (江西興贛會計師事務所有限公司) (note), Certified Public Accountants.

No audited financial statements have been prepared for Jiangmen Pan Hong Kaixuan Real Estate Development Co., Ltd ("Jiangmen Pan Hong") as there is no business commenced since its date of incorporation.

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Group for the Relevant Periods on the basis of presentation as set out in Note 2 of Section II and in accordance with the accounting policies as set out in Note 3 of Section II (the "Underlying Financial Statements"). The Financial Information have been prepared based on the Underlying Financial Statements, with no adjustments made thereon, and on the basis as set out in Note 2 of Section II.

Note: The English translation of the names is for reference only. The official names of these entities are in Chinese.

DIRECTORS' RESPONSIBILITY

The directors of the Company are responsible for the preparation and the true and fair presentation of the Financial Information on the basis of presentation as set out in Note 2 of Section II and in accordance with the accounting policies as set out in Note 3 of Section II, the disclosure requirements of Hong Kong Companies Ordinance and applicable Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

It is our responsibility to form an independent opinion on the Financial Information for the Relevant Periods based on our examination and to report our opinion to you.

For the purpose of this report, we have examined the Underlying Financial Statements for the Relevant Periods and have carried out such appropriate procedures as we considered necessary in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA.

OPINION IN RESPECT OF THE RELEVANT PERIODS

In our opinion, the Financial Information set out below, for the purpose of this report and which is prepared on the basis of presentation as set out in Note 2 of Section II below and in accordance with accounting policies as set out in Note 3 of Section II below, gives a true and fair view of the state of affairs of the Group as at 31 March 2009, 2010 and 2011, state of affairs of the Company as at 31 March 2011 and of the Group's results and cash flows for the Relevant Periods.

I. FINANCIAL INFORMATION

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 March		
	Notes	**2009**	**2010**	**2011**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*6*	24,121	196,920	340,198
Cost of sales		(11,665)	(107,840)	(201,063)
Gross profit		12,456	89,080	139,135
Other income	*6*	10,778	19,416	49,483
Gain on disposal of a subsidiary	*27(b)*	–	9,070	–
Selling and distribution expenses		(3,205)	(4,130)	(6,741)
Administrative expenses		(1,524)	(2,791)	(4,965)
Other operating expenses		(20,311)	(200)	(749)
Operating (loss)/profit		(1,806)	110,445	176,163
Finance costs	*7*	–	–	–
Share of result of jointly controlled entity		(583)	(611)	(768)
(Loss)/profit before income tax	*8*	(2,389)	109,834	175,395
Income tax expense	*9*	(9,576)	(35,582)	(51,694)
(Loss)/profit for the year		(11,965)	74,252	123,701
Other comprehensive income/(loss)				
Exchange differences on translation of financial statements of foreign operations		2,768	415	(1,090)
Total comprehensive (loss)/income for the year		(9,197)	74,667	122,611

		Year ended 31 March		
	Notes	**2009**	**2010**	**2011**
		RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit for the year attributable to:				
Owners of the Company		(11,891)	74,324	123,911
Non-controlling interests		(74)	(72)	(210)
		(11,965)	74,252	123,701
Total comprehensive (loss)/income attributable to:				
Owners of the Company		(9,123)	74,739	122,821
Non-controlling interests		(74)	(72)	(210)
		(9,197)	74,667	122,611
(Losses)/earnings per share for (loss)/profit attributable to the owners of the Company during the year (in RMB cents)	*11*			
– Basic		(1.32)	8.26	13.77
– Diluted		N/A	N/A	N/A

COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 March 2009	2010	2011
		RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	13	923	1,619	2,058
Investment properties	14	–	15,181	61,479
Interest in a jointly controlled entity	15	91,080	134,148	138,077
Deferred tax assets	24	135	3,365	–
		92,138	154,313	201,614
Current assets				
Properties held under development	16	323,859	734,360	1,063,121
Properties held for sale	17	120,718	297,742	125,481
Account receivables	18	7,062	4,163	175
Deposits paid, prepayments and other receivables	19	150,791	194,473	28,515
Amounts due from related parties	20	462	92,489	–
Pledged deposits	21	109,912	177,571	20,366
Cash and bank balances	21	29,064	34,992	137,157
		741,868	1,535,790	1,374,815
Non-current assets held for sale				
Investment properties held for sale	14	–	–	5,103
		741,868	1,535,790	1,379,918
Current liabilities				
Account payables	22	879	8,787	6,272
Accruals, receipts in advance and other payables	22	98,238	588,110	536,374
Provision for tax		96,394	104,566	87,410
Amounts due to related parties	20	168,182	222,147	–
Bank and other loans	23	100,000	150,000	210,000
		463,693	1,073,610	840,056
Net current assets		278,175	462,180	539,862
Total assets less current liabilities		370,313	616,493	741,476
Non-current liabilities				
Deferred tax liabilities	24	–	–	5,952
Net assets		370,313	616,493	735,524
EQUITY				
Equity attributable to the Company's owners				
Share capital	25	–	–	–
Reserves	26	341,197	415,936	535,177
		341,197	415,936	535,177
Non-controlling interests		29,116	200,557	200,347
Total equity		370,313	616,493	735,524

STATEMENT OF FINANCIAL POSITION

	Note	**As at 31 March 2011**
		RMB'000
ASSETS AND LIABILITIES		
Current assets		
Amount due from ultimate holding company		–
Net assets		–
EQUITY		
Share capital	*25*	–
Reserves		–
Total equity		–

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to the Company's owners						Non-controlling interests	Total equity
	Share capital	Statutory reserves	Capital reserve	Exchange reserve	Retained profits	Total		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 25)	*(Note 26(i))*	*(Note 26(ii))*					
At 1 April 2008	–	–	96,749	8,634	157,654	263,037	29,190	292,227
Transactions with owners – increase in registered capital of a subsidiary	–	–	87,283	–	–	87,283	–	87,283
Total comprehensive income/(loss) for the year	–	–	–	2,768	(11,891)	(9,123)	(74)	(9,197)
At 31 March 2009 and 1 April 2009	–	–	184,032	11,402	145,763	341,197	29,116	370,313
Acquisition of a subsidiary *(note 27(a))*	–	–	–	–	–	–	181,490	181,490
Disposal of a subsidiary *(note 27(b))*	–	–	–	–	–	–	(9,977)	(9,977)
Transactions with owners	–	–	–	–	–	–	171,513	171,513
Total comprehensive income/(loss) for the year	–	–	–	415	74,324	74,739	(72)	74,667
Transfer to statutory reserves	–	15,830	–	–	(15,830)	–	–	–
At 31 March 2010 and 1 April 2010	–	15,830	184,032	11,817	204,257	415,936	200,557	616,493
Increase in registered capital of a subsidiary	–	–	51,420	–	–	51,420	–	51,420
Interim dividend *(Note 10)*	–	–	–	–	(105,000)	(105,000)	–	(105,000)
Arising from Group Reorganisation	–	–	50,000	–	–	50,000	–	50,000
Transactions with owners	–	–	101,420	–	(105,000)	(3,580)	–	(3,580)
Total comprehensive (loss)/income for the year	–	–	–	(1,090)	123,911	122,821	(210)	122,611
Transfer to statutory reserves	–	13,191	–	–	(13,191)	–	–	–
At 31 March 2011	–	29,021	285,452	10,727	209,977	535,177	200,347	735,524

COMBINED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 March **2009** *RMB'000*	**2010** *RMB'000*	**2011** *RMB'000*
Cash flows from operating activities				
(Loss)/profit before income tax		(2,389)	109,834	175,395
Adjustments for:				
Interest income	*6*	(9,039)	(8,180)	(7,523)
Depreciation	*8*	20	73	152
Write down of properties held for sale to net realisable value	*17*	19,811	–	–
Gain on disposal of a subsidiary	*27(b)*	–	(9,070)	–
Share of result of a jointly controlled entity	*15*	583	611	768
Fair value adjustment on investment properties	*14*	–	(7,008)	(40,742)
Operating profit before working capital changes		8,986	86,260	128,050
Increase in properties held under development and properties held for sale	*33(a)&(b)*	(178,009)	(225,462)	(1,196)
Decrease in account receivables		12,532	2,899	3,988
Decrease/(increase) in deposits paid, prepayments, and other receivables	*33(b)*	25,211	(16,053)	(17,512)
Increase/(decrease) in account payables		807	7,908	(2,515)
(Decrease)/increase in accruals, receipts in advance and other payables		(25,782)	315,104	106,510
Cash (used in)/generated from operations		(156,255)	170,656	217,325
Interest received		3,581	3,113	2,826
Income tax paid		(8,024)	(14,577)	(59,533)
Net cash (used in)/generated from operating activities		(160,698)	159,192	160,618

	Notes	2009	2010	2011
		Year ended 31 March		
		RMB'000	RMB'000	RMB'000
Cash flows from investing activities				
Purchase of property, plant and equipment		(52)	(966)	(872)
Advance to a jointly controlled entity		(40,000)	(40,000)	–
Acquisition of a subsidiary	27(a)	–	(63,380)	(158,442)
Proceeds from disposal of a subsidiary	27(b)	–	3,863	34,665
(Increase)/decrease in pledged deposits		(96,767)	(67,659)	157,205
Net cash (used in)/generated from investing activities		(136,819)	(168,142)	32,556
Cash flows from financing activities				
Proceeds from increase in registered capital of a subsidiary		87,283	–	51,420
Proceeds from new borrowings		100,000	150,000	60,000
Repayment of borrowings		–	(100,000)	–
Dividend paid	10	–	–	(105,000)
Repayment from/(advance to) related parties	33(c)	50,769	(29,647)	(88,073)
Advance from a minority equity shareholder of a subsidiary		–	294	196
Interest paid		(6,428)	(6,184)	(8,462)
Net cash generated from/(used in) financing activities		231,624	14,463	(89,919)
Net (decrease)/increase in cash and cash equivalents		(65,893)	5,513	103,255
Effect of foreign exchange rates, net		2,768	415	(1,090)
Cash and cash equivalents at beginning of year		92,189	29,064	34,992
Cash and cash equivalents at end of year		29,064	34,992	137,157
Analysis of balances of cash and cash equivalents				
Cash and bank balances		29,064	34,992	137,157

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in Bermuda on 5 January 2011 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Group is principally engaged in property development in the PRC, excluding Hong Kong and Macau.

The directors of the Company considered Pan Hong Property Group Limited ("Pan Hong Property"), a company listed on Singapore Exchange Limited, as the ultimate holding company.

At the date of this report, the particulars of the subsidiaries in which the Company has direct or indirect interests are set out as follows:

Name	Date of incorporation/ establishment	Particulars of issued and fully paid share capital/ registered capital	Effective interest held by the Company	Principal activities/ place of operation
Interests held directly				
Incorporated in British Virgin Island, with limited liability				
SHPH	26 January 2011	1 ordinary share of US$1 each	100%	Investment holding, Hong Kong
Interests held indirectly				
Incorporated in Hong Kong, with limited liability				
Sino Harbour	10 October 2007	10,000 ordinary share of HK$1 each	100%	Investment holding, Hong Kong
Enrich HK	23 November 2006	100 ordinary share of HK$1 each	100%	Investment holding, Hong Kong
Incorporated in the PRC, with limited liability				
Fuzhou Pan Hong	19 November 2007	RMB200,000,000	100%	Property development, the PRC
Jiangxi Asia City	4 July 2003	US$25,000,000	100%	Property development and investment, the PRC
Nanchang Liyang	17 September 2009	RMB500,000	100%	Interior and exterior decoration and furnishing, the PRC
Nanchang Dingxun	25 February 2003 (Acquired on 12 January 2010)	RMB66,865,000	55%	Property development, the PRC
Leping Feng Huang	24 December 2004 Acquired on 2 March 2007	RMB24,500,000	51%	Property development, the PRC
Jiangmen Pan Hong	27 September 2007 (Disposed on 10 February 2010)	RMB40,000,000	– (75% before disposal)	Property development, the PRC

2. GROUP REORGANISATION AND BASIS OF PRESENTATION

2.1 Group Reorganisation

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda on 5 January 2011.

As at the date of incorporation of the Company, its authorised share capital was HK$90,000 divided into 9,000,000 ordinary shares of par value HK$0.01 each ("Share"). On 19 January 2011, one Share was allotted and issued to Pan Hong Property as subscriber share nil-paid pursuant to the memorandum of association of the Company.

(a) Transfer of 100% equity interest in Fuzhou Pan Hong by Sino Harbour to Pan Hong Investment Limited ("Pan Hong Investment")

In April 2010, prior to the decision of Pan Hong Property to carry out the Proposed Spin-off and the Listing on the Stock Exchange, Pan Hong Property decided to streamline the investment holding structure of the operating subsidiaries of the Pan Hong Group (including the Group). In this connection and pursuant to a share transfer agreement (股權轉讓合同) dated 20 April 2010 entered into between Sino Harbour as transferor and Pan Hong Investment as transferee. Sino Harbour transferred 100% equity interest of Fuzhou Pan Hong to Pang Hong Investment at the consideration of approximately HK$163,039,000. The new approval certificate (批准証書) was issued on 31 August 2010 and a new business licence (企業法人營業執照) was issued on 6 September 2010. Fuzhou Pan Hong became a wholly owned subsidiary of Pan Hong Investment on 6 September 2010.

(b) Transfer of 100% equity interest in Fuzhou Pan Hong by Pan Hong Investment to Sino Harbour

As part of the Reorganisation and to clearly delineate the holding structure with Pan Hong Investment as the investment holding company for the Pan Hong Group's business and Sino Harbour as the investment holding company for the Group's business, and pursuant to a share transfer agreement (股權轉讓合同) dated 9 December 2010 entered into between Pan Hong Investment, as transferor, and Sino Harbour, as transferee, Pan Hong Investment transferred 100% equity interest of Fuzhou Pan Hong to Sino Harbour at the consideration of approximately HK$223,039,000. The new approval certificate (批准証書) was issued on 7 January 2011 and a new business licence (企業法人營業執照) was issued on 10 January 2011. Fuzhou Pan Hong became a wholly owned subsidiary of Sino Harbour on 10 January 2011.

(c) Transfer of 100% equity interest in Jiangxi Asia City by Pan Hong Investment to Sino Harbour

Pursuant to a share transfer agreement (股權轉讓合同) dated 9 December 2010 entered into between Pan Hong Investment, as transferor, and Sino Harbour, as transferee, Pan Hong Investment transferred 100% equity interest of Jiangxi Asia City to Sino Harbour at the consideration of approximately HK$195,105,000. The new approval certificate (批准証書) was issued on 20 January 2011 and a new business licence (企業法人營業執照) was issued on 21 January 2011. Jiangxi Asia City became a wholly owned subsidiary of Sino Harbour on 21 January 2011.

(d) Transfer of 50% equity interest in Jiangxi Ganghong Investment Co., Ltd ("Jiangxi Ganghong") by Pan Hong Investment to Sino Harbour

Pursuant to a share transfer agreement (股權轉讓合同) dated 9 December 2010 entered into between Pan Hong Investment, as transferor, and Sino Harbour, as transferee, Pan Hong Investment transferred 50% equity interest of Jiangxi Ganghong to Sino Harbour at the consideration of RMB50,000,000 (equivalent to approximately HK$58,824,000). The new approval certificate (批准証書) was issued on 11 January 2011 and a new business licence (企業法人營業執照) was issued on 17 January 2011. Jiangxi Ganghong was owned as to 50% by Sino Harbour on 17 January 2011.

(e) Incorporation of SHPH

SHPH was incorporated in BVI as an exempted company with limited liability under the Companies Act on 26 January 2011.

(f) Allotment of shares of Sino Harbour to SHPH

On 23 March 2011, Sino Harbour alloted and issued 9,999 new shares to SHPH at par value of HK$1.00 each. After the allotment, Sino Harbour was owned as to 99.99% by SHPH and as to 0.01% by Pan Hong Property.

(g) Allotment of shares of Enrich HK to SHPH

On 23 March 2011, Enrich HK alloted and issued 99 new shares to SHPH at par value of HK$1.00 each. After the allotment, Enrich HK was owned as to 99% by SHPH and as to 1% by Pan Hong Property.

(h) Acquisition of Sino Harbour and Enrich HK by SHPH

On 5 May 2011, Pan Hong Property transferred the remaining 1% equity interest in Enrich HK to SHPH at a consideration of HK$1. On 9 May 2011, Pan Hong Property transferred the remaining 0.01% equity interest in Sino Harbour to SHPH at a consideration of HK$1. After the aforesaid transfers, Enrich HK and Sino Harbour were wholly owned by SHPH.

(i) Acquisition of SHPH by the Company and the assignment of the Outstanding Amount

Upon completion of the arrangements as described in notes (a), (b), (c) & (d) above, the total amount due from Sino Harbour to Pan Hong Investment was approximately HK$313,929,000 (the "Outstanding Amount").

On 30 June 2011, Pan Hong Property, SHPH, Pan Hong Investment and the Company entered into an agreement, pursuant to which: (i) the Company acquired the entire issued share capital of SHPH from Pan Hong Property; and (ii) Pan Hong Investment assigned the Outstanding Amount to the Company (the "Reorganisation Agreement").

The Reorganisation Agreement contained, inter alia, (i) Pan Hong Property transferred its 100% shareholding interest in SHPH to the Company; (ii) Pan Hong Investment assigned the Outstanding Amount to the Company; and (iii) in consideration of (i) and (ii) above, the Company allotted and issued 4,999,999 Shares to Pan Hong Property, credited as fully paid at par and credited the one nil-paid Share held by Pan Hong Property as fully paid at par.

Subsequent to the completion of the aforesaid Group Reorganisation, Pan Hong Property holds 5,000,000 Shares, representing all the entire issued share capital of the Company.

2.2 Basis of Presentation

Save for the subsidiary which was acquired by the Group in the year ended 31 March 2010 ("Acquired Subsidiary") and the subsidiary which was disposed by the Group in the year ended 31 March 2010 ("Disposed Subsidiary") as set out in Note 27(a) and 27(b) respectively to this Financial Information, the equity interests of all other companies comprising the Group as set out in Note 1 were owned directly or indirectly by Pan Hong Property during the Relevant Periods and there were no changes in Pan Hong Property's equity interests in these subsidiaries immediately after the Group Reorganisation.

Other than the Acquired Subsidiary and the Disposed Subsidiary, the Group is regarded as a continuing entity resulting from the Group Reorganisation since all of the entities which took part in the Group Reorganisation were controlled by Pan Hong Property before and immediately after the Group Reorganisation, and that control was not transitory. Consequently, immediately after the Group Reorganisation, there was a continuation of the risks and benefits to Pan Hong Property that existed prior to the Group Reorganisation. The Group Reorganisation has been accounted for as a reorganisation under common control in a manner similar to pooling of interests. Accordingly, the Financial Information have been prepared using the merger basis of accounting as if the Group Reorganisation had occurred as of the beginning of the earliest period presented and the Group had always been existence.

Save for the Acquired Subsidiary and the Disposed Subsidiary, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the Relevant Periods include the results and cash flows of the Company and its subsidiaries from 1 April 2008, or since the Company's and its subsidiaries' and jointly controlled entity's respective dates of incorporation whichever is shorter, as if the current group structure had been in existence throughout the Relevant Periods. Save for the Acquired Subsidiary and the Disposed Subsidiary, the combined statements of financial position of the Group as at 31 March 2009, 2010 and 2011 have been prepared to present the state of affairs of the companies now comprising the Group as at the respective dates as if the current group structure had been in existence as at the respective dates.

The assets and liabilities of the combining entities or businesses, other than the Acquired Subsidiary and the Disposed Subsidiary, are combined using the existing book values from Pan Hong Property's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination. The profit or loss, other than the Acquired Subsidiary and the Disposed Subsidiary, includes the results of each of the combining entities or businesses from the date of incorporation/establishment or since the date when the combining entities or businesses first came under the common control and to the date that control ceases, where this is a shorter period, regardless of the date of the common control combination.

The interests of equity holders other than the Pan Hong Property in the combining companies have been presented as non-controlling interests in the Group's Financial Information.

All significant intra-group transactions, balances and unrealised gains on transactions have been eliminated on combination. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

Under the Group Reorganisation, the equity interests in a jointly controlled entity as set out in Note 15 to this report which was owned by Pan Hong Property during the Relevant Periods was transferred to the Group as stated in Note 2.1(d). The directors considered that the jointly controlled entity should be included in the Financial Information for the Relevant Periods, so that the effects of the change in the investments of the Group on the results of the Group and its state of affairs does not distort the Financial Information. The investment in jointly controlled entity has been included in the Financial Information as if the Group Reorganisation had occurred as of the beginning of the earliest period presented and the Group had always held the investment in jointly controlled entity. For the purposes of this report, the investment cost in jointly controlled entity and the payable amount as mentioned in Note 2.1(d) above have been recorded as at 1 April 2008. The aggregate amounts relating to the jointly controlled entity that have been included in the Group's Financial Information are set out in Note 15 to this report.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Information have been prepared in accordance with the basis of presentation as set out in Note 2.2 and in accordance with the accounting policies set out below which comply with HKFRSs, which collective terms include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by HKICPA. The Financial Information also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules.

The significant accounting policies that have been used in the preparation of these Financial Information are summarised in Note 3 below. These policies have been consistently applied to all the years presented unless otherwise stated. The Financial Information have been prepared under the historical cost basis except for investment properties which are stated at fair value. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions have been made in preparing the Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are set out in Note 4 "Critical accounting estimates and judgements".

3.1 Impact of issued but not yet effective HKFRSs

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

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact of the Group's Financial Information.

HKFRS 9 Financial Instruments

The standard is effective for accounting periods beginning on or after 1 January 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The directors are currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 introduce a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The amendments will be applied retrospectively.

HK(IFRIC) – Int 19 Extinguishing Financial Liabilities with Equity Instruments

The HK(IFRIC) – Int 19 clarifies the requirements of HKFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The interpretation is effective for annual periods beginning on or after 1 July 2010.

Annual Improvements 2010

The HKICPA has issued "Improvements to Hong Kong Financial Reporting Standards 2010". Most of the amendments become effective for annual periods beginning on or after 1 January 2011. The directors of the Company anticipate that the application of these amendments will have no material impact on the Group's results and financial position in the first year of application.

3.2 Subsidiaries

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

Except for those acquisitions which qualify as a common control combination, which are accounted for using merger accounting, acquisition method of accounting is used for the acquisition of subsidiaries by the Group. This involves the estimation of fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the combined statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

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

Non-controlling interest represents the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Group and are not the Group's financial liabilities.

Non-controlling interests are presented in the combined statement of financial position within equity, separately from the equity attributable to the owners of the Company. Profit or loss and each component of other comprehensive income attributable to the non-controlling interests are presented separately in the combined statement of comprehensive income as an allocation of the Group's results. Total comprehensive income is attributed to the non-controlling interests and owners of the Company even if this results in the non-controlling interests having a deficit balance.

3.3 Jointly controlled entity

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

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

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

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

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

3.4 Foreign currency translation

The Financial Information is presented in Renminbi ("RMB"), which is also the functional currency of the Company.

In the individual financial statements of the combined entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of each of the Relevant Periods, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of each of the Relevant Periods. Foreign exchange gains and losses resulting from the settlement of such transactions and from the end of the Relevant Periods retranslation of monetary assets and liabilities are recognised in the profit or loss.

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

At the end of each of the Relevant Periods, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the end of each of the Relevant Periods. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale.

3.5 Revenue Recognition

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

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

Design fee income is recognised at the time when the services are rendered.

Compensation income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

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

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

3.6 Property, plant and equipment

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

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

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

The assets' residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at the end of each of the Relevant Periods.

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

3.7 Investment properties

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

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

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

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

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

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

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

3.8 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

– they are available for immediate sale;

– management is committed to a plan to sell;

– it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;

– an active programme to locate a buyer has been initiated;

– the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and

– a sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

– their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and

– fair value less costs to sell.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

The results of operations disposed of during the year are included in profit or loss up to the date of disposal.

3.9 Impairment of non-financial assets

Property, plant and equipment and the interest in a jointly controlled entity are subject to impairment testing and are tested for impairment whenever there are indications that the assets' carrying amount may not be recoverable.

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

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.10 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases where substantially all the risks and rewards of ownership of assets remain within the lessor are accounted for as operating lease. Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the combined statement of comprehensive income on a straight line basis over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the combined statement of comprehensive income as an integral part of the aggregate net lease payments made. Contingent rental are charged to the combined statement of comprehensive income in the accounting period in which they are incurred.

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

Properties leased out under operating leases are included in the combined statement of financial position as investment properties. The recognition of rental income is set out in Note 3.5.

3.11 Financial assets

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

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

– loans and receivables

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

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognised on trade date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the receivables/investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At the end of each of the Relevant Periods, financial assets are reviewed to assess whether there is objective evidence of impairment. If any of such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Loans and receivables

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

At the end of each of the Relevant Periods, loans and receivables are reviewed to determine whether there is any objective evidence of impairment.

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

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in the profit or loss of the period in which the impairment occurs. In relation to trade and notes receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. Except for trade and notes receivables, the carrying amount of loans and receivables is directly reduced by any identified amount of impairment. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

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

3.12 Properties held under development

Properties held under development which are held for future sale are included in current assets and comprise land held under operating lease (Note 3.10) and aggregate cost of development, materials and supplies, wages, and other expenses ("development costs"). Properties held under development are stated at the lower of cost and net realisable value. Other expenses included (a) those costs that are incurred in bringing the properties held under development to their present location and condition; and (b) a systematic allocation of fixed overheads that are incurred on development of properties. Fixed overheads are indirect costs which remain relatively constant regardless of the size or volume of the development.

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

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

3.13 Properties held for sale

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

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

3.14 Accounting for income taxes

Income tax comprises current and deferred tax.

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

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

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

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

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of each of the Relevant Periods.

Changes in deferred tax assets or liabilities are recognised in the combined statement of comprehensive income, or in equity if they relate to items that are charged or credited directly to equity.

3.15 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.16 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

3.17 Retirement benefit costs and short term employee benefits

Retirement benefits to employees

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

Short-term employee benefits

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

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

3.18 Financial liabilities

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

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's policy on borrowing costs (note 3.21).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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

Bank and other loans

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

Bank and other loans are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the Relevant Periods.

Amounts due to related parties, account payables and other payables

Account payables, other payables, and amounts due to related parties are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

3.19 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at the end of each of the Relevant Periods and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisaton, if appropriate.

3.20 Financial guarantees issued

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

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

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

3.21 Borrowing costs

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

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

3.22 Related parties

For the purposes of the Financial Information, a party is considered to be related to the Group if:

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

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

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

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

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

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

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

3.23 Segment reporting

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies, which are described in Note 3, management has made various estimates and judgments which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates and judgements are continually evaluated. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4.1 Critical accounting estimates and assumptions

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

The investment properties and properties held for sale upon transfer to investment properties of the Group were stated at fair value in accordance with the accounting policy. The fair value of the investment properties is determined by a firm of independently qualified professional surveyors and the fair value of investment properties as at the reporting dates and properties held for sale upon transfer to investment properties are set out in Notes 14 and 17 respectively. Such valuation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

(ii) Impairment of account receivables

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

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

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

These estimates require judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions.

4.2 Critical judgements in applying the entity's accounting policies

(i) Revenue recognition

The Group has recognised revenue from sale of properties held for sale during the Relevant Periods as disclosed in Note 6 to these Financial Information. The assessment of when an entity has transferred the significant risks and rewards of ownership to buyer requires examination of the circumstances of the transaction. In most cases, the transfer of risks and rewards of ownership coincides with the transfer of the legal title or the passing of possession to the buyer or a completion certificate is issued by the relevant government authorities. The Group believes that its recognition basis of sales as set out in Note 3.5 is appropriate and is the current practice in the PRC.

(ii) Taxation

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

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

5. SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's executive directors in order to allocate resources and assess performance of the segment. For the Relevant Periods presented, executive directors have determined that the Group has only one single business component/reportable segment as the Group is only engaged in the business of sale and lease of properties which is the basis to allocate resources and assess performance.

The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation. In the opinion of the directors of the Company, the majority of the Group's operation and centre of management are sourced from its subsidiaries in Jiangxi Province, the PRC, which considered that the operation base of the Group is domiciled in the PRC, as one geographical location and therefore, no analysis of geographical information is presented.

The total revenue from external customers is mainly sourced from the PRC. The total revenue is disclosed in Note 6.

6. REVENUE AND OTHER INCOME

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

	Year ended 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Revenue			
Sale of properties held for sale	24,121	196,920	340,198
Other income			
Compensation income	–	4,000	–
Net fair value gain for investment properties *(Note 14)*	–	7,008	40,742
Interest income			
– from bank deposits	3,581	3,113	2,826
– from other receivables and amount due from a jointly controlled entity	5,458	5,067	4,697
	9,039	8,180	7,523
Rental income	–	228	1,218
Design fee income	1,739	–	–
	10,778	19,416	49,483

7. FINANCE COSTS

	Year ended 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Interest charges on financial liabilities stated at amortised cost:			
Bank loans wholly repayable within five years	6,428	6,184	3,839
Other loans wholly repayable within five years	–	–	4,623
	6,428	6,184	8,462
Less: amount capitalised in properties held under development	(6,428)	(6,184)	(8,462)
	–	–	–

8. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Year ended 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Auditors' remuneration	14	15	15
Cost of properties held for sale recognised as expense	10,460	97,984	184,053
Depreciation *(Note 13(b))*	20	73	152
Exchange loss, net	47	122	–
Operating lease charge in respect of land and buildings	–	–	61
Less: amount capitalised in properties held under development	–	–	(61)
	–	–	–
Outgoings in respect of investment properties that generated rental income during the year	–	27	132
Staff costs, including directors' emoluments *(Note 12(a))*			
– Wages and salaries	2,021	2,204	4,349
– Retirement benefit scheme contributions – defined contribution plans	206	212	314
Less: amount capitalised in properties held under development	(1,393)	(1,569)	(2,551)
	834	847	2,112
Write down of properties held for sale to net realisable value *(Note 17)*	19,811	–	–

Auditors' remuneration of the Group's subsidiaries in Hong Kong for the years ended 31 March 2009, 2010 and 2011 was borne by the ultimate holding company, Pan Hong Property.

9. INCOME TAX EXPENSE

	Notes	Year ended 31 March 2009	2010	2011
		RMB'000	*RMB'000*	*RMB'000*
Current tax – PRC, current year				
– Enterprise Income Tax ("EIT")	*(a)*	1,617	18,344	33,201
– LAT	*(b)*	541	20,468	9,176
		2,158	38,812	42,377
Current tax – Hong Kong, current year	*(c)*	(51)	–	–
		2,107	38,812	42,377
Deferred income tax *(Note 24)*		7,469	(3,230)	9,317
Total income tax expense		9,576	35,582	51,694

Notes:

(a) On 16 March 2007, the National People's Compress approved the Enterprise Income Tax Law of the PRC ("new EIT Law"), which effective from 1 January 2008 onwards. The new EIT Law introduced a wide range of changes including, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%.

According to the implementation rules, a reduced withholding rate of 10% will be imposed on dividends distributed to foreign investors, unless a lower rate applies for tax-treaty countries. As at 31 March 2009, 2010 and 2011, deferred tax liabilities amounted to approximately Nil, RMB2,996,000 and RMB14,825,000 in respect of aggregate amount of temporary difference associated with undistributed earnings of subsidiaries have not been recognised. No deferred tax liabilities have been recognised in respect of these differences because the Group is in a position to control the dividend policies of these subsidiaries and it is probable that such differences will not reverse in the foreseeable future.

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

(c) Hong Kong profits tax has been provided at the rate of 16.5% for the years ended 31 March 2009, 2010 and 2011 on the estimated assessable profits arising in Hong Kong.

(d) Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the Relevant Periods.

A reconciliation of income tax expenses and accounting (loss)/profit at applicable tax rate is as follows:

	Year ended 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit before income tax	(2,389)	109,834	175,395
Tax on (loss)/profit before income tax, calculated at the rates applicable to (loss)/profit in the jurisdiction concerned	(597)	27,459	43,849
Tax effect of non-taxable income	(63)	(4,797)	(729)
Tax effect of non-deductible expenses	6,985	153	106
Provision of LAT for the year	541	20,468	9,176
Tax effect on EIT of LAT payable	(85)	(4,457)	(2,294)
Tax effect of unrecognised tax loss/ (tax loss in previous year recognised)	2,795	(3,244)	1,586
Income tax expense	9,576	35,582	51,694

10. DIVIDEND

Dividend approved and paid during the Relevant Periods:

	Year ended 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Interim dividend	–	–	105,000

Dividend was declared and paid by a subsidiary to its respective then shareholders for the year ended 31 March 2011. No dividend has been paid or declared by the Company since the date of incorporation.

11. (LOSSES)/EARNINGS PER SHARE

The calculations of basic (losses)/earnings per share for the years ended 31 March 2009, 2010 and 2011 are based on the (loss)/profit attributable to owners of the Company of loss of approximately RMB11,891,000, profit of approximately RMB74,324,000 and profit of approximately RMB123,911,000 respectively, and on the 900,000,000 ordinary shares of the Company issuable (being the number of shares of the Company prior to the listing of the Company's shares on the Stock Exchange) as if these shares had been issued throughout the Relevant Periods.

No diluted earnings per share is presented as the Group has no dilutive potential shares during the Relevant Periods.

12. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance are as follows:

	Fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement benefit scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 March 2009					
Executive directors					
Mr. Shi Feng	–	78	59	7	144
Mr. Wong Lui	–	–	–	–	–
Non-executive director					
Ms. Chan Heung Ling	–	62	–	–	62
Independent non-executive directors					
Mr. Lee Man To	–	–	–	–	–
Mr. Xie Gang	–	–	–	–	–
Ms. Zhang Juan	–	–	–	–	–
	–	140	59	7	206

	Fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement benefit scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 March 2010					
Executive directors					
Mr. Shi Feng	–	87	87	13	187
Mr. Wong Lui	–	36	–	–	36
Non-executive director					
Ms. Chan Heung Ling	–	65	–	–	65
Independent non-executive directors					
Mr. Lee Man To	–	–	–	–	–
Mr. Xie Gang	–	–	–	–	–
Ms. Zhang Juan	–	–	–	–	–
	–	188	87	13	288
Year ended 31 March 2011					
Executive directors					
Mr. Shi Feng	–	98	125	15	238
Mr. Wong Lui	–	75	87	–	162
Non-executive director					
Ms. Chan Heung Ling	–	80	–	–	80
Independent non-executive directors					
Mr. Lee Man To	–	–	–	–	–
Mr. Xie Gang	–	–	–	–	–
Ms. Zhang Juan	–	–	–	–	–
	–	253	212	15	480

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 1, 1 and 1 director for the years ended 31 March 2009, 2010 and 2011 respectively whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 4, 4 and 4 individuals whose remuneration fell within the band of Nil to HK$1,000,000 during the years ended 31 March 2009, 2010 and 2011 respectively are as follows:

	Year ended 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other emoluments	240	252	265
Discretionary bonuses	180	241	325
Retirement benefit scheme contributions	18	20	17
	438	513	607

During the Relevant Periods, no emolument was paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

13. PROPERTY, PLANT AND EQUIPMENT

	Computers and other equipment	Motor vehicles	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 April 2008				
Cost	310	493	599	1,402
Accumulated depreciation	(81)	(190)	(90)	(361)
Net carrying amount	229	303	509	1,041
Year ended 31 March 2009				
Opening net carrying amount	229	303	509	1,041
Additions	4	48	–	52
Depreciation	(54)	(89)	(27)	(170)
Closing net carrying amount	179	262	482	923
At 31 March 2009 and 1 April 2009				
Cost	314	541	599	1,454
Accumulated depreciation	(135)	(279)	(117)	(531)
Net carrying amount	179	262	482	923
Year ended 31 March 2010				
Opening net carrying amount	179	262	482	923
Additions	128	838	–	966
Disposal of a subsidiary *(Note 27(b))*	(3)	–	–	(3)
Depreciation	(70)	(170)	(27)	(267)
Closing net carrying amount	234	930	455	1,619
At 31 March 2010 and 1 April 2010				
Cost	439	1,379	599	2,417
Accumulated depreciation	(205)	(449)	(144)	(798)
Net carrying amount	234	930	455	1,619
Year ended 31 March 2011				
Opening net carrying amount	234	930	455	1,619
Additions	308	564	–	872
Depreciation	(113)	(293)	(27)	(433)
Closing net carrying amount	429	1,201	428	2,058
At 31 March 2011				
Cost	747	1,943	599	3,289
Accumulated depreciation	(318)	(742)	(171)	(1,231)
Net carrying amount	429	1,201	428	2,058

(a) Buildings held by the Group are located in the PRC.

(b) Depreciation charges have been included in:

	Year ended 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Combined statements of financial position			
– capitalised in properties held under development	150	194	281
Combined statements of comprehensive income			
– selling expenses	12	26	46
– administrative expenses	8	47	106
	20	73	152
	170	267	433

14. INVESTMENT PROPERTIES

	As at 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at beginning of the year	–	–	15,181
Transfer from properties held for sale *(Note 17)*	–	8,173	10,659
Net fair value change credited to the profit or loss *(Note 6)*	–	7,008	40,742
Carrying amount at end of the year	–	15,181	66,582
Non-current assets	–	15,181	61,479
Current assets	–	–	5,103
Carrying amount at end of the year	–	15,181	66,582

The investment properties included property interest in land located in the PRC with lease terms expiring in 2073.

As at 31 March 2010 and 2011, entire investment properties are still in the process of obtaining the building ownership certificates.

The fair value of the investment properties at 31 March 2010 and 2011 were revalued by Jones Lang LaSalle Sallmanns Limited ("JLLSS"), a firm of independent qualified professional surveyors who have the recent experience in the location and category of property being valued, which was based on the investment method by capitalising the net rental income derived from the existing tenancy with due allowance for the reversionary value of the properties as at 31 March 2010 and 2011.

On 24 July 2010, the Group entered into a sales and purchases agreement to sell an investment property at a consideration of RMB5,103,000. The Group had received a deposit of approximately RMB5,103,000, as the transfer of the property title was still under progress, the amount received was recognised as deposit received as at 31 March 2011. The net fair value change between the consideration and carrying amount of RMB2,916,000 was credited to the profit or loss for the year ended 31 March 2011.

15. INTEREST IN A JOINTLY CONTROLLED ENTITY

	As at 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Unlisted investment, at cost	50,000	50,000	50,000
Share of post-acquisition losses	(1,174)	(1,785)	(2,553)
	48,826	48,215	47,447
Amount due from a jointly controlled entity	42,254	85,933	90,630
	91,080	134,148	138,077

As at end of each of the Relevant Periods, the Group had interest in the following jointly controlled entity:

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

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

	Year ended 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Jointly controlled entity's results			
Income	31	12	43
Expenses	(1,197)	(1,234)	(1,578)
Loss for the year	(1,166)	(1,222)	(1,535)

	As at 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Jointly controlled entity's assets and liabilities			
Non-current assets	399	317	370
Current assets	171,885	274,377	297,260
Current liabilities	(74,631)	(178,264)	(202,736)
	97,653	96,430	94,894

Amount due from a jointly controlled entity was unsecured, interest free, except for amounts of approximately RMB40,000,000, RMB80,000,000 and RMB80,000,000 which were interest bearing at floating rates of 6.534%-8.217% per annum, 5.4% per annum and 4.86%-5.6% per annum at 31 March 2009, 2010 and 2011 respectively, and not repayable within 12 months from the end of each reporting date.

16. PROPERTIES HELD UNDER DEVELOPMENT

	As at 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Property interests in land	96,957	444,699	669,299
Development costs	222,110	281,372	377,071
Finance costs capitalised	4,792	8,289	16,751
	323,859	734,360	1,063,121

Property interests in land are located in the PRC and have lease terms expiring from 2043 to 2080.

Properties held under developments of approximately RMB25,017,000, RMB149,046,000 and RMB155,663,000 as at 31 March 2009, 2010 and 2011, respectively were pledged against a bank loan of the Group (Note 23(a) and (b)).

The weighted average capitalisation rate of borrowings is 7.71% per annum, 6.84% per annum and 6.11% per annum for the years ended 31 March 2009, 2010 and 2011 respectively.

17. PROPERTIES HELD FOR SALE

	As at 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Gross carrying amount	140,529	297,742	125,481
Less: Write down to net realisable value	(19,811)	–	–
Net carrying amount	120,718	297,742	125,481

Properties held for sale included property interests in land located in the PRC with lease terms expiring from 2043 to 2073. As at 31 March 2009, 2010 and 2011, the carrying values of the operating lease up-front payments on the property interests in land amounted to approximately RMB4,391,000, RMB14,102,000 and RMB5,599,000 respectively.

During the years ended 31 March 2010 and 2011, properties held for sale with carrying values of approximately RMB8,173,000 and RMB10,659,000 respectively, were transferred to investment properties as these properties were under operating lease arrangements with third parties commenced during the respective years to earn rental. The fair values of these properties held for sale upon transfer to investment properties were determined by JLLSS, a firm of independent qualified professional surveyors who have the recent experience in the location and category of property being valued, which were based on the investment method by capitalising the net rental income derived from the existing tenancy with due allowance for the reversionary value of the properties as at the respective dates of valuation. The fair value changes at the respective dates of transfer of approximately RMB7,008,000 and RMB26,969,000 were credited to the profit or loss for the years ended 31 March 2010 and 2011 respectively.

18. ACCOUNT RECEIVABLES

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

	As at 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Based on invoice date			
0 – 3 months past due	–	2,186	–
3 – 6 months past due	733	–	–
6 months – 1 year past due	350	160	–
More than 1 year past due	5,979	1,817	175
	7,062	4,163	175

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

19. DEPOSITS PAID, PREPAYMENTS AND OTHER RECEIVABLES

		As at 31 March		
	Notes	**2009**	**2010**	**2011**
		RMB'000	*RMB'000*	*RMB'000*
Deposits paid	*(a)*	90,000	157,220	–
Prepayments and other receivables	*(b)*	60,791	11,003	28,515
Consideration receivable from disposal of a subsidiary	*(c)*	–	26,250	–
		150,791	194,473	28,515

Notes:

(a) As at 31 March 2009 and 2010, deposit paid of approximately RMB90 million and RMB157 million respectively represented deposits paid by the Group for the acquisition of a piece of land located in Fuzhou City, Jiangxi Province, the PRC, for property development. The total consideration of the acquisition amounted to RMB224 million and the remaining consideration was disclosed in Note 28 as "commitments on properties held under development". The remaining balance of approximately RMB67 million was fully settled in December 2010 and the relevant land use right certificate was issued to the Group accordingly.

(b) Balance included advance to third parties and receivables from other service partners. The balances were unsecured, interest free, except as at 31 March 2009, the balance of approximately RMB44 million advanced to 上海成信醫療投資有限公司 ("Shanghai Medical Investment") as security for the loan advance to Pan Hong Investment, a fellow subsidiary, from Hong Kong Dowell Industrial Limited, the immediate holding company of Shanghai Medical Investment, which were interest bearing at fixed rate of 9.711% per annum, and repayable on demand. The amount was fully settled in January 2010.

(c) As at 31 March 2010, the amount due was unsecured, interest-free and fully settled in April 2010 (Note 27(b)).

None of the above financial assets is either past due or impaired. The financial assets included in the above balances related to counterparties for which there was no recent history of default.

The carrying amounts of consideration receivable from disposal of a subsidiary and prepayments and other receivables approximate their fair values as these financial assets which are measured at amortised cost, are expected to be repaid within a short time scale, such that the time value of money is not significant.

20. AMOUNTS DUE FROM/(TO) RELATED PARTIES

		As at 31 March		
	Notes	**2009**	**2010**	**2011**
		RMB'000	*RMB'000*	*RMB'000*
Amounts due from related parties				
– ultimate holding company		462	851	–
– fellow subsidiaries	*(a)*	–	91,638	–
		462	92,489	–
Amounts due to related parties				
– a director		–	53	–
– fellow subsidiaries		168,123	222,088	–
– a related company	*(b)*	59	6	–
		168,182	222,147	–

Notes:

(a) As at 31 March 2010, the amount of approximately RMB8,415,000 was arising from the disposal of subsidiary, Jiangmen Pan Hong, which was settled in April 2010 (Note 27(b)).

(b) The related company is a company in which Mr. Wong Lam Ping, director of Pan Hong Property and Ms. Chan Heung Ling, director of the Company, have beneficial interests.

(c) The balances with related parties were unsecured, interest-free and repayable on demand.

21. PLEDGED DEPOSITS AND CASH AND BANK BALANCES

		As at 31 March		
	Notes	**2009**	**2010**	**2011**
		RMB'000	*RMB'000*	*RMB'000*
Cash at banks and in hand		27,824	32,784	105,230
Time deposits	*(a)*	1,240	2,208	31,927
Cash and bank balances		29,064	34,992	137,157
Deposit pledged against banking facilities granted to the mortgagees	*(b)*	14,312	25,571	20,366
Deposit pledged for a bank loan	*(c)*	95,600	152,000	–
Pledged deposits		109,912	177,571	20,366
		138,976	212,563	157,523
Less: Deposits with original maturity over three months		109,912	177,571	20,366
Cash and cash equivalents for the purpose of the combined statements of cash flows		29,064	34,992	137,157

Notes:

(a) The effective interest rates of time deposits ranged from 0.36% to 4.14% per annum as at 31 March 2009, 2010 and 2011 respectively. All time deposits have maturities of seven days as at 31 March 2009, 2010 and 2011 and were eligible for immediate cancellation without receiving any interest for the last deposit period.

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

(c) The deposits were pledged to a bank in the PRC for a bank loan granted to the Group's fellow subsidiary, Pan Hong Investment.

At 31 March 2009, 2010 and 2011, approximately RMB138,889,000, RMB212,403,000 and RMB155,453,000 respectively were cash deposited with banks or other financial institutions in the PRC. These balances were denominated in RMB and Hong Kong Dollars ("HK$"). RMB is not freely convertible into foreign currencies. Under the PRC foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange regulations, the Group is permitted to exchange RMB for foreign currencies through banks in the PRC that are authorised to conduct foreign exchange businesses.

22. ACCOUNT PAYABLES, ACCRUALS, RECEIPTS IN ADVANCE AND OTHER PAYABLES

		As at 31 March		
	Notes	**2009**	**2010**	**2011**
		RMB'000	*RMB'000*	*RMB'000*
Account payables	*(a)*	879	8,787	6,272
Accruals, receipts in advance and other payables				
Receipts in advance		57,635	250,753	438,877
Accruals and other payables	*(b) & (c)*	40,603	178,915	97,497
Consideration payable in respect of acquisition of a subsidiary	*(d)*	–	158,442	–
		98,238	588,110	536,374

Notes:

(a) The aging analysis of account payables, based on invoice date, is as follows:

	As at 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
0 – 3 months	588	8,167	1,593
3 – 6 months	66	312	2,781
6 months – 1 year	160	181	496
More than 1 year	65	127	1,402
	879	8,787	6,272

(b) Accrued construction cost and other project-related expense were included in accruals and other payables amounted to approximately RMB23,823,000, RMB157,694,000 and RMB79,875,000 as at 31 March 2009, 2010 and 2011 respectively. The amount was accrued based on the terms of the relevant agreements and project progress and was not due for payment as at the end of each of the Relevant Periods.

(c) As at 31 March 2010 and 2011, other payables consisted amounts of approximately RMB294,000 and RMB490,000 respectively, which were payables to Jiangxi Dongjing Property Development Limited (江西東景房地產開發有限公司) which held 49% equity interest in the Group's subsidiary, Leping Feng Huang. The payable balances were unsecured, interest-free and repayable on demand.

(d) The consideration payable of approximately RMB158,442,000 in respect of the acquisition of subsidiary (Note 27(a)) was settled in September 2010.

23. BANK AND OTHER LOANS

		As at 31 March		
	Notes	**2009**	**2010**	**2011**
		RMB'000	*RMB'000*	*RMB'000*
Bank loan, secured	*(a) & (b)*	100,000	150,000	150,000
Other loan repayable within one year, unsecured	*(c)*	–	–	60,000
		100,000	150,000	210,000

Notes:

(a) As at 31 March 2009, bank loan was denominated in RMB and has a maturity of three years commencing in May 2008 with a repayable on demand clause. It was early settled during the year ended 31 March 2010. The bank loan was secured by the Group's properties held under development (Note 16). The bank loan bore interests at the floating rate and the effective interest rate was 7.71% per annum as at 31 March 2009.

(b) As at 31 March 2010 and 2011, bank loan was denominated in RMB and has a maturity of two years commencing in December 2009 with a repayable on demand clause. The bank loan was secured by the Group's properties held under development (Note 16). The bank loan bore interests at the floating rate and the effective interest rate was 5.40% per annum as at 31 March 2010 and 2011.

(c) Other loan was denominated in RMB and has a maturity of one year commencing on 14 May 2010. The other loan was unsecured, it bore interest at fixed rate and the effective interest rate was 8.05% per annum as at 31 March 2011.

24. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets were arising from LAT provided but not yet paid as at end of each reporting dates. As LAT is a deduction item in the corporate income tax, deferred tax asset is provided at the tax rate 25%, i.e. tax rate effective on or after 1 January 2008.

	Deferred tax assets in respect of provision for LAT	Deferred tax liabilities in respect of fair value change of investment properties	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 April 2008	7,604	–	7,604
Deferred tax debited to profit or loss	(7,469)	–	(7,469)
At 31 March 2009 and 1 April 2009	135	–	135
Deferred tax credited/(debited) to profit or loss	4,982	(1,752)	3,230
At 31 March 2010 and 1 April 2010	5,117	(1,752)	3,365
Deferred tax credited/(debited) to profit or loss	933	(10,250)	(9,317)
At 31 March 2011	6,050	(12,002)	(5,952)

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. Save as disclosed in Note 9(a), the Group has unrecognised tax losses of approximately RMB12,976,000, Nil and Nil to carry forward against future taxable income at the end of each of the Relevant Periods.

25. SHARE CAPITAL

The Company was incorporated in Bermuda on 5 January 2011. At the date of incorporation, the authorised share capital of the Company was HK$90,000 divided into 9,000,000 ordinary shares of HK$0.01 each.

As at 31 March 2009, 2010 and 2011, the balances of share capital represented the aggregate amount of paid-up capital of the companies now comprising the Group in which the equity shareholders of the Company held direct interests, after elimination of investments in subsidiaries.

26. RESERVES

Details of the movements on the Group's reserve are set out in the combined statements of changes in equity of Section I.

(i) Statutory reserves

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

(ii) Capital reserve

Capital reserve represents the difference between the nominal value of the registered capital of Jiangxi Asia City, the additional registered capital of Fuzhou Pan Hong and the registered capital of Jiangxi Ganghong held by the Group and the nominal value of the share capital of SHPH.

27. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of a subsidiary

On 12 January 2010, the Group entered into an agreement to acquire 55% of equity interest in Nanchang Dingxun from Shanghai Dingxun Co., Ltd and Mr. Su Wenfeng at a cash consideration of approximately RMB221,822,000. As at the date of acquisition, the only asset of Nanchang Dingxun was a parcel of land located in Nanchang City, the PRC as the Group intended to expand its land bank through this acquisition and, therefore, the acquisition has been accounted for as acquisition of asset. The net losses of Nanchang Dingxun for the years ended 31 March 2010 and 2011 were approximately Nil and RMB515,000, respectively.

The net assets acquired at the date of acquisition are as follows:

	RMB'000
Properties held under development	403,312
Less: Non-controlling interest	(181,490)
Net assets acquired	221,822

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

	RMB'000
Total consideration	(221,822)
Consideration payable *(Note 22(d))*	158,442
Cash consideration	(63,380)

(b) Disposal of a subsidiary

The Group disposed its 75% owned subsidiary, namely Jiangmen Pan Hong on 10 February 2010 at a cash consideration of approximately RMB39,000,000 as the Group intended to focus the resources on the development of the other lands in its land bank. The net losses of Jiangmen Pan Hong for the years ended 31 March 2009 and 2010 were approximately RMB65,000 and RMB16,000, respectively.

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

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

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

	RMB'000
Cash consideration	39,000
Consideration receivable	
– from Jiangmen Pan Hong *(Note 19(c))*	(26,250)
– from the Group's fellow subsidiary *(Note 20(a))*	(8,415)
Cash and bank balances disposed	(472)
	3,863

28. COMMITMENTS ON PROPERTIES HELD UNDER DEVELOPMENT

	As at 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Contracted but not provided for in respect of			
– the Group	122,860	262,758	94,990
– a jointly controlled entity shared by the Group	–	1,500	54,830

29. OPERATING LEASE COMMITMENTS

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

	As at 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Not later than one year	–	–	484
Later than one year and not later than five years	–	–	6,834
Later than five years	–	–	12,462
	–	–	19,780

The Group leases out its investment properties which run for initial periods of five to sixteen years, without option to renew the lease terms at the respective expiry dates. None of the leases includes contingent rentals.

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

	As at 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Not later than one year	–	–	11
Later than one year and not later than five years	–	–	15
	–	–	26

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

30. FINANCIAL GUARANTEE

(a) The Group has arranged mortgage loan facilities for certain customers of property units and provided guarantees to these customers to secure obligations of repayments. As at 31 March 2009, 2010 and 2011, the outstanding guarantees amounted to approximately RMB93,865,000, RMB190,810,000 and RMB217,210,000 respectively. Such guarantees will be terminated upon earlier of (i) issuance of the real estate ownership certificate which will generally be available within one or two years after the customers take possession of the relevant properties; or (ii) the satisfaction of mortgaged loans by the customers of properties.

(b) The Group's subsidiary, Jiangxi Asia City has provided guarantees to a bank in respect of banking facilities granted to the Group's fellow subsidiary, Pan Hong Investment. As at 31 March 2009, 2010 and 2011, the guarantees amounted to approximately Nil, Nil and RMB50,460,000 respectively. The guarantees to banks in respect of banking facilities were confirmed by the bank to be release upon the Listing of the Group.

31. RELATED PARTY TRANSACTIONS

Save for the disclosure in Notes 12, 15, 19, 20, 21, 22, 27 and 30 to the Financial Information, the following transactions were carried out by the Group with related parties during the Relevant Periods.

(i) Significant related party transactions during the Relevant Periods

		Year ended 31 March		
	Notes	**2009**	**2010**	**2011**
		RMB'000	*RMB'000*	*RMB'000*
Consulting fee charged by a fellow subsidiary	*(a)*	30,196	–	–
Interest income from a jointly controlled entity *(Note 15)*		2,254	3,679	4,697
Design fee income received from fellow subsidiaries	*(a)*	1,739	–	–

Notes:

(a) In the opinion of the directors, these transactions were carried out on normal commercial terms and in the ordinary course of the Group's business during the Relevant Periods and will not continue after the listing of the Company's shares on the Main Board of the Stock Exchange.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk, interest rate risk and fair value risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the board of directors. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets.

It is not the Group's policy to actively engage in the trading of financial instruments for speculative purposes. It identifies ways to access financial markets and monitors the Group's financial risk exposures. Regular reports are provided to the board of directors.

(a) Interest rate risk

The Group's exposure to interest rate risk mainly arises on deposits at banks and (Note 21), interest bearing portion of amount due from a jointly controlled entity (Note 15), other receivables (Note 19(b)) and bank and other loans (Note 23) which bore interests at fixed and floating interest rates. The Group has not used any derivative contracts to hedge its exposure to interest rate risk. The Group has not formulated a policy to manage the interest rate risk. A reasonable change in interest rate in the next twelve months is assessed to result in immaterial change in the Group's profit/(loss) for each of the Relevant Periods and retained earnings as at end of each of the Relevant Periods. The Group adopts centralised treasury policies in cash and financial management and focuses on reducing the Group's overall interest expenses.

(b) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its business.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset as follows:

	As at 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Account receivables	7,062	4,163	175
Consideration receivable	–	26,250	–
Other receivables	60,791	11,003	21,810
Amount due from a jointly controlled entity	42,254	85,933	90,630
Amounts due from related parties	462	92,489	–
Pledged deposits	109,912	177,571	20,366
Cash and bank balances	29,064	34,992	137,157
	249,545	432,401	270,138

The Group continuously monitor defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

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

In respect of account and other receivables, and consideration receivable, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for cash at bank is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

(c) Foreign currency risk

Most of the Group's transactions are carried out in RMB which is the functional currency of the Company and most of the operating subsidiaries. Exposures to currency exchange rates arise from certain of the Group's cash and bank balances which are denominated in HK$. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and consider no significant exposure on its foreign exchange risk.

(d) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of account and other payables, amounts due to related parties and its financing obligations, and also in respect of its cash flow management.

The cash management of all operating entities is centralised, including the raising of funds to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer terms.

The table below analyses the Group's financial liabilities based on the remaining contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying amount	Total contractual undiscounted cash flow	On demand	Less than 3 months	3 to 12 months	More than one year
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 March 2009						
– Account payables	879	879	879	–	–	–
– Other payables	16,780	16,780	4,202	23	12,555	–
– Amounts due to related parties	168,182	168,182	168,182	–	–	–
– Bank and other loans	100,000	100,000	100,000	–	–	–
	285,841	285,841	273,263	23	12,555	–
Financial guarantee issued:						
Maximum amount guaranteed	–	93,865	93,865	–	–	–
At 31 March 2010						
– Account payables	8,787	8,787	8,787	–	–	–
– Other payables	179,662	179,662	7,262	1	172,399	–
– Amounts due to related parties	222,147	222,147	222,147	–	–	–
– Bank and other loans	150,000	150,000	150,000	–	–	–
	560,596	560,596	388,196	1	172,399	–
Financial guarantee issued:						
Maximum amount guaranteed	–	190,810	190,810	–	–	–
At 31 March 2011						
– Account payables	6,272	6,272	6,272	–	–	–
– Other payables	17,622	17,622	3,308	–	14,314	–
– Bank and other loans	210,000	210,577	150,000	60,577	–	–
	233,894	234,471	159,580	60,577	14,314	–
Financial guarantee issued:						
Maximum amount guaranteed	–	267,670	267,670	–	–	–

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

(e) Fair value

The fair values of the Group's current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The fair value of non-current financial assets and liabilities is not disclosed because the carrying values are not materially different from the fair values at the end of each of the Relevant Periods.

(f) Summary of financial assets and liabilities by category

The categories of financial assets and financial liabilities included in the combined statements of financial position and the headings in which they are included are as follows:

	As at 31 March		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Loans and receivables			
– Account receivables	7,062	4,163	175
– Consideration receivables	–	26,250	–
– Other receivables	60,791	11,003	21,810
– Amount due from a jointly controlled entity	42,254	85,933	90,630
– Amounts due from related parties	462	92,489	–
Pledged deposits	109,912	177,571	20,366
Cash and bank balances	29,064	34,992	137,157
	249,545	432,401	270,138
Financial liabilities			
At amortised cost			
– Account payables	879	8,787	6,272
– Other payables	16,780	179,662	17,622
– Amounts due to related parties	168,182	222,147	–
– Bank and other loans	100,000	150,000	210,000
	285,841	560,596	233,894

33. NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

Major non-cash transactions

(a) During the years ended 31 March 2010 and 2011, certain properties held for sales with net carrying amounts of approximately RMB8,173,000 and RMB10,659,000 respectively were transferred to investment properties (note 14).

(b) During the year ended 31 March 2011, an amount of approximately RMB157 million was transferred from deposit paid to properties held under development (note 19(a)).

(c) During the year ended 31 March 2011, an amount of RMB146,899,000 was set-off between amounts due from related parties and amounts due to related parties for the purpose to settle the outstanding balances with the fellow subsidiaries outside the Group before Listing.

34. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

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

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

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

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

Management regards total equity as capital. The amount of capital as at 31 March 2009, 2010 and 2011 amounted to approximately RMB370,313,000, RMB616,493,000 and RMB735,524,000 respectively, which the management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

35. EVENTS AFTER THE REPORTING PERIOD

The companies now comprising the Group underwent and completed the Group Reorganisation on 30 June 2011 in preparation for the listing of the shares of the Company on the Main Board of the Stock Exchange. Further details of the Group Reorganisation are set out in the section headed "Corporate Reorganisation" in Appendix VI to the Prospectus.

On 4 July 2011, written resolutions of the shareholder of the Company were passed to approve the matters set out in the section headed "Shareholder's resolutions of our Company passed on 4 July 2011" in Appendix VI to the Prospectus.

Except as disclosed above and elsewhere in this report, there are no material subsequent events undertaken by the Company or by the Group after 31 March 2011.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company or its subsidiaries in respect of any period subsequent to 31 March 2011.

Yours faithfully,

BDO Limited
Certified Public Accountants
Lo Ngai Hang
Practising Certificate No. P04743

Hong Kong

The information set forth in this appendix does not form part of the accountants' report prepared by BDO Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix I to this prospectus, and is included herein for illustrative purposes only.

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is set forth below to provide the prospective investors with further information on how the Share Offer might have affected the net tangible assets of the Group attributable to owners of the Company after the completion of the Share Offer.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted net tangible assets prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer on the net tangible assets of the Group attributable to owners of the Company as if the Share Offer had taken place on 31 March 2011. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group attributable to owners of the Company had the Share Offer been completed as of 31 March 2011 or at any future dates.

	Unadjusted audited combined net tangible assets of the Group attributable to owners of the Company as of 31 March 2011	**Estimated net proceeds from the Share Offer**	**Unaudited pro forma adjusted net tangible assets**	**Unaudited pro forma adjusted net tangible assets per Share**
	RMB'000	*RMB'000*	*RMB'000*	*HK$*
	(note 1)	*(note 2)*		*(note 3)*
Based on an Offer Price of HK$1.10 per Share	535,177	256,488	791,665	0.78
Based on an Offer Price of HK$1.68 per Share	535,177	400,690	935,867	0.92

Notes:

(1) The unadjusted audited combined net tangible assets of the Group attributable to owners of the Company as at 31 March 2011 is extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Share Offer are based on the indicative Offer price of HK$1.10 (equivalent to RMB0.94) and HK$1.68 (equivalent to RMB1.43) per Share respectively, after deduction of the underwriting fees and other related expenses payable by our Company. No account has been taken of the Share which may be issued upon the exercise of Over-allotment Option or options that may be granted under the Share Option Scheme.

(3) The unaudited pro forma adjusted net tangible assets per Share is calculated based on 1,200,000,000 Shares in issue immediately following the completion of the Share Offer but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option or options that may be granted under the Share Option Scheme or any Shares which may be allotted, issued or repurchase by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the paragraph headed "Further Information about our Company and its subsidiaries" in Appendix VI to this prospectus.

(4) The property interests of the Group as at 30 April 2011 were valued by Jones Lang LaSalle Sallmanns Limited. Details of the valuation in respect of these property interests were set out in Appendix III to this prospectus.

The revaluation surplus of the property interests under property, plant and equipment, properties held under development, and properties held for sale of approximately RMB1,016,000, RMB2,291,879,000, and RMB227,793,000 will not be included in the Group's financial statements for the year ending 31 March 2012. The Group's accounting policy is to state such property, plant and equipment at cost less accumulated depreciation and any impairment loss rather than at revalued amount, and such properties held under development and properties held for sale at the lower of cost and net realisable value.

Had all the property interests been stated at such valuations, the additional annual depreciation would be approximately RMB46,000.

(5) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2011.

(6) The unaudited pro forma adjusted net tangible assets per Share is converted into Hong Kong Dollars at an exchange rate of RMB1.00 to HK$1.1765.

B. REPORT FROM THE REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of report received from the reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information.

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香港干諾道中111號
永安中心25樓

12 July 2011

The Directors
Sino Harbour Property Group Limited
Kingsway Capital Limited

We report on the unaudited pro forma financial information of Sino Harbour Property Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages II-1 to II-2 under the heading of "Unaudited Pro Forma Adjusted Net Tangible Assets" (the "Unaudited Pro Forma Financial Information") in Appendix II of the Company's prospectus dated 12 July 2011, in connection with the share offer of the Company (the "Prospectus"). The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the share offer of the Company might have affected the relevant financial information of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages II-1 to II-2 of the Prospectus.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we did not express any such assurance on the Unaudited Pro Forma Financial Information.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as of 31 March 2011 or any future date.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

Yours faithfully,

BDO Limited
Certified Public Accountants
Lo Ngai Hang
Practising Certificate No. P04743

Hong Kong

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at 30 April 2011 of the property interests of the Group.

JONES LANG LASALLE® SALLMANNS

Jones Lang LaSalle Sallmanns Limited
6/F Three Pacific Place
1 Queen's Road East Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

12 July 2011

The Board of Directors
Sino Harbour Property Group Limited

Dear Sirs,

In accordance with your instructions to value the properties in which Sino Harbour Property Group Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 30 April 2011 (the "date of valuation").

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

We have valued the property interests in Groups I, II and V by direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

For the purpose of our valuation, real estate developments for future development are those for which the Construction Works Commencement Permit(s) have not been issued, while the State-owned Land Use Rights Certificates have been obtained; real estate developments for sale are those for which the Construction Works Certified Report(s) or Certificate(s) of Completion or Building Ownership Certificate(s)/Real Estate Title Certificate(s) have been issued by the relevant local authority, this also includes those property interests which have been contracted to be sold, but the formal assignment procedures of which have not yet been completed.

In valuing the property interests in Group III which are currently under development, we have assumed that they will be developed and completed in accordance with the latest development proposal provided to us by the Group. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the date of valuation and the remainder of the cost and fees that expected to be incurred for completing the development.

For the purpose of our valuation, real estate developments under development are those for which the Construction Works Commencement Permit(s) has (have) been issued while the Construction Works Certified Report(s) or Certificate(s) of Completion of the building(s) have not been issued.

We have valued the property interest in Group IV by income approach by taking into account the net rental income of the property derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have then been capitalized to determine the market value at an appropriate capitalisation rate. Where appropriate, reference has also been made to the comparable sale transactions as available in the relevant market.

We have attributed no commercial value to the property interest in Group VI, which is leased by the Group, due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards on Properties published by the Hong Kong Institute of Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates, Real Estate Title Certificates and official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing titles to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any lease amendments. We have relied considerably on the advice given by the Company's PRC legal advisers – GFE Law Office, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarised below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Sallmanns Limited

Paul L. Brown	**Eddie T.W. Yiu**
B.Sc. FRICS FHKIS	*MRICS MHKIS RPS (GP)*
Chief Valuation Adviser	*Associate Director*

Notes: Paul L. Brown is a Chartered Surveyor who has 28 years' experience in the valuation of properties in the PRC and 31 years of property valuation experience in Hong Kong and the United Kingdom as well as relevant experience in the Asia-Pacific region.

Eddie T.W. Yiu is a Chartered Surveyor who has 17 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Group I – Property interests held and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at 30 April 2011 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 30 April 2011 *RMB*
1.	No. 8 Commercial Building of Nanchang Honggu Kaixuan No. 1568 Honggu Avenue Honggu Tan Central District Nanchang City Jiangxi Province The PRC	22,997,000	100%	22,997,000
2.	Unit 1502 of Entrance B of the South Building of Minshi Garden No. 28 Zhongshan West Road Xihu District Nanchang City Jiangxi Province The PRC	1,442,000	100%	1,442,000
	Sub-total:	**24,439,000**		**24,439,000**

Group II – Property interests held for future development by the Group in the PRC

No.	Property	Capital value in existing state as at 30 April 2011 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 30 April 2011 *RMB*
3.	The remaining portion of a parcel of land located at the east of Jinchao Avenue, the west of Wutang Road, the south of Yingbin Avenue and the north of Zhushan Road Fuzhou City Jiangxi Province The PRC	334,000,000	100%	334,000,000
4.	8 parcels of land located at the west side of Yiyang North Road Yuanzhou District Yichun City Jiangxi Province The PRC	1,275,000,000	50%	637,500,000
5.	3 parcels of land located at Huang Jia Hu West Road Nanchang Economic Development Zone Nanchang City Jiangxi Province The PRC	1,349,000,000	55%	741,950,000
6.	5 parcels of land located at Hushan Meiyan Reclamation Farm Leping City Jiangxi Province The PRC	510,000,000	51%	260,100,000
	Sub-total:	**3,468,000,000**		**1,973,550,000**

Group III – Property interests held under development by the Group in the PRC

No.	Property	Capital value in existing state as at 30 April 2011 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 30 April 2011 *RMB*
7.	2 buildings of Phase II of Nanchang Honggu Kaixuan No. 1568 Honggu Avenue Honggu Tan Central District Nanchang City Jiangxi Province The PRC	805,000,000	100%	805,000,000
8.	Phase I of Fuzhou Huacui Tingyuan located at the east of Jinchao Avenue, the west of Wutang Road, the south of Yingbin Avenue and the north of Zhushan Road Fuzhou City Jiangxi Province The PRC	357,000,000	100%	357,000,000
9.	Phase I of Yichun Project located at the west side of Yiyang North Road Yuanzhou District Yichun City Jiangxi Province The PRC	202,000,000	50%	101,000,000
	Sub-total:	**1,364,000,000**		**1,263,000,000**

Group IV – Property interest held for investment by the Group in the PRC

No.	Property	Capital value in existing state as at 30 April 2011 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 30 April 2011 *RMB*
10.	Levels 1 and 2 of Block 2, Units 02 to 06 on Level 1 of Block 6 and a 3-storey kindergarten of Nanchang Honggu Kaixuan No. 1568 Honggu Avenue Honggu Tan Central District Nanchang City Jiangxi Province The PRC	61,494,000	100%	61,494,000
	Sub-total:	**61,494,000**		**61,494,000**

Group V – Property interest held for sale by the Group in the PRC

No.	Property	Capital value in existing state as at 30 April 2011 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 30 April 2011 *RMB*
11.	Various residential and retail units and Car Parking Spaces of Nanchang Honggu Kaixuan No. 1568 Honggu Avenue Honggu Tan Central District Nanchang City Jiangxi Province The PRC	335,380,000	100%	335,380,000
	Sub-total:	**335,380,000**		**335,380,000**

Group VI – Property interest leased and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at 30 April 2011 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 30 April 2011 *RMB*
12.	2 office units of Sheng He Yuan Hotel No. 368 Huangcheng West Road Yuanzhou District Yichun City Jiangxi Province The PRC	No commercial value	50%	No commercial value
	Sub-total:	**Nil**		**Nil**
	Grand total:	**5,253,313,000**		**3,657,863,000**

Notes:

1. On 4 July 2011, the Group entered into a Tenancy Agreement with a connected party to rent a property with a gross floor area area of approximately 168.06 sq.m. in Hong Kong for office purpose. However, the commencement date of the tenancy is after the date of valuation. Please refer to page III-30 for the details of such property.

VALUATION CERTIFICATE

Group I – Property interests held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2011 *RMB*
1.	No. 8 Commercial Building of Nanchang Honggu Kaixuan No. 1568 Honggu Avenue Honggu Tan Central District Nanchang City Jiangxi Province The PRC	The property comprises a 2-storey commercial building known as No. 8 Commercial Building of Nanchang Honggu Kaixuan completed in 2008. The property has a gross floor area of approximately 621.55 sq.m. The land use rights of the property have been granted for terms of 70 years expiring on 16 September 2073 for residential use and 40 years expiring on 16 September 2043 for commercial use.	The property is currently occupied by the Group for commercial purpose.	22,997,000 100% interest attributable to the Group RMB22,997,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Hong Tu Guo Yong (Deng Hong 2006) Di No. 547, the land use rights of a parcel of land with a site area of approximately 37,830.3 sq.m. on which the property is situated, have been granted to Jiangxi Asia City Real Estate Development Co., Ltd. ("Jiangxi Asia City", a wholly-owned subsidiary of the Company), for terms of 70 years expiring on 16 September 2073 for residential use and 40 years expiring on 16 September 2043 for commercial use.

2. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has legally obtained all the necessary approvals, permits and certificates for obtaining the land use rights of the property and is the sole legal land use rights owner of the land parcel as mentioned in note 1;

   b. There is no legal impediment for the Group to obtain the building ownership certificates and the Group has the rights to freely transfer, mortgage, lease, use and occupy the property; and

   c. As confirmed by the Group, the property is neither subject to any mortgage nor involved in any sequestration.

3. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Building Ownership Certificate	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2011 *RMB*
2.	Unit 1502 of Entrance B of the South Building of Minshi Garden No. 28 Zhongshan West Road Xihu District Nanchang City Jiangxi Province The PRC	The property comprises a residential unit on Level 15 of a 16-storey residential building known as the South Building of Minshi Garden completed in 2002. The property has a gross floor area of approximately 165.8 sq.m. The land use rights of the property have been granted for a term of 70 years expiring in June 2069 for residential use.	The property is currently occupied by the Group for residential purpose.	1,442,000 100% interest attributable to the Group: RMB1,442,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Hong Tu Guo Yong (Deng Xi 2005) Di No. 595, the land use rights of the property with an apportioned site area of approximately 11.91 sq.m. have been granted to Jiangxi Asia City Real Estate Development Co., Ltd. ("Jiangxi Asia City", a wholly-owned subsidiary of the Company), for a term of 70 years expiring in June 2069 for residential use.

2. Pursuant to a Building Ownership Certificate – Hong Fang Quan Zheng Xi Zi Di No. 508844, a residential unit with a gross floor area of approximately 165.8 sq.m. is owned by Jiangxi Asia City.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group is the sole legal owner of the property and has the rights to transfer, lease, use, mortgage or otherwise dispose of the property; and

   b. As confirmed by the Group, the property is currently neither involved in any litigation, non-litigation punishment, sequestration, disposal, sale, transfer or other dispute nor subject to any restrictions arising from any excessively harsh and unusual undertaking, clauses or terms. The current actual use of the property is consistent with its prescribed use and has not violated any PRC laws and regulations.

4. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Building Ownership Certificate	Yes

VALUATION CERTIFICATE

Group II – Property interests held for future development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2011 *RMB*
3.	The remaining portion of a parcel of land located at the east of Jinchao Avenue, the west of Wutang Road, the south of Yingbin Avenue and the north of Zhushan Road Fuzhou City Jiangxi Province The PRC	The property comprises the remaining portion of a parcel of land, with a site area of approximately 113,152.61 sq.m. which is planned to be developed into a residential and commercial development. As advised by the Group, Phases II and III of a large scale residential and commercial development known as Fuzhou Huacui Tingyuan (of which Phase I is currently under construction and set out in this valuation report as property no. 8) are planned to be constructed thereon. The land use rights of the property have been granted for terms of 70 years expiring on 31 January 2080 for residential use and 40 years expiring on 31 January 2050 for commercial use.	The property is currently vacant.	334,000,000 100% interest attributable to the Group: RMB334,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 3620100813001K dated 22 January 2010, the land use rights of a parcel of land with a site area of approximately 190,753 sq.m. (comprising this property and the land parcel of property no. 8) were contracted to be granted to Fuzhou Pan Hong Kai Xuan Property Development Co., Ltd. ("Fuzhou Pan Hong", a wholly-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use both commencing from 31 January 2010. The land use rights premium was RMB224,600,000.

2. Pursuant to a State-owned Land Use Rights Certificate – Fu Jin Guo Yong (2010) Di No. 045, the land use rights of a parcel of land with a site area of approximately 190,753 sq.m. (including the land parcel of this property) have been granted to Fuzhou Pan Hong for terms of 70 years expiring on 31 January 2080 for residential use and 40 years expiring on 31 January 2050 for commercial use.

3. Pursuant to a Construction Land Planning Permit – Fu Cheng Gui Di Zi Di (2010) No. 015 in favour of Fuzhou Pan Hong, permission towards the planning of the parcel of land mentioned in note 1 with a planned site area of approximately 190,753 sq.m. has been granted to Fuzhou Pan Hong.

4. The Group has not obtained any Construction Works Planning Permit and Construction Works Commencement Permit with respect to the development of the property. However, according to the latest development proposal provided by the Group, the property will be developed into a large scale residential and commercial development with a total planned gross floor area of approximately 214,884.42 sq.m. The details are summarised as below:

Proposed Usage	**Planned Gross Floor Area (m^2)**
High-end residential	52,524.08
Commercial	14,280.36
Apartment	116,642.17
Underground	23,810.28
Ancillary	3,009.53
Stilt floor (架空層)	4,618.00
Total:	**214,884.42**

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The State-owned Land Use Rights Grant Contract with respect to the property is legal, valid and enforceable and the Group's rights under the State-owned Land Use Rights Grant Contract are protected by the PRC laws. The land premium has been fully paid by the Group;

   b. The Group has legally obtained the land use rights of the property in accordance with the PRC laws and has the rights to occupy, use, transfer or mortgage the property; and

   c. As confirmed by the Group, the property is neither subject to any mortgage nor involved in any sequestration.

6. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Works Planning Permit	No
e.	Construction Works Commencement Permit	No
f.	Pre-sales Permit	No
g.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2011 *RMB*
4.	8 parcels of land located at the west side of Yiyang North Road Yuanzhou District Yichun City Jiangxi Province The PRC	The property comprises 8 parcels of land, with a total site area of approximately 527,335.47 sq.m. which is planned to be developed into a composite development. As advised by the Group, Phases II to VI of a large scale composite development known as Yichun Project (of which Phase I is currently under construction and set out in this valuation report as property no. 9) are planned to be constructed thereon. The land use rights of the property have been granted for terms of 70 years expiring on 29 March 2077 for residential use and 40 years expiring on 29 March 2047 for commercial use.	The property is currently vacant.	1,275,000,000 50% interest attributable to the Group: RMB637,500,000

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract – GF-2000-2601 dated 30 March 2007, the land use rights of a parcel of land with a site area of approximately 640,343.2 sq.m. (including this property and the land parcels of property no. 9) were contracted to be granted to Jiangxi Ganghong Investment Co., Ltd. ("Jiangxi Ganghong", a 50% interest owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from 12 March 2008. The land use rights premium was RMB232,740,000.

2. Pursuant to 8 State-owned Land Use Rights Certificates – Yi Chun Guo Yong (2009) Di Nos. 00000029, 00003979 and 00003982 to 00003987, the land use rights of 8 parcels of land with a total site area of approximately 550,439.13 sq.m. have been granted to Jiangxi Ganghong for terms of 70 years expiring on 29 March 2077 for residential use and 40 years expiring on 29 March 2047 for commercial use.

   As stated in the State-owned Land Use Rights Certificates, portion of the land parcels with a site area of approximately 23,103.66 sq.m. had been retrieved by the relevant authorities for infrastructure construction use, thus only the land use rights of the remaining portion with a site area of approximately 527,335.47 sq.m. has been actually obtained by the Group.

3. Pursuant to a Construction Land Planning Permit – Cheng Gui Di (2008) No. 007 in favour of Jiangxi Ganghong, permission towards the planning of the parcel of land as mentioned in note 1 with a planned area of approximately 629,212.88 sq.m. has been granted to Jiangxi Ganghong.

4. Pursuant to 3 Mortgage Contracts, the land use rights of 3 parcels of land of the property with a total site area of approximately 220,514.76 sq.m. under the Land Use Rights Certificate – Yi Chun Guo Yong (2009) Di Nos. 00003983 to 00003985 are subject to mortgages in favour of Bank of Nanchang Gongren Sub-Branch ("Bank A") as security to guarantee the principal obligations under 4 loan contracts entered into between Bank A and Jiangxi Hongkelong Enterprise Limited ("Jiangxi Hongkelong", a 50% shareholder of Jiangxi Ganghong), for a total amount of RMB150,000,000. The loan terms under the aforesaid loan contracts commence from 12 May 2010 and expire on 27 April 2012.

5. Pursuant to a Mortgage Contract of Maximum Amount, the land use rights of portion of the property with a site area of approximately 153,868.27 sq.m. under the Land Use Rights Certificates – Yi Chun Guo Yong (2009) Di Nos. 00003979 and 00003986 together with portion of the land parcels of property no. 9 with a site area of approximately 73,082.14 sq.m. are subject to a mortgage in favour of Industrial and Commercial Bank of China Company Limited Yichun Sub-branch ("Bank B") as security to guarantee the principal obligation under a series of loan contracts entered into between Bank B and Jiangxi Ganghong from 11 March 2011 to 10 March 2014 for a maximum amount of RMB80,000,000.

6. The Group has not obtained any Construction Works Planning Permit and Construction Works Commencement Permit with respect to the development of the property as at the date of valuation. However, according to the latest development proposal provided by the Group, the property will be developed into a composite development with a total planned gross floor area of approximately 1,430,340 sq.m. The details are summarised as below:

Proposed Usage	**Planned Gross Floor Area (m^2)**
Residential	1,115,901
Commercial	53,997
Public Service	10,313
Underground	223,222
Stilt floor (架空層)	26,907
Total:	**1,430,340**

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The State-owned Land Use Rights Grant Contract with respect to the property is legal, valid and enforceable and the Group's rights under the State-owned Land Use Rights Grant Contract are protected by the PRC laws. The land premium has been fully paid by the Group;

   b. The Group has legally obtained the land use rights of the property in accordance with the PRC laws and has the rights to occupy, use, transfer or mortgage the property; and

   c. As confirmed by the Group, except for the aforesaid mortgages as mentioned in notes 4 and 5, the property is neither subject to any other mortgage nor involved in any sequestration.

8. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Works Planning Permit	No
e.	Construction Works Commencement Permit	No
f.	Pre-sales Permit	No
g.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2011 *RMB*
5.	3 parcels of land located at Huang Jia Hu West Road Nanchang Economic Development Zone Nanchang City Jiangxi Province The PRC	The property comprises 3 parcels of land with a total site area of approximately 719,547.5 sq.m. As advised by the Group, a large scale residential and commercial development known as Nanchang Dingxun Project are planned to be constructed thereon. The land use rights of the property have been granted for terms of 70 years expiring on 18 May 2072 for residential use and 50 years expiring on 18 May 2052 for composite use.	The property is currently vacant.	1,349,000,000 55% interest attributable to the Group: RMB741,950,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates – Hong Tu Guo Yong (2007) Di Nos. 013 and 014, the land use rights of 2 parcels of land with a total site area of approximately 571,030.01 sq.m. have been granted to Nanchang Dingxun Co., Ltd. ("Nanchang Dingxun", a 55% interest owned subsidiary of the Company) for a term of 70 years expiring on 18 May 2072 for residential use.

2. Pursuant to a State-owned Land Use Rights Certificate – Hong Tu Guo Yong (2007) Di No. 015, the land use rights of a parcel of land with a site area of approximately 148,517.49 sq.m. have been granted to Nanchang Dingxun for a term of 50 years expiring on 18 May 2052 for composite use.

3. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 360100200820014, permission towards the planning of a parcel of land with a planned site area of approximately 689,450 sq.m. has been granted to Nanchang Dingxun.

4. The Group has not obtained any Construction Works Planning Permit and Construction Works Commencement Permit with respect to the development of the property as at the date of valuation. However, according to the latest development proposal provided by the Group, the property will be developed into a composite development with a total planned gross floor area of approximately 1,198,460.55 sq.m. The details are summarised as below:

Proposed Usage	**Planned Gross Floor Area (m^2)**
Residential	944,678.76
Commercial	54,536.69
Public service	35,323
Underground	163,922.1
Total:	**1,198,460.55**

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The State-owned Land Use Rights Grant Contract with respect to the property is legal, valid and enforceable and the Group's rights under the State-owned Land Use Rights Grant Contract are protected by the PRC laws. The land premium has been fully paid;

   b. The Group has legally obtained the land use rights of the property in accordance with the PRC laws and has the rights to occupy, use, transfer or mortgage the property; and

   c. As confirmed by the Group, the property is neither subject to any mortgage nor involved in any sequestration.

6. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Works Planning Permit	No
e.	Construction Works Commencement Permit	No
f.	Pre-sales Permit	No
g.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2011 *RMB*
6.	5 parcels of land located at Hushan Meiyan Reclamation Farm Leping City Jiangxi Province The PRC	The property comprises 5 parcels of land with a total site area of approximately 333,340.9 sq.m. The land use rights of the property have been granted for a term of 70 years expiring on 17 June 2074 for residential use.	The property is currently vacant.	510,000,000 51% interest attributable to the Group: RMB260,100,000

Notes:

1. Pursuant to 5 State-owned Land Use Rights Certificates – Le Guo Yong (2004) Di Nos. 906 Bian and 758-1 Bian to 758-4 Bian, the land use rights of 5 parcels of land with a total site area of approximately 333,340.9 sq.m. have been granted to Leping City Feng Huang Jincheng Industry Co., Ltd. ("Leping Feng Huang", a 51% interest owned subsidiary of the Company) for a term of 70 years expiring on 17 June 2074 for residential use.

2. The Group has not obtained any Construction Works Planning Permit and Construction Works Commencement Permit with respect to the development of the property as at the date of valuation. However, according to the latest development proposal provided by the Group, the property will be developed into a composite development with a total planned gross floor area of approximately 498,800 sq.m. The details are summarised as below:

Proposed Usage	**Planned Gross Floor Area (m^2)**
Residential	410,000
Commercial	10,000
Underground	78,800
Total:	**498,800**

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The State-owned Land Use Rights Grant Contract with respect to the property is legal, valid and enforceable and the Group's rights under the State-owned Land Use Rights Grant Contract are protected by the PRC laws. The land premium has been fully paid;

   b. The Group has legally obtained the land use rights of the property in accordance with the PRC laws and has the rights to occupy, use, transfer or mortgage the property; and

   c. As confirmed by the Group, the property is neither subject to any mortgage nor involved in any sequestration.

4. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	No
d.	Construction Works Planning Permit	No
e.	Construction Works Commencement Permit	No
f.	Pre-sales Permit	No
g.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

Group III – Property interests held under development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2011 *RMB*
7.	2 buildings of Phase II of Nanchang Honggu Kaixuan No. 1568 Honggu Avenue Honggu Tan Central District Nanchang City Jiangxi Province The PRC	The property comprises a portion of a parcel of land with a site area of approximately 7,482.44 sq.m., a residential/commercial building and an office/commercial building which are currently being constructed thereon (altogether known as portion of Phase II of Nanchang Honggu Kaixuan). The development is scheduled to be completed in September 2011. Upon completion, the development will have a total gross floor area of approximately 90,408.7 sq.m. and the details are set out as follows: **Use** — **Gross Floor Area (sq.m.)** Residential — 32,955.26 Commercial — 15,757.48 Office — 21,796.03 Underground — 12,717.13 Others — 7,182.8 **Total:** — **90,408.7** As advised by the Group, the total construction cost is estimated to be approximately RMB264,220,000, of which RMB218,090,000 had been paid as at the date of valuation. The land use rights of the property have been granted for terms of 70 years expiring on 16 September 2073 for residential use and 40 years expiring on 16 September 2043 for commercial use.	The property is currently under construction.	805,000,000 100% interest attributable to the Group: RMB805,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Hong Tu Guo Yong (Deng Hong 2006) Di No. 546, the land use rights of a parcel of land with a site area of approximately 42,690.3 sq.m. (including the land of this property) have been granted to Jiangxi Asia City Real Estate Development Co., Ltd. ("Jiangxi Asia City", a wholly-owned subsidiary of the Company) for terms of 70 years expiring on 16 September 2073 for residential use and 40 years expiring on 16 September 2043 for commercial use.

2. Pursuant to a Mortgage Contract, the office/commercial building under construction and the land parcel on which it is erected with a site area of approximately 4,731.5 sq.m. are subject to a mortgage in favour of Shanghai Pudong Development Bank Nanchang Branch (the "Bank") as security to guarantee the principal obligations under a loan contract entered into between the Bank and Jiangxi Asia City, for an amount of RMB71,000,000. The loan term under the aforesaid loan contract commences from 23 December 2009 and expires on 23 December 2011.

3. Pursuant to a Construction Land Planning Permit – Shi Gui Di (2006) No. 001 in favour of Jiangxi Asia City, permission towards the planning of 2 parcels of land (including the land of this property) with a total planned site area of approximately 155.609 Mu (approximately 103,739.39 sq.m.) has been granted to Jiangxi Asia City.

4. Pursuant to 2 Construction Works Planning Permits – Shi Gui Jian (2007) Di Nos. 428 and 403 in favour of Jiangxi Asia City, 2 buildings with a total gross floor area of approximately 90,408.7 sq.m. have been approved for construction.

5. Pursuant to 2 Construction Works Commencement Permits – Hong Jian Wei Shi Zi (2008) Nos. 008 and 014 in favour of Jiangxi Asia City, permission by the relevant local authority has been given to commence the construction work.

6. Pursuant to a Commodity Building Pre-Sale Permit – (2010) Hong Fang Yu Shou Zheng No. 17646 in favour of Jiangxi Asia City, the Group is entitled to freely sell the residential/commercial building with a gross floor area of approximately 37,268.58 sq.m. to purchasers.

7. The capital value of the property, as if completed as at the date of valuation under the development proposals as described above and which can be freely transferred in the market, would be RMB917,943,000.

8. As advised by the Group, portions of the property with a total gross floor area of approximately 32,955.26 sq.m. have been pre-sold to various third parties for a total consideration of RMB233,075,278 but have not been handed over to the purchasers. In arriving at our opinion of the capital value of the property, we have taken into account the contracted prices of such portions.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The State-owned Land Use Rights Grant Contract with respect to the property is legal, valid and enforceable and the Group's rights under the State-owned Land Use Rights Grant Contract are protected by the PRC laws. The land premium has been fully paid by the Group;

   b. The Group has legally obtained the land use rights of the property in accordance with the PRC laws and has the rights to occupy, use, transfer or mortgage the property;

   c. The Group has obtained all the necessary approvals, permits and certificates for the construction of the property in accordance with the PRC laws;

   d. The Group has legally obtained the relevant Pre-Sale Permit of the residential/commercial building as mentioned in note 6 and has the rights to pre-sell such building; and

   e. As confirmed by the Group, except for the aforesaid mortgage, the property is neither subject to any other mortgage nor involved in any sequestration.

10. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Works Planning Permit	Yes
e.	Construction Works Commencement Permit	Yes
f.	Pre-sales Permit	Portion
g.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2011 *RMB*
8.	Phase I of Fuzhou Huacui Tingyuan located at the east of Jinchao Avenue, the west of Wutang Road, the south of Yingbin Avenue and the north of Zhushan Road Fuzhou City Jiangxi Province The PRC	The property comprises a portion of a parcel of land with a site area of approximately 77,600.39 sq.m. and 32 residential and commercial buildings which are currently being constructed thereon (known as Phase I of Fuzhou Huacui Tingyuan). The development is scheduled to be completed in March 2012. Upon completion, the development will have a total gross floor area of approximately 103,137.88 sq.m. and the details are set out as follows:	The property is currently under construction.	357,000,000 100% interest attributable to the Group: RMB357,000,000

Use	Gross Floor Area (sq.m.)
Residential	94,649.21
Commercial	4,770.79
Ancillary	632
Underground	1,400.88
Stilt floor (架空層)	1,685
Total:	**103,137.88**

As advised by the Group, the total construction cost is estimated to be approximately RMB180,750,000, of which RMB89,300,000 had been paid as at the date of valuation.

The land use rights of the property have been granted for terms of 70 years expiring on 31 January 2080 for residential use and 40 years expiring on 31 January 2050 for commercial use.

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 3620100813001K dated 22 January 2010, the land use rights of a parcel of land with a site area of approximately 190,753 sq.m. (comprising the land parcel of this property and property no. 3) were contracted to be granted to Fuzhou Pan Hong Kai Xuan Property Development Co., Ltd. ("Fuzhou Pan Hong", a wholly-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use both commencing from 31 January 2010. The land use rights premium was RMB224,600,000.

2. Pursuant to a State-owned Land Use Rights Certificate – Fu Jin Guo Yong (2010) Di No. 045, the land use rights of a parcel of land with a site area of approximately 190,753 sq.m. (including the land parcel of this property) have been granted to Fuzhou Pan Hong for terms of 70 years expiring on 31 January 2080 for residential use and 40 years expiring on 31 January 2050 for commercial use.

3. Pursuant to a Construction Land Planning Permit – Fu Cheng Gui Di Zi Di No. (2010)015 in favour of Fuzhou Pan Hong, permission towards the planning of the parcel of land as mentioned above with a planned site area of approximately 190,753 sq.m. has been granted to Fuzhou Pan Hong.

4. Pursuant to a Construction Works Planning Permit – Fu Cheng Gui Zi (2010) Di No. 42 in favour of Fuzhou Pan Hong, the development with a total gross floor area of approximately 99,420 sq.m. have been approved for construction.

5. Pursuant to 2 Construction Works Commencement Permits – Fu Jin Jian Shi Xu Zi Di (2010) Nos. 024 and 025 in favour of Fuzhou Pan Hong, permission by the relevant local authority has been given to commence the construction work.

6. Pursuant to 2 Commodity Building Pre-Sale Permits – (2011) Fang Yu Shou Zheng Di Nos. 01 and 03 in favour of Fuzhou Pan Hong, the Group is entitled to freely sell 21 residential buildings with a total gross floor area of approximately 45,779.56 sq.m. to purchasers.

7. The capital value of the property, as if completed as at the date of valuation under the development proposals as described above and which can be freely transferred in the market, would be RMB513,000,000.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The State-owned Land Use Rights Grant Contract with respect to the property is legal, valid and enforceable and the Group's rights under the State-owned Land Use Rights Grant Contract are protected by the PRC laws. The land premium has been fully paid by the Group;

   b. The Group has legally obtained the land use rights of the property in accordance with the PRC laws and has the rights to occupy, use, transfer or mortgage the property;

   c. The Group has obtained all the necessary approvals, permits and certificates for the construction of the property in accordance with the PRC laws;

   d. The Group has legally obtained the relevant Pre-Sale Permits of 21 residential buildings as mentioned in note 6 and has the rights to pre-sell such buildings; and

   e. As confirmed by the Group, the property is neither subject to any mortgage nor involved in any sequestration.

9. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Works Planning Permit	Yes
e.	Construction Works Commencement Permit	Yes
f.	Pre-sales Permit	Portion
g.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2011 *RMB*
9.	Phase I of Yichun Project located at the west side of Yiyang North Road Yuanzhou District Yichun City Jiangxi Province The PRC	The property comprises 3 parcels of land with a total site area of approximately 79,748.81 sq.m. and 21 residential and commercial buildings and a hospital which are currently being constructed thereon (known as Phase I of Yichun Project). The development is scheduled to be completed in March 2012. Upon completion, the development will have a total gross floor area of approximately 135,671 sq.m. and the details are set out as follows: **Use** — **Gross Floor Area (sq.m.)** Residential — 105,573 Commercial — 12,526 Hospital — 4,252 Underground — 7,380 Others — 5,940 **Total:** — **135,671** As advised by the Group, the total construction cost is estimated to be approximately RMB217,620,000, of which RMB20,780,000 had been paid as at the date of valuation. The land use rights of the property have been granted for terms of 70 years expiring on 29 March 2077 for residential use and 40 years expiring on 29 March 2047 for commercial use.	The property is currently under construction.	202,000,000 50% interest attributable to the Group: RMB101,000,000

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract – GF-2000-2601 dated 30 March 2007, the land use rights of a parcel of land with a site area of approximately 640,343.2 sq.m. (including the land parcels of this property and property no. 4) were contracted to be granted to Jiangxi Ganghong Investment Co., Ltd. ("Jiangxi Ganghong", a 50% interest owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from 12 March 2008. The land use rights premium was RMB232,740,000.

2. Pursuant to 3 State-owned Land Use Rights Certificates – Yi Chun Guo Yong (2009) Di Nos. 00003980, 00003981 and 00003988, the land use rights of 3 parcels of land with a total site area of approximately 82,408.51 sq.m. have been granted to Jiangxi Ganghong for terms of 70 years expiring on 29 March 2077 for residential use and 40 years expiring on 29 March 2047 for commercial use.

   As stated in the State-owned Land Use Rights Certificates, portion of the land parcels with a site area of approximately 2,659.7 sq.m. had been retrieved by the relevant authorities for infrastructure construction use, thus only the land use rights of the remaining portion with a site area of approximately 79,748.81 sq.m. has been actually obtained by the Group.

3. Pursuant to a Mortgage Contract of Maximum Amount, the land use rights of portion of the property with a site area of approximately 73,082.14 sq.m. under the Land Use Rights Certificates – Yi Chun Guo Yong (2009) Di Nos. 00003980 and 00003988 together with portion of the land parcels of property no. 4 with a site area of approximately 153,868.27 sq.m. are subject to a mortgage in favour of Industrial and Commercial Bank of China Company Limited Yichun Sub-branch (the "Bank") as security to guarantee the principal obligation under a series of loan contracts entered into between the Bank and Jiangxi Ganghong from 11 March 2011 to 10 March 2014 for a maximum amount of RMB80,000,000.

4. Pursuant to a Construction Land Planning Permit – Cheng Gui Di (2008) Di No. 007 in favour of Jiangxi Ganghong, permission towards the planning of the parcel of land mentioned in note 1 with a planned site area of approximately 629,212.88 sq.m. has been granted to Jiangxi Ganghong.

5. Pursuant to 11 Construction Works Planning Permits – Jian Zi Di Nos. 360901201000002-1 to 360901201000002-11 in favour of Jiangxi Ganghong, 21 residential and commercial buildings and a hospital with a total gross floor area of approximately 135,671 sq.m. have been approved for construction.

6. Pursuant to 2 Construction Works Commencement Permits – Nos. 362201201004291101 and 362201201011244201 in favour of Jiangxi Ganghong, permission by the relevant local authority has been given to commence the construction work.

7. The capital value of the property, as if completed as at the date of valuation under the development proposals as described above and which can be freely transferred in the market, would be RMB499,547,000.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The State-owned Land Use Rights Grant Contract with respect to the property is legal, valid and enforceable and the Group's rights under the State-owned Land Use Rights Grant Contract are protected by the PRC laws. The land premium has been fully paid by the Group;

   b. The Group has legally obtained the land use rights of the property in accordance with the PRC laws and has the rights to occupy, use, transfer or mortgage the property;

   c. The Group has obtained all the necessary approvals, permits and certificates for the construction works of the property in accordance with the PRC laws; and

   d. As confirmed by the Group, except for the aforesaid mortgage as mentioned in note 3, the property is neither subject to any other mortgage nor involved in any sequestration.

9. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Works Planning Permit	Yes
e.	Construction Works Commencement Permit	Yes
f.	Pre-sales Permit	No
g.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

Group IV – Property interest held for investment by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2011 *RMB*
10.	Levels 1 and 2 of Block 2, Units 02 to 06 on Level 1 of Block 6 and a 3-storey kindergarten of Nanchang Honggu Kaixuan No. 1568 Honggu Avenue Honggu Tan Central District Nanchang City Jiangxi Province The PRC	The property comprises the whole retail units on Levels 1 and 2 of Block 2, Units 02 to 06 on Level 1 of Block 6 and a 3-storey kindergarten of a composite development known as Nanchang Honggu Kaixuan completed in between 2007 and 2010. The retail units of the property have a total gross floor area of approximately 2,252.87 sq.m. The kindergarten of the property has a gross floor area of approximately 2,212.39 sq.m. The land use rights of the property have been granted for terms of 70 years expiring on 16 September 2073 for residential use and 40 years expiring on 16 September 2043 for commercial use.	The property is currently rented to various third parties for commercial and kindergarten uses.	61,494,000 100% interest attributable to the Group RMB61,494,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Hong Tu Guo Yong (Deng Hong 2006) Di No. 547, the land use rights of a parcel of land with a site area of approximately 37,830.3 sq.m. on which the property is situated, have been granted to Jiangxi Asia City Real Estate Development Co., Ltd. ("Jiangxi Asia City", a wholly-owned subsidiary of the Company), for terms of 70 years expiring on 16 September 2073 for residential use and 40 years expiring on 16 September 2043 for commercial use.

2. Pursuant to a Tenancy Agreement entered into between Jiangxi Asia City as the Lessor and Yuan Yumei (袁毓梅) and Wang Shuzhen (王淑珍) (together as the "Lessees"), Units 02 to 06 on Level 1 of Block 6 with a total gross floor area of approximately 895.32 sq.m. are rented to the Lessees for a term commencing from 30 October 2009 and expiring on 29 January 2020 for coffee chain store operation purpose. The annual rent is RMB537,192 from 30 January 2010 to 29 January 2013, RMB752,070 from 30 January 2013 to 29 January 2017 and RMB966,946 from 30 January 2017 to 29 January 2020, exclusive of management fees, water, gas, paid TV and electricity charges and other outgoings.

3. Pursuant to a Tenancy Agreement entered into between Jiangxi Asia City and China Minsheng Banking Corp., Ltd. Nanchang Branch (the "Bank"), Levels 1 and 2 of Block 2 of the property with a total gross floor area of approximately 1,357.55 sq.m. are rented to the Bank for a term commencing from 1 January 2011 and expiring on 31 December 2020 for banking operation purpose at an annual rent of RMB1,350,000 for the first three years. The rent will be increased by 10% annually from the 4th year, exclusive of management fees, water, electricity charges and other outgoings.

4. Pursuant to a Tenancy Agreement entered into between Jiangxi Asia City and Shanghai Pudong New District Xiehe Education Center (上海浦東新區協和教育中心) ("Shanghai Xiehe"), the kindergarten of the property with a gross floor area of approximately 2,212.39 sq.m. is rented to Shanghai Xiehe for a term commencing from 20 July 2010 and expiring on 19 July 2026 for kindergarten operation purpose at an annual rent of RMB200,000 for the first year. Thereafter, the rent will be increased by RMB10,000 annually, exclusive of management fees, water, gas, paid TV and electricity charges and other outgoings.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has legally obtained all the necessary approvals, permits and certificates for obtaining the land use rights of the property and is the sole legal land use rights owner of the land parcel as mentioned in note 1;

   b. There is no legal impediment for the Group to obtain the building ownership certificates and the Group has the rights to freely transfer, mortgage, lease, use and occupy the property;

   c. The Tenancy Agreements are legal, valid and binding on the contracted parties of the tenancies;

   d. The Tenancy Agreements should be registered with the relevant local authorities by Jiangxi Asia City, however, the validity of the Tenancy Agreements will not be affected due to the absence of registration; and

   e. As confirmed by the Group, the property is neither subject to any mortgage nor involved in any sequestration.

VALUATION CERTIFICATE

Group V – Property interest held for sale by the Group in the PRC

No.	**Property**	**Description and tenure**	**Particulars of occupancy**	**Capital value in existing state as at 30 April 2011** *RMB*
11.	Various residential and retail units and Car Parking Spaces of Nanchang Honggu Kaixuan No. 1568 Honggu Avenue Honggu Tan Central District Nanchang City Jiangxi Province The PRC	The property comprises the unsold portion of Phases I and II of Nanchang Honggu Kaixuan completed in between 2007 and 2010. The property comprises 26 residential units, 47 commercial units and 987 car parking spaces ("CPSs") with a total gross floor area of approximately 45,202.67 sq.m. The details are set out as follows: **Use** / **Gross Floor Area (sq.m.)** Residential 3,749.93 Commercial 9,385.66 CPSs 32,067.08 **Total: 45,202.67** The land use rights of the property have been granted for terms of 70 years expiring on 16 September 2073 for residential use and 40 years expiring on 16 September 2043 for commercial use.	The property is currently vacant.	335,380,000 100% interest attributable to the Group: RMB335,380,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates – Hong Tu Guo Yong (Deng Hong 2006) Di Nos. 546 and 547, the land use rights of 2 parcels of land with a total site area of approximately 80,520.6 sq.m. on which the property is situated, have been granted to Jiangxi Asia City Real Estate Development Co., Ltd. ("Jiangxi Asia City", a wholly-owned subsidiary of the Company), for terms of 70 years expiring on 16 September 2073 for residential use and 40 years expiring on 16 September 2043 for commercial use.

2. Pursuant to a Mortgage Contract, portion of the land use rights of the property with a site area of approximately 33,670.8 sq.m. under the Land Use Rights Certificate – Hong Tu Guo Yong (Deng Hong 2006) No. 546 are subject to a mortgage in favour of Shanghai Pudong Development Bank Nanchang Branch (the "Bank") as security to guarantee the principal obligations under a loan contract entered into between the Bank and Jiangxi Asia City, for an amount of RMB79,000,000. The loan term under the aforesaid loan contract commences from 23 December 2009 and expires on 23 December 2011.

3. Pursuant to 12 Commodity Building Pre-Sale Permits – (2007) Hong Fang Yu Shou Zheng Nos. 14067, 14165, 14166, 14427 and 14703, (2008) Hong Fang Yu Shou Zheng Nos. 15742 and 15803, (2009) Hong Fang Yu Shou Zheng Nos. 16573 and 16706 and (2010) Hong Fang Yu Shou Zheng Nos. 18092 to 18094 in favour of Jiangxi Asia City, the Group is entitled to freely sell the various residential and commercial buildings (including this property) with a total gross floor area of approximately 232,190.58 sq.m. to purchasers.

4. As advised by the Group, various residential and commercial units of the property with a total gross floor area of approximately 8,748.31 sq.m. have been pre-sold to various third parties for a total consideration of RMB161,917,503 but have not been handed over to the customers as at the date of valuation. In arriving at our opinion of the capital value of the property, we have taken into account the contracted prices of such units.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has legally obtained the land use rights of the property in accordance with the PRC laws and has the rights to occupy, use, transfer or mortgage such land use rights of the property;

   b. The Group has obtained all the necessary approvals, permits and certificates for the construction of the property in accordance with the PRC laws;

   c. The Group has legally obtained the relevant Pre-Sale Permits of the property and has the rights to pre-sell the property; and

   d. As confirmed by the Group, except for the aforesaid mortgage, the property is neither subject to any mortgage nor involved in any sequestration.

6. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Construction Land Planning Permit	Yes
c.	Construction Works Planning Permit	Yes
d.	Construction Works Commencement Permit	Yes
e.	Pre-sales Permit	Yes
f.	Construction Works Completion and Inspection Certificate	Yes
g.	Building Ownership Certificate	No

VALUATION CERTIFICATE

Group VI – Property interest leased and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2011 *RMB*
12.	2 office units of Sheng He Yuan Hotel No. 368 Huangcheng West Road Yuanzhou District Yichun City Jiangxi Province The PRC	The property comprises 2 office units on Level 3 of a 9-storey hotel known as Sheng He Yuan Hotel completed in 2005. The property has a total lettable area of approximately 120 sq.m. The property is leased to Jiangxi Ganghong Investment Co., Ltd. ("Jiangxi Ganghong", a 50% interest owned subsidiary of the Company) from an independent third party for a term of 1 year commencing from 1 January 2011 and expiring on 31 December 2011, at a monthly rent of RMB2,800 exclusive of management fees and other outgoings.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement, 2 office units with a total lettable area of approximately 120 sq.m. are leased to Jiangxi Ganghong from Sheng He Yuan Hotel (the "Lessor"), an independent third party of the Group, for a term of 1 year commencing from 1 January 2011 and expiring on 31 December 2011, at a monthly rent of RMB2,800 exclusive of management fees and other outgoings.

2. We have been provided with a legal opinion on the legality of the Tenancy Agreement to the properties issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:

    a. The Lessor has not provided any title certificate in respect of the property;

    b. In case the Lessor is not the legal owner of the property and thus does not have the legal right to let the property, the Group may be required by the legal owner to move out of the property; and

    c. The Tenancy Agreement has not been registered with the relevant PRC government authority and in case the Group fails to register the Tenancy Agreement within the time limit as ordered by the relevant PRC government authority, it may be levied a fine of less than RMB10,000.

VALUATION CERTIFICATE

Property interest leased and occupied by the Group in Hong Kong after the date of valuation

Property	Description and tenure	Particulars of occupancy
Unit No. 15 on 12/F of Tower B Hunghom Commercial Centre No. 37 Ma Tau Wai Road Hunghom Kowloon Hong Kong	The property comprises an office unit on the 12th floor of a 14 storey (plus 1-storey basement) commercial building completed in about 1982. The property has a gross floor area of approximately 168.06 sq. m.(or 1,809 sq.ft.). The property is rented by Sino Harbour Limited, a wholly-owned subsidiary of the Company, from Pan Hong Investment Limited, a connected party, for a term of 2 years commencing from 4 July 2011 and expiring on 3 July 2013, at a monthly rent of HK$26,000, inclusive of rates, management or maintenance fees but exclusive of electricity, telephone and water charges.	The property is currently occupied by the Group for office purpose.

Notes:

1. The registered owner of the property is Pan Hong Investment Limited vide Memorial No. 07092800900046 dated 5 September 2007.

Set out below is a summary of certain provisions of the Memorandum of Association and the Bye-laws and of certain aspects of Bermuda company law.

1. MEMORANDUM OF ASSOCIATION

The Memorandum of Association states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the Company is an exempted company as defined in the Companies Act. The Memorandum of Association also sets out the objects for which the Company was formed which are unrestricted and that the Company has the capacity, rights, powers and privileges of a natural person. As an exempted company, the Company will be carrying on business outside Bermuda from a place of business within Bermuda.

In accordance with and subject to section 42A of the Companies Act, the Memorandum of Association empowers the Company to purchase its own shares and pursuant to its Bye-laws, this power is exercisable by the board of Directors (the "board") upon such terms and subject to such conditions as it thinks fit.

2. BYE-LAWS

The Bye-laws were adopted on 4 July 2011. The following is a summary of certain provisions of the Bye-laws:

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Act, any preference shares may be issued or converted into shares that are liable to be redeemed, at a determinable date or at the option of the Company or, if so authorised by the Memorandum of Association, at the option of the holder, on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution determine. The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Act, the Bye-laws, any direction that may be given by the Company in general meeting and, where applicable, the rules of any Designated Stock Exchange (as defined in the Bye-laws) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Bye-laws relating to the disposal of the assets of the Company or any of its subsidiaries.

Note: The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Bye-laws or the Companies Act to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are no provisions in the Bye-laws relating to the making of loans to Directors. However, the Companies Act contains restrictions on companies making loans or providing security for loans to their directors, the relevant provisions of which are summarised in the paragraph headed "Bermuda Company Law" in this Appendix.

(v) Financial assistance to purchase shares of the Company

Neither the Company nor any of its subsidiaries shall directly or indirectly give financial assistance to a person who is acquiring or proposing to acquire shares in the Company for the purpose of that acquisition whether before or at the same time as the acquisition takes place or afterwards, provided that the Bye-laws shall not prohibit transactions permitted under the Companies Act.

(vi) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of auditor of the Company) in conjunction with his office of Director for such period and, subject to the Companies Act, upon such terms as the board may determine, and may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Bye-laws. A Director may be or become a director or other officer of, or a member of, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Bye-laws, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Act and to the Bye-laws, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, customer or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested but this prohibition shall not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub underwriting of the offer;

(dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;

(ee) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in 5 percent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or

(ff) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vii) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such remuneration (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Bye law. A Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependants or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex employees or their dependants are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(viii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re election or appointment but as between persons who became or were last re elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Note: There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or, subject to authorisation by the members in general meeting, as an addition to the existing board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the members in general meeting. Any Director appointed by the board to fill a casual vacancy shall hold office until the first general meeting of Members after his appointment and be subject to re-election at such meeting and any Director appointed by the board as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention to do so and be served on such Director fourteen (14) days before the meeting and, at such meeting, such Director shall be entitled to be heard on the motion for his removal. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors unless otherwise determined from time to time by members of the Company.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period (subject to their continuance as Directors) and upon such terms as the board may determine and the board may revoke or terminate any of such appointments (but without prejudice to any claim for damages that such Director may have against the Company or vice versa). The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ix) Borrowing powers

The board may from time to time at its discretion exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Bye-laws in general, can be varied with the sanction of a special resolution of the Company.

(b) Alterations to constitutional documents

The Bye-laws may be rescinded, altered or amended by the Directors subject to the confirmation of the Company in general meeting. The Bye-laws state that a special resolution shall be required to alter the provisions of the Memorandum of Association, to confirm any such rescission, alteration or amendment to the Bye-laws or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Act:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares as the directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association;

(v) change the currency denomination of its share capital;

(vi) make provision for the issue and allotment of shares which do not carry any voting rights; and

(vii) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may, by special resolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or, save for the use of share premium as expressly permitted by the Companies Act, any share premium account or other undistributable reserve.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Act, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Bye-laws relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons or (in the case of a member being a corporation) its duly authorised representative holding or representing by proxy not less than one third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or (in the case of a member being a corporation) its duly authorised representative or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

(e) Special resolution-majority required

A special resolution of the Company must be passed by a majority of not less than three fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designed Stock Exchange (as defined in the Bye-laws), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and not less than ten (10) clear business days has been given.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Bye-laws, at any general meeting on a poll every member present in person or by proxy or (being a corporation) by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share.

A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares held by that clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Bye-laws), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year other than the year in which its statutory meeting is convened at such time (within a period of not more than 15 months after the holding of the last preceding annual general meeting unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Bye-laws)) and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the provisions of the Companies Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or, subject to the Companies Act, at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting.

Subject to the Companies Act, a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the auditors' report, shall be sent to each person entitled thereto at least twenty-one (21) days before the date of the general meeting and at the same time as the notice of annual general meeting and laid before the Company at the annual general meeting in accordance with the requirements of the Companies Act provided that this provision shall not require a copy of those documents to be sent to any person whose address the Company is not aware or to more than one of the joint holders of any shares or debentures; however, to the extent permitted by and subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Bye-laws), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Subject to the Companies Act, at the annual general meeting or at a subsequent special general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the members appoint another auditor. Such auditor may be a member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company. The remuneration of the auditor shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than Bermuda. If the auditing standards of a country or jurisdiction other than Bermuda are used, the financial statements and the report of the auditor should disclose this fact and name such country and jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any special general meeting at which it is proposed to pass a special resolution shall (save as set out in sub paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other special general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in Bermuda or such other place in Bermuda at which the principal register is kept in accordance with the Companies Act.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Bye-laws) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in an appointed newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Bye-laws), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Bye-laws supplement the Company's Memorandum of Association (which gives the Company the power to purchase its own shares) by providing that the power is exercisable by the board upon such terms and conditions as it thinks fit.

(l) Power for any subsidiary of the Company to own shares in the Company

There are no provisions in the Bye-laws relating to ownership of shares in the Company by a subsidiary.

(m) Dividends and other methods of distribution

Subject to the Companies Act, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board. The Company in general meeting may also make a distribution to its members out of contributed surplus (as ascertained in accordance with the Companies Act). No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium account.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to a member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

(o) Call on shares and forfeiture of shares

Subject to the Bye-laws and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect.

Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

The register and branch register of members shall be open to inspection between 10:00 a.m. and 12:00 noon on every business day by members of the public without charge at the registered office or such other place in Bermuda at which the register is kept in accordance with the Companies Act, unless the register is closed in accordance with the Companies Act.

(q) Quorum for meetings and separate class meetings

For all purposes the quorum for a general meeting shall be two members present in person or (in the case of a member being a corporation) by its duly authorised representative or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of that class.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Bye-laws relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Bermuda law, as summarised in paragraph 4(e) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Act, divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

The Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Bye-laws) giving notice of its intention to sell such shares and a period of three months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Bye-laws), has elapsed since such advertisement and the Designated Stock Exchange (as defined in the Bye-laws) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Other provisions

The Bye-laws provide that to the extent that it is not prohibited by and is in compliance with the Companies Act, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

The Bye-laws also provide that the Company is required to maintain at its registered office a register of directors and officers in accordance with the provisions of the Companies Act and such register is open to inspection by members of the public without charge between 10:00 a.m. and 12:00 noon on every business day.

3. VARIATION OF MEMORANDUM OF ASSOCIATION AND BYE-LAWS

The Memorandum of Association may be altered by the Company in general meeting. The Bye-laws may be amended by the Directors subject to the confirmation of the Company in general meeting. The Bye-laws state that a special resolution shall be required to alter the provisions of the Memorandum of Association or to confirm any amendment to the Bye-laws or to change the name of the Company. For these purposes, a resolution is a special resolution if it has been passed by a majority of not less than three fourths of the votes cast by such members of the Company as, being entitled to do so, vote in person or, in the case of such members as are corporations, by their respective duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than twenty-one (21) clear days' and not less than ten clear business days' notice specifying the intention to propose the resolution as a special resolution has been duly given. Except in the case of an annual general meeting, the requirement of twenty-one (21) clear days' notice may be waived by a majority in number of the members having the right to attend and vote at the relevant meeting, being a majority together holding not less than 95 percent in nominal value of the shares giving that right.

4. BERMUDA COMPANY LAW

The Company is incorporated in Bermuda and, therefore, operates subject to Bermuda law. Set out below is a summary of certain provisions of Bermuda company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Bermuda company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Share capital

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account", to which the provisions of the Companies Act relating to a reduction of share capital of a company shall apply as if the share premium account was paid up share capital of the company except that the share premium account may be applied by the company:

(i) in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares;

(ii) in writing off:

(aa) the preliminary expenses of the company; or

(bb) the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; or

(iii) in providing for the premiums payable on redemption of any shares or of any debentures of the company.

In the case of an exchange of shares the excess value of the shares acquired over the nominal value of the shares being issued may be credited to a contributed surplus account of the issuing company.

The Companies Act permits a company to issue preference shares and subject to the conditions stipulated therein to convert those preference shares into redeemable preference shares.

The Companies Act includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. Where provision is made by the memorandum of association or bye-laws for authorising the variation of rights attached to any class of shares in the company, the consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required, and where no provision for varying such rights is made in the memorandum of association or bye-laws and nothing therein precludes a variation of such rights, the written consent of the holders of three fourths of the issued shares of that class or the sanction of a resolution passed as aforesaid is required.

(b) Financial assistance to purchase shares of a company or its holding company

A company is prohibited from providing financial assistance for the purpose of an acquisition of its own or its holding company’s shares unless there are reasonable grounds for believing that the company is, and would after the giving of such financial assistance be, able to pay its liabilities as they become due. In certain circumstances, the prohibition from giving financial assistance may be excluded such as where the assistance is only an incidental part of a larger purpose or the assistance is of an insignificant amount such as the payment of minor costs.

(c) Purchase of shares and warrants by a company and its subsidiaries

A company may, if authorised by its memorandum of association or bye-laws, purchase its own shares. Such purchases may only be effected out of the capital paid up on the purchased shares or out of the funds of the company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of funds of the company otherwise available for dividend or distribution or out of the company’s share premium account. Any amount due to a shareholder on a purchase by a company of its own shares may (i) be paid in cash; (ii) be satisfied by the transfer of any part of the undertaking or property of the company having the same value; or (iii) be satisfied partly under (i) and partly under (ii). Any purchase by a company of its own shares may be authorised by its board of directors or otherwise by or in accordance with the provisions of its bye-laws. Such purchase may not be made if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the company is, or after the purchase would be, unable to pay its liabilities as they become due. The shares so purchased may either be cancelled or held as treasury shares. Any purchased shares that are cancelled will, in effect, revert to the status of authorised but unissued shares. If shares of the company are held as treasury shares, the company is prohibited to exercise any rights in respect of those shares, including any right to attend and vote at meetings, including a meeting under a scheme of arrangement, and any purported exercise of such a right is void. No dividend shall be paid to the company in respect of shares held by the company as treasury shares; and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) shall be made to the company in respect of shares held by the company as treasury shares. Any shares allotted by the company as fully paid bonus shares in respect of shares held by the company as treasury shares shall be treated for the purposes of the Companies Act as if they had been acquired by the company at the time they were allotted.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Bermuda law that a company's memorandum of association or its bye-laws contain a specific provision enabling such purchases.

Under Bermuda law, a subsidiary may hold shares in its holding company and in certain circumstances, may acquire such shares. The holding company is, however, prohibited from giving financial assistance for the purpose of the acquisition, subject to certain circumstances provided by the Companies Act. A company, whether a subsidiary or a holding company, may only purchase its own shares if it is authorised to do so in its memorandum of association or bye-laws pursuant to section 42A of the Companies Act.

(d) Dividends and distributions

A company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts. Contributed surplus is defined for purposes of section 54 of the Companies Act to include the proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the company.

(e) Protection of minorities

Class actions and derivative actions are generally not available to shareholders under the laws of Bermuda. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong done to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in the violation of the company's memorandum of association and bye-laws. Furthermore, consideration would be given by the court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than actually approved it.

Any member of a company who complains that the affairs of the company are being conducted or have been conducted in a manner oppressive or prejudicial to the interests of some part of the members, including himself, may petition the court which may, if it is of the opinion that to wind up the company would unfairly prejudice that part of the members but that otherwise the facts would justify the making of a winding up order on just and equitable grounds, make such order as it thinks fit, whether for regulating the conduct of the company's affairs in future or for the purchase of shares of any members of the company by other members of the company or by the company itself and in the case of a purchase by the company itself, for the reduction accordingly of the company's capital, or otherwise. Bermuda law also provides that the company may be wound up by the Bermuda court, if the court is of the opinion that it is just and equitable to do so. Both these provisions are available to minority shareholders seeking relief from the oppressive conduct of the majority, and the court has wide discretion to make such orders as it thinks fit.

Except as mentioned above, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in Bermuda.

A statutory right of action is conferred on subscribers of shares in a company against persons, including directors and officers, responsible for the issue of a prospectus in respect of damage suffered by reason of an untrue statement therein, but this confers no right of action against the company itself. In addition, such company, as opposed to its shareholders, may take action against its officers including directors, for breach of their statutory and fiduciary duty to act honestly and in good faith with a view to the best interests of the company.

(f) Management

The Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Furthermore, the Companies Act requires that every officer should comply with the Companies Act, regulations passed pursuant to the Companies Act and the bye-laws of the company. The directors of a company may, subject to the bye-laws of the company, exercise all the powers of the company except those powers that are required by the Companies Act or the bye-laws to be exercised by the members of the company.

(g) Accounting and auditing requirements

The Companies Act requires a company to cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Furthermore, it requires that a company keeps its records of account at the registered office of the company or at such other place as the directors think fit and that such records shall at all times be open to inspection by the directors or the resident representative of the company. If the records of account are kept at some place outside Bermuda, there shall be kept at the office of the company in Bermuda such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each three month period, except that where the company is listed on an appointed stock exchange, there shall be kept such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each six month period.

The Companies Act requires that the directors of the company must, at least once a year, lay before the company in general meeting financial statements for the relevant accounting period. Further, the company's auditor must audit the financial statements so as to enable him to report to the members. Based on the results of his audit, which must be made in accordance with generally accepted auditing standards, the auditor must then make a report to the members. The generally accepted auditing standards may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be appointed by the Minister of Finance of Bermuda under the Companies Act; and where the generally accepted auditing standards used are other than those of Bermuda, the report of the auditor shall identify the generally accepted auditing standards used. All members of the company are entitled to receive a copy of every financial statement prepared in accordance with these requirements, at least five (5) days before the general meeting of the company at which the financial statements are to be tabled. A company the shares of which are listed on an appointed stock exchange may send to its members summarised financial statements instead. The summarised financial statements must be derived from the company's financial statements for the relevant period and contain the information set out in the Companies Act. The summarised financial statements sent to the company's members must be accompanied by an auditor's report on the summarised financial statements and a notice stating how a member may notify the company of his election to receive financial statements for the relevant period and/or for subsequent periods.

The summarised financial statements together with the auditor's report thereon and the accompanied notice must be sent to the members of the company not less than twenty-one (21) days before the general meeting at which the financial statements are laid. Copies of the financial statements must be sent to a member who elects to receive the same within seven (7) days of receipt by the company of the member's notice of election.

(h) Auditors

At each annual general meeting, a company must appoint an auditor to hold office until the close of the next annual general meeting; however, this requirement may be waived if all of the shareholders and all of the directors, either in writing or at the general meeting, agree that there shall be no auditor.

A person, other than an incumbent auditor, shall not be capable of being appointed auditor at an annual general meeting unless notice in writing of an intention to nominate that person to the office of auditor has been given not less than twenty-one (21) days before the annual general meeting. The company must send a copy of such notice to the incumbent auditor and give notice thereof to the members not less than seven (7) days before the annual general meeting. An incumbent auditor may, however, by notice in writing to the secretary of the company waive the requirements of the foregoing.

Where an auditor is appointed to replace another auditor, the new auditor must seek from the replaced auditor a written statement as to the circumstances of the latter's replacement. If the replaced auditor does not respond within fifteen (15) days, the new auditor may act in any event. An appointment as auditor of a person who has not requested a written statement from the replaced auditor is voidable by a resolution of the shareholders at a general meeting. An auditor who has resigned, been removed or whose term of office has expired or is about to expire, or who has vacated office is entitled to attend the general meeting of the company at which he is to be removed or his successor is to be appointed; to receive all notices of, and other communications relating to, that meeting which a member is entitled to receive; and to be heard at that meeting on any part of the business of the meeting that relates to his duties as auditor or former auditor.

(i) Exchange control

An exempted company is usually designated as "non resident" for Bermuda exchange control purposes by the Bermuda Monetary Authority. Where a company is so designated, it is free to deal in currencies of countries outside the Bermuda exchange control area which are freely convertible into currencies of any other country. The permission of the Bermuda Monetary Authority is required for the issue of shares and securities by the company and the subsequent transfer of such shares and securities. In granting such permission, the Bermuda Monetary Authority accepts no responsibility for the financial soundness of any proposals or for the correctness of any statements made or opinions expressed in any document with regard to such issue. Before the company can issue or transfer any further shares and securities in excess of the amounts already approved, it must obtain the prior consent of the Bermuda Monetary Authority.

The Bermuda Monetary Authority has granted general permission for the issue and transfer of shares and securities to and between persons regarded as resident outside Bermuda for exchange control purposes without specific consent for so long as any equity securities, including shares, are listed on an appointed stock exchange (as defined in the Companies Act). Issues to and transfers involving persons regarded as "resident" for exchange control purposes in Bermuda will be subject to specific exchange control authorisation.

(j) Taxation

Under present Bermuda law, no Bermuda withholding tax on dividends or other distributions, nor any Bermuda tax computed on profits or income or on any capital asset, gain or appreciation will be payable by an exempted company or its operations, nor is there any Bermuda tax in the nature of estate duty or inheritance tax applicable to shares, debentures or other obligations of the company held by non residents of Bermuda. Furthermore, a company may apply to the Minister of Finance of Bermuda for an assurance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, that no such taxes shall be so applicable until 28th March 2016, although this assurance will not prevent the imposition of any Bermuda tax payable in relation to any land in Bermuda leased or let to the company or to persons ordinarily resident in Bermuda.

(k) Stamp duty

An exempted company is exempt from all stamp duties except on transactions involving "Bermuda property". This term relates, essentially, to real and personal property physically situated in Bermuda, including shares in local companies (as opposed to exempted companies). Transfers of shares and warrants in all exempted companies are exempt from Bermuda stamp duty.

(l) Loans to directors

Bermuda law prohibits the making of loans by a company to any of its directors or to their families or companies in which they hold more than a twenty per cent. (20%) interest, without the consent of any member or members holding in aggregate not less than nine tenths of the total voting rights of all members having the right to vote at any meeting of the members of the company. These prohibitions do not apply to (a) anything done to provide a director with funds to meet the expenditure incurred or to be incurred by him for the purposes of the company, provided that the company gives its prior approval at a general meeting or, if not, the loan is made on condition that it will be repaid within six months of the next following annual general meeting if the loan is not approved at or before such meeting, (b) in the case of a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, anything done by the company in the ordinary course of that business, or (c) any advance of moneys by the company to any officer or auditor under Section 98(2)(c) of the Companies Act which allows the company to advance moneys to an officer or auditor of the company for the costs incurred in defending any civil or criminal proceedings against them, on condition that the officer or auditor shall repay the advance if any allegation of fraud or dishonesty is proved against them. If the approval of the company is not given for a loan, the directors who authorised it will be jointly and severally liable for any loss arising therefrom.

(m) Inspection of corporate records

Members of the general public have the right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda which will include the company's certificate of incorporation, its memorandum of association (including its objects and powers) and any alteration to the company's memorandum of association. The members of the company have the additional right to inspect the bye-laws of a company, minutes of general meetings and the company's audited financial statements, which must be presented to the annual general meeting. Minutes of general meetings of a company are also open for inspection by directors of the company without charge for not less than two (2) hours during business hours each day. The register of members of a company is open for inspection by members of the public without charge. The company is required to maintain its share register in Bermuda but may, subject to the provisions of the Companies Act, establish a branch register outside Bermuda. Any branch register of members established by the company is subject to the same rights of inspection as the principal register of members of the company in Bermuda. Any person may on payment of a fee prescribed by the Companies Act require a copy of the register of members or any part thereof which must be provided within fourteen (14) days of a request. Bermuda law does not, however, provide a general right for members to inspect or obtain copies of any other corporate records.

A company is required to maintain a register of directors and officers at its registered office and such register must be made available for inspection for not less than two (2) hours in each day by members of the public without charge. If summarised financial statements are sent by a company to its members pursuant to section 87A of the Companies Act, a copy of the summarised financial statements must be made available for inspection by the public at the registered office of the company in Bermuda.

(n) Winding up

A company may be wound up by the Bermuda court on application presented by the company itself, its creditors or its contributors. The Bermuda court also has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Bermuda court, just and equitable that such company be wound up.

A company may be wound up voluntarily when the members so resolve in general meeting, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above. Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

Where, on a voluntary winding up, a majority of directors make a statutory declaration of solvency, the winding up will be a members' voluntary winding up. In any case where such declaration has not been made, the winding up will be a creditors' voluntary winding up.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators within the period prescribed by the Companies Act for the purpose of winding up the affairs of the company and distributing its assets. If the liquidator at any time forms the opinion that such company will not be able to pay its debts in full, he is obliged to summon a meeting of creditors.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting requires at least one month's notice published in an appointed newspaper in Bermuda.

In the case of a creditors' voluntary winding up of a company, the company must call a meeting of creditors of the company to be summoned on the day following the day on which the meeting of the members at which the resolution for winding up is to be proposed is held. Notice of such meeting of creditors must be sent at the same time as notice is sent to members. In addition, such company must cause a notice to appear in an appointed newspaper on at least two occasions.

The creditors and the members at their respective meetings may nominate a person to be liquidator for the purposes of winding up the affairs of the company provided that if the creditors nominate a different person, the person nominated by the creditors shall be the liquidator. The creditors at the creditors' meeting may also appoint a committee of inspection consisting of not more than five persons.

If a creditors' winding up continues for more than one year, the liquidator is required to summon a general meeting of the company and a meeting of the creditors at the end of each year to lay before such meetings an account of his acts and dealings and of the conduct of the winding up during the preceding year. As soon as the affairs of the company are fully wound up, the liquidator must make an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon shall call a general meeting of the company and a meeting of the creditors for the purposes of laying the account before such meetings and giving an explanation thereof.

5. GENERAL

Conyers Dill & Pearman, the Company's legal advisers on Bermuda law, have sent to the Company a letter of advice summarising certain aspects of Bermuda company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VII. Any person wishing to have a detailed summary of Bermuda company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

REAL ESTATE REGULATORY SYSTEM IN THE PRC

I Real Estate Development

Foreign investment in real estate development

Under the Foreign Investment Industrial Guidance Catalogue (外商投資產業指導目錄) promulgated jointly by the Ministry Of Commerce (the "MOFCOM") and the National Development and Reform Commission (the "NDRC") in November 2004, the development and construction of ordinary residential units are classified within the category of industries in which foreign investment is encouraged, whereas the development of an entire land lot, the construction and operation of high end hotels, villas, premium office buildings and international conference centres are classified within the category of industries in which foreign investment is subject to restrictions, while other real estate developments are classified within the category of industry in which foreign investment is permitted.

In October 2007, the MOFCOM and the NDRC jointly promulgated Foreign Investment Industrial Guidance Catalogue (the "New Catalogue") which has come into effect on 1 December 2007. Compared with the former Foreign Investment Industrial Guidance Catalogue was promulgated on 30 November 2004 and became effective on 1 January 2005 (the "Old Catalogue"), the New Catalogue has made the following changes:

(i) transactions in real estate secondary market and real estate intermediary or broker companies have been added in the New Catalogue, which are classified according to the category of industries in which foreign investment is subject to restrictions; and

(ii) the development and construction of ordinary residential units are no longer amongst industries in which foreign investment is encouraged. They are now categorised as industries in which foreign investment is permitted.

According to the Interim Provisions on Approving Foreign Investment Project (外商投資項目核准暫行管理辦法) promulgated by the NDRC in October 2004, the examination and approval of foreign investment projects shall vary according to the industry and value of the investment as follows:

(i) foreign investment in industries where foreign investment is encouraged or permissible:

(a) where the total investment made is less than US$100 million, the foreign investment project shall be examined and approved by the local development and reform authorities;

(b) where the total investment made is US$100 million or more, the foreign investment project shall be examined and approved by the NDRC;

(c) where the total investment made is worth US$500 million or more, the foreign investment project shall be subject to further examination and approval by the State Council after approval of the NDRC.

(ii) Foreign investment projects in industries where foreign investment is subject to restrictions as classified in the Foreign Investment Industrial Guidance Catalogue (外商投資產業指導目錄):

(a) where the total investment is less than US$50 million, the foreign investment project shall be examined and approved by the local development and reform authorities;

(b) where the total investment is US$50 million or more, the foreign investment project shall be examined and approved by the NDRC;

(c) where the total investment is US$100 million or more, the foreign investment project shall be subject to further examination and approval by the State Council after approval of the NDRC.

A foreign investor intending to engage in the development and sale of real estate may establish a wholly foreign owned enterprise, joint venture or cooperative venture in accordance with the Law of the PRC Concerning Enterprises with Sole Foreign Investments (中華人民共和國外資企業法), the Law of the PRC on Sino-Foreign Joint Ventures (中外合資經營企業法) or the Law of the PRC on Sino-Foreign Cooperative Ventures (中外合作經營企業法) respectively.

New Regulation on Regulating Entry and Administration of Foreign Investment in Real Estate Market

The Ministry of Construction (the "MOC"), together with five other ministries and commissions, has issued a new regulation called the Opinions on Regulating the Access and Management of Foreign Capital in Real Estate Market (關於規範房地產市場外資准入和管理的意見) (the "Opinions") on 11 July 2006. The Opinions set out new requirements and restrictions on foreign investment in the real estate market and purchase of real estate properties in the PRC by foreign institutions or individuals. Major provisions of the Opinions, which may have impact on the acquisition of PRC domestic real estate enterprises or properties in the PRC, are as follows:

1. To develop or operate real estate in the PRC, the foreign investor must establish a foreign investment real estate enterprise in the PRC with a scope of business approved by the PRC authority ("Real Estate FIE"). The registered capital of the Real Estate FIE shall not be less than 50% of its total investment amount if its total investment amount exceeds US$10 million.

2. Transfer of shares and project of a Real Estate FIE and acquisition of domestic real estate enterprises by foreign investors shall be examined and approved by the MOFCOM and other authorities strictly in accordance with the relevant laws, regulations and policies. The foreign investors shall produce letters guaranteeing performance of or compliance with the land use rights grant contract, Permit for Construction Land Use Planning (建設用地規劃許可證), Permit for Construction Project Planning (建設工程規劃許可證), Permit for Commencement of Construction (建築工程施工許可證), and Land Use Rights Certificate, documents evidencing the filing of the changes with construction (real estate) authorities and documents issued by the tax authorities evidencing payment of taxes.

3. When acquiring a domestic real estate enterprise through share transfer and other methods or acquiring the shares of the Chinese party in an equity joint venture enterprise, the foreign investor must properly settle the employees, deal with the indebtedness with banks and make a lump sum of payment of the transfer price using its own capital.

4. Foreign investors that have invested in real estate properties shall not operate or carry out activities in real estate development until they have received an approval certificate and a business license.

5. A Real Estate FIE that has not received full payment of its registered capital and has not obtained the Land Use Rights Certificate or whose project development capital has not reached 35% of the total project investment shall not be permitted to process domestic and foreign loans. Foreign exchange authority shall not approve conversion of foreign borrowings of such enterprises.

6. Foreign exchange authorities shall examine and approve strictly in accordance with the requirements of the relevant regulations and the inflow and conversion of the capital to be used for purchase of properties by Real Estate FIEs and foreign institutions or individuals. Foreign capital that satisfies the requirements will be allowed to be remitted into the PRC and be exchanged into RMB. RMB received from transfer of the relevant properties will be allowed to be exchanged into foreign currency and be remitted out of the PRC after confirmation of compliance with the relevant laws and regulations and payment of taxes.

7. A branch or representative office established in China by a foreign investor (other than Real Estate FIEs), or a foreign individual working or studying in the PRC for more than one year, is permitted to purchase commodity residential properties located in the PRC only for the purpose of self-residence. Residents of Hong Kong, Macau and Taiwan and overseas Chinese may purchase commodity residential properties limited to a certain floor area based on their living requirements in the PRC for self-residence purpose.

On 14 August 2006, the General Office of the MOFCOM promulgated "Circular on Thorough Implementation of the Opinions (商務部辦公廳關於貫徹落實〈關於規範房地產市場外資准入和管理的意見〉有關問題的通知)" (the "Circular"). The Circular, not only reiterates the relevant provisions on foreign investment in real estate industry as prescribed in the Opinions, but also sets forth the definition of Real Estate FIE as '*foreign-invested enterprise engaging in construction and operation of a variety of residences such as ordinary residences, apartments and villas, hotels (restaurants), resorts, office buildings, convention centers, commercial facilities, and theme parks, or, land/large-scale development aimed at the abovementioned projects*'.

On 23 May 2007, the MOFCOM and the State Administration of Foreign Exchange (the "SAFE") promulgated Circular on Further Strengthening and Regulating the Approval and Supervision of Foreign Direct Investment in the Real Estate Sector (關於進一步加強、規範外商直接投資房地產業審批和監管的通知), as summarised below:

1. Strict control shall be imposed on acquisition or investment on domestic real estate enterprises by way of return investment (including same effective controller). Foreign investors shall not change the domestic effective controller for the purpose of circumventing approval procedure related to foreign-invested real estate;

2. In Real Estate FIE, Chinese or foreign investor parties shall not, in any way, make express or implied warranties with regard to allocating fixed returns to any party;

3. Real Estate FIE incorporated after approval by local approval bodies should be immediately registered with the MOFCOM;

4. Foreign exchange administration bodies, designated foreign exchange banks shall not process sale and settlement of foreign exchange under capital items, for Real Estate FIE that fail to complete the registration procedure with the MOFCOM or those that fail to pass joint inspection for foreign-invested enterprises.

According to "Circular on the Distribution of the List of the First Batch of Foreign-Invested Real Estate Projects Filed with the MOFCOM (國家外匯管理局綜合司關於下發第一批通過商務部備案的外商投資房地產項目名單的通知)" promulgated by the General Department of the SAFE on 10 July 2007, all the SAFE branches shall not process any foreign debt registration application or conversion of foreign debt for any Real Estate FIE (including newly incorporated and injected by increased capital contribution) that have obtained Certificate of Approval from local MOFCOM authorities and completed the filing with the national MOFCOM on or after 1 June 2007. Furthermore, all the SAFE branches shall not process foreign exchange registration (or change registration), foreign exchange settlement and currency sale and conversion under capital items, for Real Estate FIE that have obtained a Certificate of Approval from local MOFCOM authorities, yet have not successfully registered with the national MOFCOM on or after 1 June 2007.

Real estate developer

According to the Regulations on Administration of Urban Real Estate Development (城市房地產開發經營管理條例) promulgated by the State Council on 20 July 1998 and the Provisions on Administration of Qualifications of Real Estate Developers (房地產開發企業資質管理規定) ("Provisions on Administration of Qualifications") promulgated by the MOC on 29 March 2000, a real estate developer shall apply for a Qualification Certificate and an enterprise may not engage in development and sale of real estate without a Qualification Certificate. In accordance with the Provisions on Administration of Qualifications, real estate developers are classified into four classes. Real estate developers of different classes shall only conduct real estate development business within their prescriptive scope, and shall not undertake tasks beyond their respective class.

Real estate management

Pursuant to the Regulations on Property Management (物業管理條例) promulgated by the State Council on 8 June 2003 and amended on 26 August 2007 and the Regulation on Administration of Property Management Enterprise Qualification (物業服務企業資質管理辦法) promulgated by the MOC on 17 March 2004 and amended on 26 November 2007, a property management enterprise shall be assessed by the qualification approval authority. An enterprise which passes such a qualification assessment will be issued a Qualification Certificate with qualification classification issued by the authority. No enterprise may engage in property management without undergoing the qualification assessment and obtaining a Qualification Certificate.

The amended Property Management Regulations have expanded the rights of owners within the developments in several ways:

Firstly, property owners are given final decision right on renovation and reconstruction decisions (including parking areas, elevators, storage rooms, and pipes). Previously, developers and property managers had the right to make most of these decisions.

Secondly, property owners are given more authority concerning owners' voting rights. Previously owners' voting rights for the initial owners' meeting were decided by the local government, by taking into account the construction area, the number of units, and other factors. Pursuant to the new Property Management Regulations, owners themselves determine the distribution of voting rights.

Thirdly, the amendments change the quorum requirements for owners' meetings. Previously, (i) quorum for an owners' meeting required the presence of owners who collectively held a majority of the entire voting rights, and (ii) decisions at owners' meeting were adopted by the affirmative vote of owners representing either a majority or two-thirds of the voting rights, depending on the nature of the matter. Now (x) quorum for an owners' meeting requires the presence of a majority of owners who collectively occupy a majority of the total construction area, and (y) decisions will be adopted only upon the affirmative vote of either a majority or two-thirds of the owners occupying a majority or two-thirds of the total construction area of the entire property, respectively, depending on the nature of the matter.

Fourthly, the new Property Management Regulations state that owners are bound by the decisions passed at owners meetings and by owners' committees. However, should the decision at an owners' meeting or by an owners' committee infringe upon an owner's legal rights, the new Property Management Regulations stipulate that such affected owner can apply for the rescission of the decision through the courts.

The land system of the PRC

All land in the PRC is either State-owned or collectively owned, depending on the location of the land. All land in the urban areas of a city or town is State-owned, and all land in the rural areas of a city or town and all rural land are, unless otherwise specified by law, collectively owned. The state has the right to reclaim land in accordance with law if required for the benefit of the public. Although all land in the PRC is owned by the state or by collectives, private individuals and businesses and other organisations are permitted to hold, lease and develop land for which they are granted land use rights.

PRC law draws a distinction between the ownership of land and the right to use land. Land use rights can be granted by the state to the user to entitle the user to the exclusive use of a piece of land for a specified purpose within a specified term and on such other terms and conditions as may be prescribed. Under the Interim Regulations of the PRC on Grant and Transfer of the Right to Use State-owned Urban Land (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) (the "Interim Regulations on Grant and Transfer") promulgated by the State Council on 19 May 1990, all local and foreign enterprises are permitted to acquire land use rights unless the law provides otherwise. A premium is payable on the grant of land use rights. The maximum term for which land use rights can be granted are specified in the relevant regulations and vary from 40 to 70 years depending on the purpose for which the land is used:

Use of land	**Maximum Period of Use (Years)**
Commercial, tourism, entertainment	40
Residential	70
Industrial	50
Education, science, cultural, health and sports	50
Mixed and others	50

There are four methods in which land use rights may be granted, namely by agreement, tender, auction or listing-for-sale.

On 11 June 2003, Ministry of Land and Resources promulgated the Regulation on Transfer of State-owned Land Use Rights by Agreement (協議出讓國有土地使用權規定). According to this regulation, if there is only one entity interested in using the land, the land use rights (excluding land use rights used for business purposes including commercial, tourism, entertainment and commodity residential properties) may be granted by way of agreement.

In accordance with the Regulation on Grant of State-owned Land Use Rights by way of Tender, Auction or Listing-for-sale (招標拍賣掛牌出讓國有土地使用權規定) issued by Ministry of Land and Resources, which became effective on 1 July 2002 (amended and renamed as the Regulations on Grant of State-owned Development Land Use Rights by Way of Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有建設用地使用權規定) on 1 November 2007), land to be used for the purposes of industrial use, commercial use, tourism, entertainment and commodity residential property development shall be granted only by means of tender, auction or listing-for-sale. If there are two or more potential customers, land to be used for other purposes shall also be granted by means of tender, auction or listing-for-sale.

The Law of the PRC on Administration of Urban Real Estate (中華人民共和國城市房地產管理法) (the "Urban Real Estate Law") was promulgated by the Standing Committee of the National People's Congress (the "NPC") in July 1994 and amended in August 2007. Under Article 38, real property that has not been registered and issued with in accordance with the law cannot be transferred.

Under Article 39 of the Urban Real Estate Law, if land use rights are acquired by means of grant, the following conditions must have been met before the land use rights may be transferred:

(i) the premium for the grant of land use rights must have been paid in full in accordance with the land grant contract and a Land Use Rights Certificate must have been obtained;

(ii) investment or development must have been made or carried out in accordance with terms of the land grant contract:

  (a) where the investment or development involves building construction projects, more than 25% of the total amount of investment or development must have been made or completed; and

  (b) where the investment or development involves a large tract of land, conditions for use of the land for industrial or other construction purpose have been confirmed.

Termination

A land use right terminates upon the expiry of the term of grant specified in the land grant contract or the resumption by the state of that right.

The state generally will not resume a land use right before the expiration of its term of grant. Resumption prior to expiration shall be for special reasons, such as public interest, and proper compensation must be offered to the land user, having regard to the surrounding circumstances and the period for which the land use right has been enjoyed by the user.

Upon expiry, the land use right and ownership of the related buildings erected on the land and other attachments may be acquired by the state without compensation. The land user will take steps to surrender the Land Use Rights Certificate and cancel the registration of the certificate in accordance with relevant regulations.

A land user may apply for renewal of the land use rights and, if the application is granted, the land user is required to enter into a new land grant contract, pay a premium and effect appropriate registration for the renewal grant.

On September 8, 2007, Ministry of Land and Resources (the "MOLAR") promulgated the Circular on Reinforcing Disposition of Unused Land (關於加大閒置土地處置力度的通知) ("MOLAR Circular"). The MOLAR Circular urged land authorities at all levels to speed up the disposition of unused construction land and to provide status reports on such land to MOLAR before the end of June 2008. It also stipulated that owners of unused construction land will be charged a fee equal to 20% of the land grant/allocation fee for their land. Finally, the MOLAR Circular emphasized the enforcement of the current law, which states that land designated for construction that has been unused for more than two years from the construction commencement date stated in the land grant contract will be forfeited without compensation, will be enforced. Regarding payment of land grant fees, the MOLAR Circular reiterated that a land use right certificate may not be issued prior to the full payment of these fees. The issuance of land use right certificates in separate phases pro-rata to partial payments of the land grant fees is also prohibited.

On 18 November 2009, the Ministry of Finance (the "MOF"), the MOLAR, the People's Bank of China (the "PBOC") and the Ministry of Supervision and the National Audit Office collectively promulgated a Circular on Further Tightening Control over Income and Expenses from Land Grant (關於進一步加強土地出讓收支管理的通知), pursuant to which, land grant fees are to be fully paid within one year of the land grant contract with the initial payment to be no less than 50% of the land grant fees. Upon approval by the relevant authorities, land grant fees of the particular project could be fully paid within two years.

On 8 March 2010, the MOLAR promulgated the Notice on Strengthening the Supply and Supervision of Land Use for Real Estate Property (關於加強房地產用地供應和監管有關問題的通知), pursuant to which:

1. Lands used to build houses of large size shall be strictly controlled, and land supply to villas shall be strictly prohibited.

2. The use of lands for operational projects such as affiliated business service within construction projects of government housing (保障性住房) shall be paid on the basis of market price.

3. Where government housing is included in the commodity house construction projects, restrictive conditions of government housing shall be expressly stipulated in the land grant contracts, namely the sum of the construction area, the assigned land area, the number of sets, the construction area of the dwelling size, the conditions of retraction or repurchase by government after completion, and the requirement that indemnificatory houses and commodity houses be simultaneously under construction.

4. The lowest price for land grant shall not be lower than 70% of the benchmark price of the rank where the land to grant is located, and the bidding bond shall not be less than 20% of the lowest price for land grant.

5. After the land grant is completed, the land grant contract shall be entered into within ten business days, and the down payment amounting to 50% of the land grant price shall be paid within one month after the contract is signed, the remaining payments shall be made timely according to the contract with the last payment being made no later than one year after the entering into of the contract. The land grant contract shall definitely stipulate the land area, use, plot ratio, construction density, dwelling size area and ratio, deposit, delivery time and method, payment time and method, commencement and completion time for construction and specific determining standards, and breach liability handling. Contracts shall not be signed if any of the above terms are not included; and grantors shall be held liable where contracts are signed in violation of regulations. The supply of land shall be terminated without any refund where contracts are not signed by the grantees in a timely manner. Lands shall be retracted where the grant prices are not paid after the signing of the contracts.

6. Since 1 April 2010, administrative departments of state-owned land resources in cities and counties are required to set up report system for commencement and completion of construction on lands for real estate. Land users shall report in writing to administrative departments of the state-owned land resources at the time of commencement and completion of construction, and terms stipulated in the contracts shall be examined by the departments. Where the projects are not

commenced or completed within the time limit stipulated in the contracts, land users shall report the reasons for postponement within fifteen days prior to expiration, and the administrative departments of state-owned land resources in cities and counties may conduct agreed supervision upon the reported matters by adding terms in grant contract and assignment decision letter or entering into supplementary agreements, after they shall process seriously according to the contract. Those who fail to make a timely report of non-commencement or non-completion, shall be made public. Furthermore, those land users shall be restricted to engage in any land purchase activity within at least one year.

7. Lands for government housing shall not be used for commercial real estate development, lands shall be resumed by government with other lands selected and supplied when change is needed for urban planning adjustment.

On 21 September 2010, the MOLAR and the Ministry of Housing and Urban-Rural Development (the "MOHURD") collectively promulgated the Notice on Further Strengthening the Administration and Control on Land Used for and Development of Real Estate (關於進一步加強房地產用地和建設管理調控的通知), which stipulates that:

1. For different kinds of land used for government housing that have been already supplied, the nature and the use of the land shall not be altered, the construction standard shall not be enhanced and the dwelling area shall not be increased. For the government housing construction project in which change occurs in any of the above items, Where the above restrictions are changed (without approval), the relevant authority shall not approve any further relevant procedures (or applications). Fines shall be imposed as punishment and any unlawful income shall be forfeited by law where the properties have been sold as commodity houses;

2. After the land is granted, any entity or individual is not entitled to alter the scheme or construction conditions of the land grant without authorisation. Where the land grant is altered for non-commercial related reasons, the proper application procedure according to the Law of Urban-rural Planning shall be followed. Where a development enterprise (proposed to apply or) applies to alter the planning and construction conditions of the land grant but has not commenced construction on time, the land use right shall be forfeited, and the land shall be re-granted through bidding, auction or listing-for-sale;

3. The qualifications of land bidders shall be strictly examined. The state-owned land and resources authority shall require bidders, who take part in land grant by way of bidding, auction or listing-for-sale, to provide the following:–

   (i) valid identity proof

   (ii) cash deposit for bidding,

(iii) letters of commitment warranting that the cash deposit for bidding is not part of bank loan, shareholder loan, on-lending, and fund-raising; and

(iv) creditability certificates from commercial financial institute;

4. In accordance with the Notice on Resolutely Curbing the Soaring of Housing Prices In Some Cities (關於堅決遏制部分城市房價過快上漲的通知) promulgated by the State Council on 17 April 2010, the state-owned land and resources authority shall prohibit the bidder and its controlling shareholders from taking part in the land bidding activities before the case is closed and the investigation and the rectification are in place, where the bidder is detected and verified to have committed the following behaviour which is against laws and regulations:

(1) crimes including obtaining land by using forged documents and illegally reselling land for profit;

(2) unlawful activities including illegal transfer of land-use rights;

(3) leaving land idle for more than one year because of the company itself;

(4) developing land in violation of the conditions stipulated in the land grant contract by the development and construction company;

5. The Allocation Decision Letter and land grant contract shall be strictly administered. In the event of different kinds of house construction projects, it shall be stipulated in the Allocation Decision Letter and the land grant contract that construction shall be commenced within one years from the date of delivery of land, and completed within three years from the date of commencement of construction. In the event of the land is granted for various use purposes, the planning, construction and each relevant condition shall be expressly stipulated in the contract.

On 19 December 2010, Ministry of Land and Resources issued the Notice on Strictly Realizing of Adjustment and Control Policy on Real Estate Land Use and Promoting the Healthy Development of Land Market (國土資源部關於嚴格落實房地產用地調控政策促進土地市場健康發展有關問題的通知), pursuant to which:

1. Where the cities and counties could not complete the 2010 land supply mission for social welfare housing and the total supply of social welfare housing, rebuilding shanty areas housing and small or medium-sized ordinary commodity residential property is lower than 70% of the total land supply, the land supply for large-sized high-end ordinary commodity residential property construction shall be suspended till the end of 2010;

2. Where the purchase price is more than 1.5 times of the basic price, total transaction price or unit price reached the highest level ever in bidding, auctioning and listing-for-sale, the local land and resources authorities shall fill in the form and respectively report to Ministry of Land and Resources and the local land and resource authorities in the upper level within two business days after the execution of sales confirmation or issuance of award notice;

3. The land bidder shall not pass the qualification examination where the bidder or its controlling shareholder is found to have committed the following behavior which is against laws and regulations: (i) obtaining land in use of forged documents and illegally resell land for profit; (ii) illegally transferring land-use rights; (iii) holding idle land for more than one year because of the company itself; and (iv) developing land in violation of the conditions stipulated in the grant contract; and

4. Changing the land use of social welfare housing project is prohibited. Where the land originally used for social welfare housing changed to development of commodity residential property, relevant income derived from it shall be confiscated and the land use right regarding the same shall be surrendered by the competent land and resources authority for re-grant through bidding, auctioning or listing-for-sale. Adjusting the volume rate without authorisation is strictly prohibited. Where the adjusting volume rate is authorised, the local land and resources authorities shall calculate and determine the supplemental payment of land grant fees according to the market price at the moment the authorisation is granted.

According to the "Notice regarding the due execution of the main work on the control and administration of the use of the land for urban residential properties in 2011" published by Ministry of Land and Resources on 5 February 2011, (1) the relevant governmental authorities of the cities and counties responsible for the administration of land resources shall, before granting the land for commodity housing and with reference to the annual price control target and the property price and land price on which the relevant parcel of land is located, determine the range of the minimum price of the grant of the relevant land-use rights; (2) all regions shall strictly implement the rules on the area of land to be granted for commodity housing and shall not grant two or more parcels of land in a package, land located in older urban area without undergoing demolition and resettlement procedures and which does not satisfy the basic development requirement or residential land with plot ratio of less than 1; no registration shall be made for any transfer of land or contractual land development project if the investment contributed by the relevant property developer is less than 25% (not including the land premium)

Transfer of Real Estate

According to the Urban Real Estate Law and the Provisions on Administration of Transfer of Urban Real Estate (城市房地產轉讓管理規定) promulgated by the MOC on 7 August 1995 and amended in August 2001, a real estate owner may sell, give as gift or otherwise legally transfer real estate to another person or legal entity. When transferring a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred concurrently. The parties to a transfer shall enter into a real estate transfer contract in writing and register the transfer with the real estate administration authority having jurisdiction over the location of the real estate within 90 days of the execution of the transfer contract.

Where the land use rights were originally obtained by grant, the real property may only be transferred on the conditions that:

1. the land grant fee has been paid in full for the grant of the land use rights as provided by the land use rights grant contract and a land use right certificate has been obtained;

2. development has been carried out according to the land use rights grant contract; and in the case of a project in which buildings are being developed, development representing more than 25% of the total investment has been completed, or in case of a whole land lot development project, construction works has been carried out as planned, water supply, sewerage, electricity supply, heat supply, access roads, telecommunications and other infrastructure or utilities have been made available, and the site has been levelled and made ready for industrial or other construction purposes.

If the land use rights were originally obtained by grant, the term of the land use rights after transfer of the real estate shall be the balance of the original term provided by the land use rights grant contract after deducting the time that has been used by the former land users. In the event that the transferee intends to change the usage of the land provided in the original land use rights grant contract, consent shall first be obtained from the original grantor and the planning administration authority under the local government of the relevant city or county and an agreement to amend the land use rights grant contract or a new land use rights grant contract shall be signed in order to, inter alia, adjust the land grant fee accordingly.

If the land use rights were originally obtained by allocation, transfer of the real property shall be subject to the approval of the government vested with the necessary approval power as required by the State Council. After the People's government vested with the necessary approval power approves such a transfer, the transferee shall complete the formalities for transfer of the land use rights, unless the relevant statutes require no transfer formalities, and pay the transfer price according to the relevant statutes.

Mortgages of Real Estate

Under the Urban Real Estate Law and the Measures for Administration of Mortgages of Urban Real Estate (城市房地產抵押管理辦法) promulgated by the MOC on 9 May 1997 and amended in August 2001, when a mortgage is created on the ownership of a building legally obtained, a mortgage shall be simultaneously created on the land use right of the land on which the building is situated. The mortgagor and the mortgagee shall sign a mortgage contract in writing. A system has been adopted to register the mortgages of real estate. After a real estate mortgage contract has been signed, the parties to the mortgage shall register the mortgage with the real estate administration authority at the location where the real estate is situated. A real estate mortgage contract shall become effective on the date of registration of the mortgage. If a mortgage is created on the real estate in respect of which a Building Ownership Certificate (房屋所有權證) has been obtained legally, the registration authority shall make an entry under the "third party rights" item on the original Building Ownership Certificate and then issue a Certificate of Third Party Rights to a Building (房屋他項權證) to the mortgagee. If a mortgage is created on a commodity building put to pre-completion sale or on works in progress, the registration authority shall record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved shall re-register the mortgage of the real property after issuance of the certificates evidencing the rights and ownership to the real estate.

Under the Administrative Measures on Lease of Commodity Properties (商品房屋租賃管理辦法) promulgated by the Ministry of Construction on 1 December 2010, the parties to a lease of a building shall enter into a lease contract in writing and go through the filing and registration procedures of the lease contract.

Demolition, Construction and Completion

Demolition

In accordance with the Regulations for the Administration of Demolition and Removal of Urban Housing (城市房屋拆遷管理條例), which were promulgated by the State Council on 13 June 2001, upon obtaining approvals for a construction project, Permit for Construction Land Use Planning and approvals for State-owned land use rights, demolition and relocation plan and proof issued by a financial institution handling deposit business relating to the demolition and relocation compensations, the demolition and removal party may apply to the municipal, or county people's government of the place where the real estate is located (i.e. the administration bureau of State-owned land resources and housing of the relevant city, district on county) for a Property Demolition and Removal Permit (房屋拆遷許可證). Upon granting an approval and issuing a Property Demolition and Removal Permit (房屋拆遷許可證), the real estate administration department shall issue a demolition and removal notice to the inhabitants of the area to be demolished. The demolition and removal party shall implement the demolition and removal within the area and period specified in the Property Demolition and Removal Permit (房屋拆遷許可證). If the demolition and removal party fails to complete the demolition and removal works within the permitted period, it shall, within 15 days prior to the expiry of the Property Demolition and Removal Permit (房屋拆遷許可證), apply to the original approval department in charge of demolition and removal for an extension.

The Regulations for the Administration of Demolition and Removal of Urban Housing (《城市房屋拆遷管理條例》) was repealed as the Regulation on the Expropriation and Compensation of Buildings on State-owned Land (《國有土地上房屋徵收與補償條例》) ("the Regulation") came into effect on January 21, 2011. The Regulation, as promulgated by the State Council and effective on January 21, 2011, provides that those expropriated owners of buildings which located on state-owned land, are entitled to fair indemnification. Compensation agreements shall be entered into between those expropriated owners and the relevant PRC governmental authorities responsible for house expropriation regarding the compensation methods, compensation amount, payment terms and other relevant issues. In the event that no compensation agreement was reached within the time limit, the city or county government may make an administrative decision on the indemnification according to the application of the relevant PRC governmental authorities responsible for house expropriation and publish government notice within the area of the expropriation. Indemnification shall be made prior to the relocation. No enterprise or individual may compel the expropriated owners to relocate by means of violence, threat or other illegal methods. Property developers are prohibited from participating in relocation arrangement.

Construction

Under the Measures for Control and Administration of Grant and Transfer of Right to Use Urban State-owned Land (城市國有土地使用權出讓轉讓規劃管理辦法) promulgated by the MOC in December 1992, the grantee to a land use rights grant contract, i.e. a real estate developer, shall legally apply for a Permit for Construction Land Use Planning (建設用地規劃許可證) from the municipal planning authority with the land use rights grant contract, which permits use planning for the land to be developed by the real estate developer.

After obtaining a Permit for Construction Land Use Planning (建設用地規劃許可證), a real estate developer shall organise the necessary survey, planning and design work having regard to planning and design requirements. For the planning and design proposal in respect of a real estate development project, the relevant report and approval procedures required by the Law of the PRC on Urban and Rural Planning (中華人民共和國城鄉規劃法), promulgated by the Standing Committee of the NPC on 28 October 2007, and local statutes on municipal planning must be followed. A Permit for Construction Project Planning (建設工程規劃許可證) must be obtained from the municipal planning authority.

After a real estate developer has obtained the Permit for Construction Land Use Planning (建設用地規劃許可證) and the Permit for Construction Project Planning (建設工程規劃許可證), the site is ready for the commencement of construction works, the progress of demolition and relocation of existing buildings complies with the relevant requirements and funds for construction are available, the real estate developer shall apply for a Permit for Commencement of Construction (建築工程施工許可證) from the construction authority under the local people's government above the county level in accordance with the Measures for Administration of Granting Permission for Commencement of Construction Works (建築工程施工許可管理辦法) promulgated by the MOC in October 1999 and as amended in July 2001.

Under the Property Development and Municipal Infrastructure Facilities Construction Tender Management Regulations (房屋建築和市政基礎設施工程施工招標投標管理辦法) (the "Tender Regulations") promulgated by the MOC in June 2001 which states that a Tender Appraisal Committee should be set up for the appraisal of the tender for construction works for the project. According to the Tender Regulations, the Tender Appraisal Committee to be organised by our Group shall include our representatives and relevant specialists selected by our Group from a list certified by the construction administration authorities. The number of members of the Tender Appraisal Committee shall be an odd number and shall consist of at least five members. The relevant specialists shall make up no less than two-thirds of the membership. In accordance with the Tender Regulations, if the estimated price of a single construction contract amounts to RMB2 million or more or the total investment of the project is RMB30 million or more, the developer is required to undertake a bidding process for the award of the construction contracts. Our Group will set the tender conditions according to the written tender report provided by the Tender Appraisal Committee, and after the tender, our Group (through a subsidiary) and the successful tenderer shall sign a written contract according to the terms of the tender. The quality and timeliness of the construction are usually warranted in these contracts. Typically, these construction contracts provide for progress payments to be made by our Group to the construction companies at agreed phases of completion of the constructions works.

Completion

Pursuant to the Development Regulations and the Measures for the Administration of the Completion and Inspection Filing of Building Construction and the Municipal Infrastructure Facilities (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) promulgated by the MOC in April 2000 and amended by the MOHURD in October 2009 and the Interim Provisions on Completion and Inspection of Buildings and Municipal Infrastructure Facilities Work (房屋建築工程和市政基礎設施工程竣工驗收暫行規定) promulgated by the MOC on 30 June 2000, the real estate developer is responsible for the organization of the implementation of the project completion and inspection. The project quality supervision institution shall carry out supervision of the project completion and inspection. A real estate development project may only be delivered to the buyer after passing the necessary completion inspection, and may not be delivered before the necessary completion inspection is conducted or without passing such completion inspection. For residential housing or other building complex project, a comprehensive completion inspection shall be conducted upon completion of the whole project. where such a project is developed in phases, a completion inspection may be carried out for each completed phase. The real estate developer should file a record of the project completion inspection and acceptance within 15 days from the pass of the completion inspection.

Pursuant to the Urban Real Estate Law, the ownership of the properties and the relevant land use right should be transferred simultaneously. In the event that the customers acquire the property ownership certificates, the real estate development enterprises are no longer entitled to the relevant land use right.

Pre-sales and sales

Commodity buildings are buildings for sale and include residential and commercial properties. Under the Measures for Administration of Sale of Commodity Buildings (商品房銷售管理辦法) promulgated by the MOC in April 2001, sale of commodity buildings can include both post-completion and pre-completion sales. Commodity buildings may be put to post-completion sale only when the pre-conditions for such sale have been satisfied. Before the post-completion sale of a commodity building, a real estate developer shall submit the Real Estate Development Project Manual and other documents evidencing the satisfaction of pre-conditions for post-completion sale to the real estate development authority for its record.

Any pre-completion sale of commodity buildings shall be conducted in accordance with the Measures for Administration of Pre-completion Sale of Commodity Buildings (城市商品房預售管理辦法) ("Pre-completion Sale Measures") promulgated by the MOC in July 2004, and the Development Regulations. The Pre-completion Sale Measures provides that pre-completion sale of commodity buildings is subject to certain procedures. According to the Development Regulations and the Pre-completion Sale Measures, a permit shall be obtained before a commodity building may be put to pre-completion sale. A developer intending to sell a commodity building before its completion shall make the necessary pre-completion sale registration with the real estate development authority of the relevant city or county to obtain a Permit for Pre-completion Sale of Commodity Buildings (商品房預售許可證) (the "Pre-sale Permit"). A commodity building may only be sold before completion provided that: 1) the land grant fee has been paid in full for the grant of the land use rights involved and a Land Use Rights Certificate has been obtained; 2) a Permit for Construction Project Planning (建設工程規劃許可證) and a Permit for Commencement of Construction (建築工程施工許可證) have been obtained; and 3) the funds invested in the development of the commodity buildings put to pre-completion sale represent 25% or more of the total investment in the project and the progress of construction works and the completion and delivery dates have been ascertained.

Under the Pre-completion Sale Measures and Urban Real Estate Law, the pre-sale proceeds of commodity buildings may only be used to fund the property development costs of the relevant projects.

On 13 April 2010, the MOHURD promulgated the Notice on Further Strengthening the Supervision over the Real Estate Market and Improving the Pre-sale System of Commercial Housing (關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知), which stipulates that:

1. For the commodity house projects which have not obtained the pre-sale permissions, real estate development enterprises shall not conduct any pre-sale activity, or collect fees from customers in the nature of deposit or reservation fee in forms of subscription, reservation, number arrangement and VIP card distribution and shall not engage in any sales exhibition. For those which have obtained the pre-sale permissions, real estate development enterprises shall carry out one-time publications of the sources of all houses permitted to sell and the price of each house within ten days, and sell the houses strictly at the prices reported and definitely posted. Real estate enterprises shall not sell the houses to any third party, of which the titles have been reserved by themselves, prior to the initial registration of the titles, or pre-sell the commodity houses in the methods of return-cost sale or after-sale lease arrangement or engage in any false transaction.

2. The smallest scale set by a pre-sale permission shall not be smaller than a building, and the pre-sale permission shall not be proceeded by floor or unit.

3. Real estate development enterprises shall sell commodity houses according to the pre-sale plans for commodity houses. Major alteration in the pre-sale plans shall be reported to the competent authority and made public.

4. Real-name system shall be strictly implemented in the sale of commodity houses, and changes of the names of the customers without permission are not allowed after subscription. Pre-sale shall be rescinded if the customer does not enter into pre-sale contract within the time limit after subscription, and the houses upon rescission shall be sold to the public.

5. The conditions of delivery and use of commodity houses include that the construction is completed and accepted as qualified after inspection and reported to the local competent authority, the affiliated basic facilities and public facilities have been built up fulfilling the use requirements, the installation of device in residence for household heat metering in northern areas satisfies the design requirements, the policy of residence quality guaranty and residence use instruction has been carried out, the party to assume liabilities for commodity house quality has been decided definitely, and the front-end property management has been carried out. Real estate development enterprises shall show the proof of the above to the customers at the time of delivery of the commodity houses for use.

On 4 November 2010, the MOHURD and the SAFE collectively promulgated the Notice on Further Regulating the Administration on House Purchase by Overseas Organization and Individual (關於進一步規範境外機構和個人購房管理的通知), which stipulates that, except as otherwise stated in laws and regulations, an overseas individual shall solely purchase one unit of owner-occupied residential house, and an overseas organization with a branch or representative office set up in the PRC shall solely purchase non-residential house necessary for business operations in the city where it is registered.

The Regulations on Sales of Commodity Houses at Expressly Marked Price (商品房銷售明碼標價規定) ("the Regulation") as promulgated by the NDRC on 16 March 2011 and with effect from 1 May 2011 provide that real estate development enterprises and intermediary agencies (collectively, "the Sellers and the Agencies") shall, during the period of selling new-built commodity houses, publish and mark the prices of the commodity houses and closely related factors thereof as well as the pricing standards. The Regulation stipulates that the Sellers and the Agencies shall mark the price of each commodity house with one price only. For real estate development projects that have obtained the pre-sale permits or are registered as finished houses, the Sellers and the Agencies shall publish the availability of all houses that are permitted to be sold and the price of each house within a specified time frame. The Sellers and the Agencies shall not sell the house at a price higher than the marked price and shall not collect charges not specified. Meanwhile, intermediary agencies shall sell second-hand commodity houses with reference to the Regulation. In the event that the Sellers and the Agencies do not expressly mark the price or publish their charges, or commit fraud through the marking of price or pricing artifices, local competent authorities of county-level or above shall have the right to penalize the Sellers and the Agencies accordingly.

The Development and Reform Committee of Jiangxi Province promulgated the Detailed Rules of the Implementation of the Regulations on Sales of Commodity Houses at Expressly Marked Price of Jiangxi Province ("the Rules") on 6 May 2011, which stipulate in further details the sales of commodity houses at expressly marked prices. The Rules will take effect from 1 June 2011.

Warranty and Maintenance of Buildings

Under the Construction Law of the PRC (中華人民共和國建築法) promulgated by the Standing Committee of the NPC on 1 November 1997, Measures on Administration of Sale of Commodity Buildings (商品房銷售管理辦法) promulgated by the MOC in April 2001, Rules on the Implementation of the System on Residence Quality Guarantee and Residence Usage Specification (商品住宅實行住宅質量保證書和住宅使用說明書制度的規定) promulgated by the MOC on 12 May 1998, Regulations on Quality Management of Construction Projects (建設工程質量管理條例) promulgated by the State Council on 30 January 2000, when a real property developer delivers newly built residential houses, it should provide the Residence Usage Specification and Residence Quality Guarantee. The Residence Quality Guarantee is the legal document stipulating the warranty and maintenance obligations a real property developer should bear for the already sold residential houses and it can be a supplementary agreement to the Commodity House Purchase Contract. To the best of the knowledge, information and belief of our Directors and having made all reasonable enquiries, as at the Latest Practicable Date, there has been no claim against the Group under the warranty and maintenance obligations set out above.

According to Measures on the Warranty and Maintenance of Building Construction Projects (房屋建築工程質量保修辦法) promulgated by the MOC on 30 June 2000 and other laws, regulations, under the natural usage, the warranty and maintenance period to different parts of the construction projects should not be shorter than the following:

(1) the reasonable using period as stipulated by the project designing documents for the groundwork foundation and main body structure project;

(2) five years for the waterproof project of the surface, the toilet and rooms having waterproof requirements, the leakage prevention of the outside metope;

(3) two heating periods/cooling periods for the heating and cooling system;

(4) two years for the electrical and gas pipeline, water supply pipe and drainpipe, equipment fixing;

(5) two years for the fitment project.

The warranty and maintenance period of other parts may be determined by parties at their discretion.

Property development loans

Pursuant to the Guidance on Risk Management of Property Loans Granted by Commercial Banks (商業銀行房地產貸款風險管理指引) issued by China Banking Regulatory Commission (the "CBRC") in September 2004, commercial banks may not provide any loan in any form for a project without the Land Use Rights Certificate, Permit for Construction Land Use Planning (建設用地規劃許可證), Permit for Construction Project Planning (建設工程規劃許可證) and Permit for Commencement of Construction (建築工程施工許可證). Pursuant to the Development Regulations and the Circular of the State Council on Adjusting the Capital Ratios of Fixed Asset Investment Projects in Some Industries (關於調整部分行業固定資產投資項目資本金比例的通知) promulgated by the State Council in April 2004, the capital ratio of the real estate development projects has been increased from 20% to 35%. Accordingly, any real estate developer applying for property development loans shall have at least 35% of capital required for the development and commercial banks should maintain a strict loan system for considering applications for property development loans.

In addition to the above, a foreign investor engaged in real estate development or operating real estate in the PRC would have to establish a foreign investment real estate enterprise in the PRC with a registered capital of not less than 50% of its total investment amount if the total investment amount is US$10 million or more, and shall not be permitted to process domestic and foreign loans if it has not received full payment of its registered capital or has not obtained the Land Use Rights Certificate or whose project development capital has not reached 35% of the total project investment, pursuant to the new regulation Opinions on Regulating Entry and Administration of Foreign Investment in Real Estate Market (關於規範房地產市場外資准入和管理的意見) issued by the MOC together with five other ministries and commissions, on 11 July 2006. Please refer to the section "New Regulation on Regulating Entry and Administration of Foreign Investment in Real Estate Market" of this Appendix for further details of the new regulation.

In accordance with the Notice Regarding Adjusting Capital Proportion of Fixed Assets Investment Project (國務院關於調整固定資產投資項目資本金比例的通知) promulgated by the State Council on 25 May 2009, the minimum capital proportion for low-income housing projects and commercial housing projects is 20%, and the minimum capital proportion for other types of property development projects is 30%.

Insurance

There is no mandatory provision in the PRC laws, regulations and government rules which require a property developer to take out insurance policies for its real estate developments. However, PRC commercial banks may require the real estate developer to purchase insurance if the commercial bank intends to grant a development loan to the real estate developer. According to the Notice on the Issuance of two Regulations on the Administration of Real Property Loan (中國銀行關於印發兩個房地產貸款管理辦法的通知) issued by the Bank of China on 21 May 1998, the borrower of a development loan shall take designated insurance as required by the lender from the insurance company before the signing of the loan agreement.

Restrictions on the Grant of Residential Development Loans and Individual Property Purchase Loans by Banks

According to the Notice of the PBOC on Regulating Residential Property Financing Business (中國人民銀行關於規範住房金融業務的通知) promulgated by the PBOC in June 2001, all banks must comply with the following requirements before granting residential development loans, individual home mortgage loans and individual commercial flat loans:

1. Housing development loans from banks shall only be granted to real estate development enterprises with adequate development assets and higher credit ratings. Such loans shall be offered to residential projects with good market potential. The project itself must have been issued with a Land Use Rights Certificate, Permit for Construction Land Use Planning (建設用地規劃許可證), Permit for Construction Project Planning (建設工程規劃許可證) and Permit for Commencement of Construction (建設工程施工許可證).

2. In respect of the grant of individual home mortgage loans, the ratio between the loan amount and actual value of the security (the "Mortgage Ratio") shall never exceed 80%. Where an individual applies for a home purchase loan to buy a pre-sale property, the said property must have achieved the phase of "topping-out of the main structure completed" for multi-storey buildings and "two-thirds of the total investment completed" for high-rise buildings.

3. In respect of the grant of individual commercial flat loans, the Mortgage Ratio under the application for commercial flat loans shall not exceed 60% with a maximum loan period of 10 years and the subject commercial flat already completed.

The PBOC issued the Circular on Further Strengthening the Management of Loans for Property Business (中國人民銀行關於進一步加強房地產信貸業務管理的通知) in June 2003 to specify the requirements for banks to provide loans for the purposes of residential development, individual home mortgage and individual commodity houses as follows:

1. Property development loans should be granted to property developers who are qualified for property development, rank high in credibility and have no overdue payment for construction. For property developers with commodity houses of high vacancy rate and debt ratio, strict approval procedures shall be applied for their new property development loans and their activities shall also be in the focus of attention.

2. Commercial banks shall not grant loans to property developers to pay off land premium.

3. Commercial banks may only provide housing loans to individual buyers when the main structural buildings have been topped out. When a borrower applies for individual home loans for his first residential unit, the first installment remains to be 20%. In respect of his loan application for additional purchase of residential unit (s), the percentage of the first installment shall be increased.

4. When a borrower applies for mortgaged loan of individual commodity house, the Mortgage Ratio shall not be more than 60%. In addition, the term of loan may not be more than 10 years and the commodity house shall be duly completed and inspected.

In the Circular on Facilitating the Continuously Healthy Development of Property Market (關於促進房地產市場持續健康發展的通知) issued by the State Council in August 2003, a series of measures are implemented for the government to control the property market. They include, but are not limited to, strengthening the construction and management of affordable housing, increasing the supply of ordinary commodity houses and controlling the construction of high-end commodity houses. In addition, the government also implemented a series of measures relating to the provision of loans for housing development. They include, but are not limited to, putting more effort at provision of loans, improving the guarantee mechanism of individual home loans and strengthening the monitor of property loans. It is expected that the circular will have a positive effect on the development of the PRC property market in the long run by facilitating the continuous growth of the property market.

The PBOC and the CBRC jointly issued Notice on Strengthening Credit Management of Commercial Real Estate (關於加強商業性房地產信貸管理的通知) and the Supplemental Notice on Strengthening Credit Management of Commercial Real Estate (關於加強商業性房地產信貸管理的補充通知) (collectively, the "Notices") on 27 September 2007 and 5 December 2007 respectively. The Notices puts forward requirements on the titled subject matter, for the purposes of strengthening loan management in association with (i) real estate development, (ii) land reserve, (iii) housing consumption and (iv) purchase of commerce building, together with credit enquiry in real estate credit management, monitoring of real estate loan, risk management and so forth.

Pursuant to the Notices, Commercial banks shall not grant loans, in any form, to (i) project where its capital fund (owner's equity) constitutes a ratio less than 35%, or, project without land use right certificate, permit for construction land planning, permit for construction project planning and permit for project commencement; to (ii) real estate development enterprise that has been hoarding land and housing resources, as detected and verified by land resources departments and construction authorities. Also, commercial banks are not allowed to either accept commodity building with a vacancy exceeding three years as collateral or grant to real estate development enterprise any sums of loans to serve as land grant premium.

On 8 March 2011, the General Office of China Banking Regulatory Commission issued the Notice on Promoting Housing Financial Services and Strengthening Risk Management (中國銀監會辦公廳關於做好住房金融服務加強風險管理的通知), pursuant to which:

1. After concluding an irrevocable written contract with a borrower, if the contract has come into effect, the banking financial institution must grant the individual housing loan as agreed to in the contract.

2. In principle, if a banking financial institution has accepted and approved a borrower's loan application and the borrower has unilaterally signed the individual housing loan contract in the interview process, the banking financial institution shall continue to sign the contract and follow the contractual stipulations after confirming that the contract has no legal flaw, the income is sufficient to cover the risk and it meets the conditions for loans.

3. In handling the individual housing loan business before the promulgation of 2011 Notice 1, banking financial institutions shall strictly observe the Notice on Resolutely Curbing the Soaring of Housing Prices in Some Cities and the Notice on Improving the Differential Housing Loan Policy, and reasonably determine the proportion of down payment, loan interest rate, etc. in light of the risk status.

4. In handling the individual housing loan business after the promulgation of 2011 Notice 1, banking financial institutions shall proactively assist relevant departments in strictly implementing the policies of local governments on purchase restriction and properly communicate with them and make necessary explanations to them, in strict compliance with the provision that with respect to families that purchase second residential properties through loans, the down payment shall not be less than 60%, and the loan interest rate shall not be less than 1.1 times of the benchmark rate.

Loans for Individual Housing Consumption

Commercial banks are only allowed to grant housing loans to individuals whose purchases are commodity buildings with topped-off main structures. Where an individual purchases the first set of commodity apartment for self residence purpose, (i) of a construction area below $90m^2$, the initial payment ratio (the "Initial Ratio") shall be fixed at no less than 20% (including RMB and foreign currency loans, idem. hereinafter); (ii) of a construction area above $90m^2$, the Initial Ratio shall be fixed at no less than 30%. Where an individual and his/her families (which would include husband and wife and their minor offsprings) has purchased commodity apartment by means of such loan, and proceeds to purchase a second set (inclusive) or more, the Initial Ratio shall be no less than 40% and the interest rate shall not be under 110% of the benchmark interest rate as announced by the PBOC during same period and in same bracket. Further, the Initial Ratio and the interest rate shall both multiply substantially with the increase with the sets of purchase and the increase percentage shall be determined by commercial banks, at their own discretion, according to principles of loan risk management. However, the repayment expense for housing loan per month shall not exceed 50% of the individual borrower's monthly income.

In respect of commerce building loan, commerce buildings purchased by loan shall be buildings that have satisfied procedural requirements of completion inspection and acceptance. For such purchase, the Initial Ratio shall be no less than 50%, the loan term shall not exceed ten years and the interest rate shall not be under 110% of the benchmark interest rate as announced by the PBOC during same period and in same bracket, while the Initial Ratio, the loan term and the interest rate shall be determined by commercial banks, at their own discretion, according to principles of loan risk management. Where loan application is made in the name of "commerce and residence building", the Initial Ratio shall be no less than 45%; the loan term and the interest rate shall be arranged according to relevant regulations on loan management of commerce building.

According to the Circular on Widening the Floating Downward Range of Interest Rate for Commercial Individual Housing Loan (關於擴大商業性個人住房貸款利率下浮幅度等有關問題的通知) promulgated by the PBOC on 22 October 2008, with effect from 27 October 2008, the minimum rate for commercial individual housing loan has been decreased to 70% of the corresponding benchmark lending rate and the minimum amount of down payment has been adjusted to 20% of the purchase price. Financial institutions may give favourable terms for interest rate and down payment proportion for loan applications for first owner-occupied ordinary residential units or for the improvement of owner-occupied ordinary residential units. The financial institutions shall appropriately increase the requirements for loan application for non-owner-occupied, non-ordinary residential units. The requirement that the monthly repayment amount for housing loans shall not exceed 50% of the borrower's monthly income remains unchanged.

On 20 December 2008, the General Office of the State Council promulgated the Various Opinions on Promoting the Healthy Development of Real Estate Market (關於促進房地產市場健康發展的若干意見). Commercial banks shall, according to the principles and supervision requirements for credit, (i) increase credit support for the construction of small or medium-sized ordinary commodity properties at low or medium price, especially projects under construction; and (ii) provide financing support and relevant financial services for the projects relating to merger or reorganisation by competent and reputable real estate development enterprises.

On 7 January 2010, the General Office of the State Council promulgated the Notice on Promoting the Steady and Heathy Development of the Real Estate Market (關於促進房地產市場平穩健康發展的通知), which stipulates that:

1. purchase loans for the second house shall be strictly administrated, and for the family (including the borrower, and the spouse and the minor offsprings thereof) who have purchased one (or more) house (s) with the use of the loan and apply for the second (or above) house, down payment ratios of the loans shall not be lower than 40%, and the loan interest rates shall be fixed strictly based on risks;

2. the capital fund requirements for real estate projects shall be strictly implemented, loans are prohibited to the real estate development enterprises or development projects which do not conform to the credit policy;

3. the smallest scale set by a pre-sale permission of commodity house project shall be determined reasonably in the consideration of local actualities, and the pre-sale permission shall not be proceeded by floor or unit. Real estate development enterprises which have obtained pre-sale permissions shall put the sources of all houses sold into one-time publications within the time limits, and shall sell the houses strictly at the prices reported and definitely posted.

According to the Notice on the Second House Determining Standards in Regulating Commercial Loans for Personal Housing (關於規範商業性個人住房貸款中第二套住房認定標準的通知) promulgated on 26 May 2010 collectively by the MOHURD, the PBOC and the CBRC, the number of family houses for residents in commercial loans for personal housing shall be determined by the number of the complete sets of houses actually owned under the name of the family who plan to purchase (including the borrower, and the spouse and the minor offsprings thereof, the same as below).

Lenders shall implement the Second (or above) House Differential Credit Policy towards borrowers if one of the below circumstances occurs:

(i) borrowers apply for house-purchase loans for the first time, if their family have registered one (or more) complete set (s) of house according to the housing registration information system (including the Pre-sale Contract Registration Recording System, the same as below) governing the areas where the houses to purchase locate;

(ii) borrowers having purchased one (or more) house (s) with the use of loans apply for house-purchase loans again;

(iii) the lender positively believe the family of the borrower have already had one (or more) house (s) after due diligence search in forms of credit record reference, face-to-face test and face-to-face interview (residence visit if necessary).

Where non-local residents can provide local tax certificate or social insurance payment certificate for over one year in the application for housing loans, lenders shall implement the differential housing credit policy according to the third article of this Notice. Where non-local residents cannot provide local tax certificate or social insurance payment certificate for over one year in the application for housing loans, lenders shall implement the Second (or above) House Differential Credit Policy; commercial banks may suspend housing loans, according to the risk status as well as relevant local government policies, to the areas in which the prices for commodity houses are too high or go up too fast, or the housing supply is too tight.

On 29 September 2010, the PBOC and the CBRC collectively promulgated the Notice on Improving the Differential Housing Loan Policy (關於完善差別化住房信貸政策有關問題的通知), pursuant to which:

1. All commercial banks shall cease to extend loans for purchase of the third or more house by resident family; and cease to extend housing loans to non-local resident who fails to provide local payment certificate of tax or social insurance of more than one year;

2. In the event of purchase of commodity house in use of loan, down payment ratio shall be adjusted to 30% and above; in the event of the family who purchase their second house in use of loan, the down payment ratio shall strictly not be lower than 50% and the loan ratio shall strictly not be lower than 110% of the bench mark interest rate;

3. All commercial banks shall reinforce the administration of consumer loan which shall not be used for house purchase;

4. In the event of the real estate development enterprise which has the record against law or regulation in leaving land unused, altering land use and nature, postponing commencement and completion of construction and hesitating in selling houses so as to drive up prices, all commercial banks shall cease to grant loans to its new development project as well as extend loan term.

On 2 November 2010, the MOHURD, the MOF, the PBOC and the CBRC collectively promulgated the Notice on Regulating Housing Fund and Individual Housing Loan Policy (關於規範住房公積金個人住房貸款政策有關問題的通知), pursuant to which:

1. Speculation on house purchase in use of individual housing loan with housing fund is strictly prohibited;

2. As for purchase of the first owner-occupied ordinary house in use of individual housing loan with housing fund, where the dwelling floor area of the house is 90 sq m or below, the down payment of the loan shall not be less than 20%; where the dwelling floor area is more than 90 sq m, the down payment ratio of the loan shall not be less than 30%;

3. As for the second house purchased in use of individual housing loan with housing fund, the down payment ratio shall not be less than 50%, and the loan interest rate shall not be less than 110% of that of the first house purchased in use of individual housing loan with housing fund during same period;

4. Housing fund and individual housing loan shall be ceased to extend to the paying worker family for their purchase of the third or more house.

Environmental protection

The laws and regulations governing the environmental requirements for real estate development in the PRC include the Environmental Protection Law of the PRC (中華人民共和國環境保護法), the Prevention and Control of Noise Pollution Law of the PRC (中華人民共和國環境噪聲污染防治法), the Environmental Impact Assessment Law of the PRC (中華人民共和國環境影響評價法), the Administrative Regulations on Environmental Protection for Development Projects (建設項目環境保護管理條例) and the Administrative Regulations on Environmental Protection for Acceptance Examination Upon Completion of Buildings (建設項目竣工環境保護驗收管理辦法). Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact report, an environmental impact report form or an environmental impact registration form must be submitted by a developer to the relevant environmental authorities for approval of the construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental standards and regulations before the property can be delivered to the customers.

II Measures on Stabilising Housing Price

The General Office of the State Council promulgated the Circular on Stabilising Real Estate Price (關於切實穩定住房價格的通知) on 26 March 2005, requiring measures to be taken to prevent housing prices from increasing too fast and to promote the healthy development of the real estate market. The Opinions on Work of Stabilising Housing (關於做好穩定住房價格工作的意見) jointly issued by the MOC, the NDRC, the MOF, the MOLAR, the PBOC, the State Administration of Taxation (the "SAT") and the CBRC on 30 April 2005 provides that:

1. Where the housing price grows too fast, while the supply of ordinary commodity houses with medium or low price and economical houses is insufficient, the housing construction should mainly involve projects of ordinary commodity houses with medium or low price and economical houses. The construction of low-density, high-quality houses shall be strictly controlled. With respect to construction projects of medium-or-low-price ordinary commodity houses, before supplying the land, the municipal planning authority shall, according to controlling detailed planning, set forth such conditions for planning and design as height, plot ratio and green space, while the real estate authority, together with other relevant authorities, shall set forth such controlling requirements as sale price, type and area. Such conditions and requirements will be set up as preconditions of land transfer to ensure the supply of houses with medium or low price and houses with medium or small area. The local government must strengthen the supervision of planning permit for real estate development projects. Housing projects that have not been commenced within two years must be examined again, and those that turn out to be not in compliance with the planning permits will be revoked.

2. Where the price of land for residential use and residential housing grow too quickly, the proportion of land for residential use to the total land supply should be appropriately increased, and the land supply for the construction of ordinary commodity houses with medium or low price and economical houses should be especially increased. Land supply for villa construction shall continue to be suspended, and land supply for high-end housing property construction shall be strictly restricted.

The General Office of the State Council promulgated the Circular on Adjusting Real Estate Supply Structure and Stabilising Real Estate Price (關於調整住房供應結構穩定住房價格的意見) on 24 May 2006. There are some "must-meet" requirements that will affect residential property development companies and customers of residential properties in the PRC. The regulation stipulates that:

1. Commencing 1 June 2006, for newly approved and developed commodity residential houses, the ratio of houses with a built up area of no more than $90m^2$ should comprise at least 70% of the total construction area. If there are special situations existing in the municipality directly under the Central Government, or a city directly under State planning and provincial capital, the relevant developer should apply to the MOC for approving any adjustments on the above-mentioned ratio. For projects whose developers have already obtained the approval without the Permit for Commencement of Construction (建築工程

施工許可證), should the ratio of houses with a built up area of no more than $90m^2$ fall short of the above-mentioned ratio, the developer should adjust the ratio to satisfy the new requirements.

2. Commencing 1 June 2006, if the customer transfers the residential house within five years of the date of purchase, business tax will be levied on the basis of the sales income on the residential house; if the person transfers the common residential house after five years from the date of purchase, no business tax will be levied; and if the person transfers the uncommon residential house after five years from the date of purchase, business tax will be levied on the difference between the sale income of the residential house and the original purchase price.

3. Commencing 1 June 2006, the initial payment for the personal housing mortgage loan shall be at least 30% of the total purchase price of the house. If the person purchases a house with a built up area of no more than $90m^2$ for his/her own residence, the initial payment must be at least 20% of the total purchase price of the house.

4. No mortgage may be created over a residential property which has been vacant for more than three years.

5. High land idle fees will be levied for land left idle for more than one year and land use rights of land left idle for more than two years will be taken back.

On 29 December 2008, the MOF and the SAT jointly issued the Circular Concerning Business Tax on Personal Real Estate Transfer (關於個人住房轉讓營業稅政策的通知), according to which, from 1 January 2009 to 31 December 2009, business tax shall be levied on the entire sale price of any non-ordinary residential house sold within two years of its purchase or on the difference between the sale income of the residential house and the original purchase price for any transfer of non-ordinary residential house after two or more years of its purchase or ordinary residential house within two years of its purchase, while business tax would be exempted for the transfer of any ordinary residential property after two years from the date of purchase.

On 22 December 2009, the MOF and the SAT collectively promulgated the Notice on Adjusting the Business Tax Policies on Individual Housing Transfer (關於調整個人住房轉讓營業稅政策的通知), pursuant to which, with effect from 1 January 2010, the resale lock-up period for a property has returned to its original five years. A business tax of 5.5% is now imposed on homes sold within five years of purchase.

In accordance with the Notice on the Deed Tax Policy for the First-Time Ordinary House Purchase (關於首次購買普通住房有關契稅政策的通知) promulgated on 9 March 2010 jointly by the MOF and the SAT, the deed tax preferential policy for the first-time ordinary house purchase does not apply to the joint customers where two or more people jointly purchase an ordinary house of 90 square meters or less and at least one of them has been recorded for house purchase.

On 17 April 2010, the State Council promulgated the Notice on Strictly Restraining the Excessive Growth of the Property Prices in Some Cities (關於堅決遏制部分城市房價過快上漲的通知), pursuant to which:

1. The down payment ratio of the loan shall not be lower than 30%, where the family (including the borrower, and the spouse and the minor offsprings thereof, the same as below) purchase their first house of which the construction area of the dwelling size is 90 square meters or above; the down payment ratio shall not be lower than 50%, and the loan interest rate shall not be lower than 1.1 times of the benchmark interest rate, where the family purchase the second house with the use of the loan; the down payment ratios and the loan interest rates shall be increased in large scale, which are determined independently by commercial banks according to the principal of risk management, where the family purchase the third (or above) house;

2. Commercial banks may suspend housing loans for the purchase of the third or above house, according to the risk status, to the areas in which prices for commercial residential housing are too high or go up too fast, or the housing supply is too tight; and suspend the housing loans for the non-residents who cannot provide local tax certificate or social insurance payment certificate for over one year. The local people's governments may take temporary measures, on the basis of actualities, to limit the number of houses for purchase in certain period;

3. Enterprises which violate laws or regulations are restricted to purchase new lands; state-owned enterprises and state-holding enterprises, which are not mainly doing business in real estate, are strictly prohibited to engage in commercial land development and real estate business; commercial banks shall not extend loans to new development projects where the real estate development enterprises set aside lands and engage in land speculation; and

4. For the real property development projects which have obtained pre-sale permits or gone through the sale recording process for completed houses, sources of all houses sold shall be put into one-time publications within the time limits, and shall be sold strictly at the prices reported and definitely posted.

On 30 September 2010, the MOHURD, Ministry of Land and Resources and Ministry of Supervision jointly promulgated the Circular on Further Implementation and Realization of Notice No. [2010] 10 issued by the State Council (關於進一步貫徹落實國發[2010]10號文件的通知), pursuant to which:

1. in those cities where property prices have escalated and property supply is tight, local authorities shall implement measures to limit the property purchase of family in certain period of time;

2. speeding up the building tax reform trial work, and gradually extend to the whole country; and

3. to those property developers that violates laws and regulations such as: (i) holding idle land; (ii) changing the land use; (iii) delaying the commencement and completion of development; (iv) intentionally holding properties for future sale, the offering of stocks and securities as well as new purchase of land shall be suspended.

On 26 January 2011, the General Office of the State Council issued the Notice on Further Promoting the Adjustment and Control of Real Estate Market (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知) ("2011 Notice 1"), pursuant to which:

1. Ten million units of social welfare housing and rebuilding shanty areas housing will be constructed in the whole country in 2011 and the supply of public rental housing shall be increased;

2. The minimum down payment in respect of mortgage loans on purchases of second residential properties by families is increased to 60% of the purchases price and the applicable mortgage rate must be at least 1.1 times of the relevant benchmark lending rate published by the PBOC;

3. If the land approved for real estate use does not obtained relevant construction permit for commencement of development more than two years, it shall be forfeited to the government and the penalties of no more than 20% of the land grant fee shall be imposed;

4. The local resident families who have owned one unit of residential property and the non-local resident families who can provide documentation evidencing their payment with certain time period of tax or social security in the locality are generally limited to one residential property purchase (including newly-built commodity residential properties and second-hand residential properties); and

5. The local resident families who have owned two or more units of residential properties, the non-local residents families who have owned one or more units of residential properties and the non-local resident families who fail to provide documentation evidencing their payment with certain time period of tax or social security in the locality are prohibited to residential property purchase in the relevant administrative areas.

At the same time, the 2011 Notice 1 also stipulates that the local government shall, in accordance with its economic development benchmark, the growth rate of the average affordable income and the capability of the residents, determine the annual price control target of newly-developed residential properties and publish the same to the public within the first quarter of the year. Up to now, Nanchang, Fuzhou, Yichun and Leping have already announced the price control target of newly-developed residential properties for the year 2011 and stipulated that the increase in the price of newly-developed residential properties has to be within the growth rate of the average affordable income in the local area. For Nanchang, it is required that the increase in the price shall be within 10% as compared with that of the immediately preceding year.

On 27 January 2011, the Ministry of Finance and the State Administration of Taxation collectively promulgated the Notice on Adjusting the Business Tax Policies on Individual Housing Transfer (關於調整個人住房轉讓營業税政策的通知), pursuant to which, with effect from 28 January 2011:

1. transfer of residential properties by individuals who have held them for less than five years are subject to business tax calculated on a gross basis;

2. transfer of non-ordinary residential properties by individuals who have held them for five years or more are subject to business tax calculated on a net basis; and

3. transfer of ordinary residential properties by individuals who have held them for five years or more are exempted from business tax.

On 20 January 2011, General Office of Nanchang Municipal Government promulgated the Complemental Opinions of Our City Further Implementing National Macro-Control Policies and Promoting the Stable, Healthy and Orderly Development of Real Estate Market(關於我市進一步貫徹落實國家宏觀調控政策促進房地產市場平穩健康有序發展的補充意見), pursuant to which, the policy of limiting the number of houses for purchase shall be temporarily carried out in the city. From 1 February 2011, each city resident or non-resident family (including the customer, and the spouse and the minor offsprings thereof) can only newly purchase one commercial house in the area of Donghu District, Xihu District, Qingyunpu District, Qingshanhu District and Honggutan New District.

On 20 February 2011, the Nanchang Municipal Government promulgated the Opinions of Nanchang Implementing "the Notice of General Office of the State Council on Further Promoting the Adjustment and Control of Real Estate Market "(南昌市貫徹落實《國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知》的意見), pursuant to which:

1. When the family purchase the second house with the use of the loan of commercial banks, the initial payment for the personal housing mortgage loan shall be no lower than 60% of the total purchase price of the house, and the loan interest rate shall not be lower than 1.1 times of the benchmark interest rate;

2. The policy of limiting the number of houses for purchase shall be temporarily carried out in urban areas of the city. Each city resident family (including the customer, and the spouse and the minor offsprings thereof, the same as below) who have already owned one house or each non-resident family who can provide local tax certificate or social insurance payment certificate for over one year are limited to purchasing one house (including new-built commercial house and second-hand house). The resident family who have already owned two or more houses, the non-resident family who have already owned one or more houses, and the non-resident family who cannot provide local tax certificate or social insurance payment certificate for over one year are suspended purchasing houses in the city; and

3. The units or individuals participating in the land bidding shall explain the source of fund and provide corresponding certificate. Altering the nature of the land for government housing without authorisation shall be resolutely rectified and strictly investigated and punished. If the developer does not obtain the Permit for Commencement of Construction to commence construction of the granted real estate land in over two years, the land use right shall be forfeited in time and the developer shall be fined for leaving land idle for more than one year. Illegal transfer of land use right shall be investigated and punished according to law. The land and the land development project agreed in the contract can not be transferred in any ways on the conditions that the investment percentage of real estate development and construction represents less than 25% of the total investment (not including land fees).

III Major Taxes Applicable to Real Estate Developers

Business Tax

Pursuant to the Interim Regulations of the PRC on Business Tax (中華人民共和國營業稅暫行條例) promulgated by the State Council in December 1993 and amended in November 2008, the tax rate of the transfer of immovable properties, buildings and other attachments to land is 5%.

Land Appreciation Tax

Pursuant to the Provisional Regulations of the PRC on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) (the ''Provisional Regulations'') promulgated by the State Council on 13 December 1993 and effected on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例實施細則) (the "Detailed Implementation Rules") which was promulgated and effected on 27 January 1995, any appreciation amount gained from taxpayer's transfer of property shall be subject to land appreciation tax. Land appreciation tax is calculated based on a 4-band excess progressive tax rate: for the portion with appreciation not exceeding 50% of the deductible amount, the applicable tax rate is 30%; the applicable tax rate for the portion with appreciation exceeding 50% but not exceeding 100% of the deductible amount is 40%; the applicable tax rate for the portion exceeding 100%, but not exceeding 200% of the deductible amount is 50%; the applicable tax rate for the portion exceeding 200% of the deductible amount is 60%. The related deductible items aforesaid include the following:

– amount paid for obtaining the land use right;

– costs and expenses for development of land;

– costs and expenses of new buildings and ancillary facilities, or estimated prices of old buildings and constructions;

– related tax payable for transfer of property; and

– other deductible items as specified by the MOF.

According to the requirements of the Provisional Regulations, the Detailed Implementation Rules and the Notice issued by the MOF in respect of the Levy and Exemption of Land Appreciation Tax for Development and Transfer Contracts signed before 1 January 1994 (關於對一九九四年一月一日前簽訂開發及轉讓合同的房地產徵免土地增值稅的通知) which was announced by the MOF on 27 January 1995, Land Appreciation Tax shall be exempted under any one of the following circumstances:

(1) Taxpayers constructing ordinary standard residences for sale (i.e. residences built in accordance with the local standard for general civilian-use residential properties. Deluxe apartments, villas, resorts etc. are not under the category of ordinary standard residences), where the appreciation amount does not exceed 20% of the sum of deductible items;

(2) Real estate taken over and repossessed according to laws due to the construction requirements of the State;

(3) Due to re-deployment of work or improvement of living standard, individuals transferring residential property which such individuals have been living in for five years or more, after obtaining tax authorities' approval;

(4) Real estate transfers which were signed before 1 January 1994, regardless of when the properties were transferred; or

(5) Either when the real estate development contracts were signed or when the project proposal has been approved before 1 January 1994 and that capital was injected for development in accordance with the conditions agreed, the Land Appreciation Tax shall be exempted if the properties are transferred within five years after 1 January 1994 for the first time. The date of signing the paid land transfer agreement shall be the date of signing the contract. Particular real estates projects which are approved by the government for the development of the whole piece of land and long-term development, of which the properties are transferred for the first time after the five-year tax-free period, after auditing being conducted by the local financial and tax authorities, and approved by MOF and SAT, the tax-free period would then be appropriately prolonged.

On 24 December 1999, the MOF and the SAT issued the Notice in respect of the extension of the period for the Land Appreciation Tax Exemption Policy (關於土地增值稅優惠政策延期的通知) that extended the period for the Land Appreciation Tax exemption policy as mentioned in paragraph (5) hereinabove to the end of 2000.

The SAT also issued the Notice in respect of the Serious Handling of Administration Work in relation to the Collection of Land Appreciation Tax (關於認真做好土地增值稅徵收管理工作的通知) on 10 July 2002 to request local tax authorities (i) to modify the management system of Land Appreciation Tax collection and operation details; (ii) to build up a sound taxpaying declaration system for Land Appreciation Tax; and (iii) to modify the methods of pre-levying for the pre-sale of real estates. That notice also pointed out that for real estate development contracts which were signed, or where the project proposal was approved, before 1 January 1994 and capital has already been injected for development, the Land Appreciation Tax exemption for properties which are transferred within five years from 1 January 1994 for the first time would expire, and such tax shall be levied again.

According to the Circular on Several Issues of the Levy and Administration of Land Appreciation Tax (關於土地增值稅若干徵管問題的通知) promulgated jointly by the SAT and the State Land Administration Bureau on 10 January 1996 and the Circular on Issues related to the Administration and Levy of the Land Appreciation Tax (關於土地增值稅徵收管理有關問題的通知) promulgated by the SAT and the MOC in April 1996, the taxation authorities all over the country should establish a whole system of the levy and administration of the land appreciation tax in accordance with the related regulations and the above two circulars.

On 28 December 2006, the SAT issued the Notice to Regulate the Land Appreciation Tax Settlement of Real Estate Development Enterprise (關於房地產開發企業土地增值稅清算管理有關問題的通知) (the "Notice"), which further regulates the settlement procedures and conditions of Land Appreciation Tax, and stipulates that Land Appreciation Tax shall be settled on a project basis or, for development projects which are developed in phases, on a phase by phase basis. The Notice also stipulates that the Land Appreciation Tax for ordinary standard residences and non-ordinary residences shall be determined differently.

The Notice stipulates that real estate development enterprises shall settle Land Appreciation Tax where:

(i) the construction and sale of the real estate project is completed;

(ii) a real estate project which has not been completed and on which settlement of Land Appreciation Tax has not been conducted is transferred; and

(iii) the land use right is transferred directly.

In addition, the relevant PRC tax authority may require a real estate development enterprise to settle the Land Appreciation Tax in the following circumstances:

(i) The real estate project has passed completion inspection, the aggregate GFA which has been transferred has exceeded 85% of the aggregate sellable GFA, or, where such proportion is less than 85%, the remaining sellable GFA has been leased or reserved for self-use;

(ii) The real estate development enterprise has obtained and held the Pre-Sale Permit for three years and has not completed the sales of the real estate project;

(iii) The real estate development enterprise has applied to revoke its tax registration before settling the Land Appreciation Tax; and

(iv) In any other circumstances stipulated by the relevant provincial tax authorities.

Where the real estate development enterprise utilises its properties for the purpose of staff welfare, award, investment, allotment to shareholders, etc., which results in the transfer of property ownership, Land Appreciation Tax shall be levied accordingly. However, if the real estate development enterprise reserves some of the properties for its own use, for lease or other commercial purposes, and the property ownership remains unchanged, Land Appreciation Tax shall not be levied.

If a real estate development enterprise transfers its properties after it has settled the Land Appreciation Tax, it shall also be required to declare and pay Land Appreciation Tax accordingly.

On 25 May 2010, the Notice on Strengthening the Collection of Land Value Added Tax (關於加強土地增值稅徵管工作的通知) was promulgated by the SAT, stipulating that:

(i) To give full play to the adjusting role of the land added-value tax at the pre-levy stage, tax authorities at all places shall adjust the present pre-levy rates. Except for the government housing, the pre-levy rates shall not be lower than 2% in the eastern provinces, not lower than 1.5% in the central and the north-eastern provinces, and not lower than 1% in the western provinces. All places shall determine proper pre-levy rates on the basis of the different types of real properties (division of areas shall be governed by relevant documents of the State Council).

(ii) In order to regulate the assessment work, the assessment-based levy rate shall not be lower than 5%, as is the general rule. All provincial tax authorities shall, according to the local actualities, formulate assessment-based levy rates for different types of real property.

Deed Tax

Pursuant to the Interim Regulations of the PRC on Deed Tax (中華人民共和國契稅暫行條例) promulgated by the State Council in July 1997, the transferee, whether an individual or otherwise, of the title to a land site or building in the PRC shall be the obliged taxpayer for deed tax. The rate of deed tax is 3% – 5%. The governments of provinces, autonomous regions and municipalities directly under the central government may, within the foresaid range, determine and report their effective tax rates to the MOF and the SAT for the record.

On 29 September 2010, the MOF, the SAT and the MOHURD collectively issued the Notice of Deed Tax on the Adjustment of Real Estate Transactions and Personal Income Tax Preferential Policies (關於調整房地產交易環節契稅、個人所得稅優惠政策的通知), according to which:

1. Where individual purchases ordinary house which would be the only house of the family (including the customer, and the spouse and the minor offspring thereof, same as below), the applicable deed tax shall be deducted by fifty percent; where individual purchases ordinary house of ninety square meters or below which would be the only house of the family, the applicable deed tax shall be one percent;

2. The abovementioned preferential policy does not apply where the ordinary house purchased by individual does not meet the above requirements;

3. No deduction of personal income tax shall apply again where the tax payer sells his own house and then purchases another house within one year.

Land Use Tax

Pursuant to the Interim Regulations of the PRC on Land Use Tax in respect of Urban Land (中華人民共和國城鎮土地使用稅暫行條例) promulgated by the State Council in September 1988, the land use tax in respect of urban land is levied according to the area of relevant land. According to the Notice on the Non-Application of Land Use Tax on the Land Used by Foreign-Invested Enterprises and Organizations of Foreign Enterprises Set Up in the PRC (關於對外商投資企業和外國企業在華機構的用地不徵收土地使用稅的通知) issued by the MOF on 2 November 1988, land use tax is not applicable to land used by foreign-invested enterprises and organizations of foreign enterprises set up in the PRC. On 31 December 2006, the State Council amended the Interim Regulations of the PRC on Land Use Tax in respect of Urban Land (中華人民共和國城鎮土地使用稅暫行條例), which stipulated that commencing from 1 January 2007, the land use tax shall be applicable to all foreign investment enterprises and foreign enterprises that use land in the PRC, and the annual land use tax rate shall be revised to a higher rate but within the ranges as set out below:

Metropolis	:	RMB1.5 per m^2 to RMB30.0 per m^2
Medium-sized city	:	RMB1.2 per m^2 to RMB24.0 per m^2
Small city	:	RMB0.9 per m^2 to RMB18.0 per m^2
Town, county	:	RMB0.6 per m^2 to RMB12.0 per m^2

The provincial government shall determine the applicable tax rate within the foregoing criteria.

Buildings Tax

Under the Interim Regulations of the PRC on Buildings Tax (中華人民共和國房產稅暫行條例) promulgated by the State Council in September 1986, buildings tax shall be 1.2% calculated on the basis of the original value of a building discounted by 10% to 30%, and 12% of the rent proceeds if the building is leased. Such buildings tax shall be applicable to PRC domestic enterprises.

Stamp Duty

Under the Interim Regulations of the PRC on Stamp Duty (中華人民共和國印花稅暫行條例) promulgated by the State Council in August 1988, stamp duty shall be levied at the rate of 0.05% of the amounts stated therein for all building transfer instruments, including those relating to property ownership transfers; stamp duty shall be levied on a per-item basis at an annual rate of RMB5 per item for permits and certificates relating to rights, including real estate title certificates and Land Use Rights Certificates.

Municipal Maintenance Tax

Under the Interim Regulations of the PRC on Municipal Maintenance Tax (中華人民共和國城市維護建設稅暫行條例) promulgated by the State Council in February 1985, any taxpayer, whether an individual or otherwise, subject to or paying product tax, value-added tax or business tax shall be required to pay municipal maintenance tax. The tax rate shall be 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county and a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town.

Education Surcharge

Under the Interim Provisions on Imposition of Education Surcharge (徵收教育費附加的暫行規定) promulgated by the State Council in April 1986 (lastly revised by the State Council in August 2005), any taxpayer, whether an individual or otherwise, subject to or paying product tax, value-added tax or business tax shall pay an education surcharge, unless such obliged taxpayer is required instead to pay a rural area education surcharge as provided by the Notice of the State Council on Raising Funds for Schools in Rural Areas (國務院關於籌措農村學校辦學經費的通知) which was promulgated on 13 December 1984. Education surcharge was calculated and levied at a rate of 2% on the actual amount of product tax, value-added tax and business tax paid by the taxpayer before 1 October 2005. After 1 October 2005, education surcharge shall be calculated and levied at a rate of 3% on the actual amount of product tax, value-added tax and business tax paid by the taxpayer.

On 18 October 2010, the State Council promulgated the Notice on the Unification of Systems of Municipal Maintenance Tax and Educational Surcharge Imposed Upon Domestic-Invested Enterprise, Foreign-Invested Enterprise and Individual (關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知), pursuant to which, from 1 December 2010 on, the systems of municipal maintenance tax and educational surcharge imposed upon domestic-invested enterprise, foreign-invested enterprise and individual shall be unified, municipal maintenance tax and educational surcharge shall start to be imposed upon foreign-invested enterprise, foreign enterprise and foreign individual.

Tax on Adjustment of Fixed Asset Investment Orientation

Under the Interim Regulations of the PRC on Tax on Adjustment of Fixed Asset Investment Orientation (中華人民共和國固定資產投資方向調節稅暫行條例) promulgated by the State Council in April 1991, the tax rate shall be 5% in the case of general residential housing (including commodity housing), and 30% in the case of villa-styled residential housing.

Corporate Income Tax

Pursuant to the Interim Regulations of the Corporate Income Tax of the PRC (中華人民共和國企業所得稅暫行條例) promulgated by the State Council in December 1993, State-owned enterprise, collective-owned enterprise, private enterprise, coordinated enterprise, share-issuing enterprise and other organisations within the territory of the PRC which have production and management income or other income, are taxpayer of the corporate income tax. The corporate income tax rate is 33%.

Pursuant to the Interim measures of Corporate Income Tax Levied upon Deemed Income (核定徵收企業所得稅暫行辦法) promulgated by the SAT and implemented on January 2000, corporate income tax on deemed income shall be levied in the following situations: 1) where it is not necessary to set up any account books or where account books should be set up but are not set up in accordance with the rules and regulations of the tax revenue; 2) where it is possible to only check and verify gross income accurately or where it is possible to check and verify gross income but not possible to check and calculate compute cost expenditure accurately; 3) where it is only possible to check and calculate cost expenses expenditure or where it is possible to check and verify cost expenses expenditure but not possible to check and calculate gross income accurately; 4) where it is not possible to check and calculate gross income and cost expenses expenditure correctly, and provide true, accurate and intact materials of tax payment and compliance to the authority in charge; 5) where accounts have been set up in compliance with applicable regulations but relevant account book, evidence and relevant tax payment materials cannot be saved according to regulations; or 6) The obligation to pay tax arises but the taxpayer does not handle the tax application according to the time limits of the rules and regulations or upon the tax authority's order of tax application within a definite time period, the taxpayer does not apply on the expiration of the time limit. Taxpayers subject to this regime shall not benefit from any preferential policies in relation to corporate income tax. Provincial tax bureaus, as well as tax bureaus of autonomous regions, municipalities directly under the Central Government and cities under direct planning of the state may implement this regulation, combine the actual local conditions, make the concrete implementing method and submit to the SAT for record.

Pursuant to Income Tax Law of Foreign-investment Enterprises and Foreign Enterprises of the PRC (中華人民共和國外商投資企業和外國企業所得稅法) promulgated by the NPC in April 1991 and Implementing Rules of the Income Tax Law of the PRC on Foreign Investment Enterprises and Foreign Enterprises (中華人民共和國外商投資企業和外國企業所得稅法實施細則) promulgated by the State Council, which came into effect on 1 July 1991 (collectively, "FIE Income Tax Law"), productions, management income and other incomes of foreign-investment enterprises and foreign enterprises within the territory of the PRC shall pay income tax. For foreign investment enterprises and foreign enterprises engaged in production and management within the territory of the PRC, income tax is calculated at a rate of 30% of its taxable income volume, local income tax is calculated at a rate of 3% of its taxable income volume. Foreign investment enterprises established in special economic zones, foreign enterprises having an establishment in special economic zones engaged in production or business operations and foreign investment enterprises engaged in production in economic and technological zones may pay income tax at a reduced rate of 15%. Foreign investment enterprises engaged in production established in coastal economic open zones or in the old urban districts of cities where the special economic zones or the economic and technological development zones are located may pay income taxes at a reduced rate of 24%. A reduced income tax rate of 15% may apply to enterprises located in such regions and which are engaged in energy, communication, harbour, wharf or other projects encouraged by the State. Losses incurred in a tax year may be carried forward for not more than five years. Foreign enterprises not yet set up the organisation or place within the territory of the PRC, but are generating income obtained from profit, interest, rent, royalty special permission and other income generated within the territory of the PRC, or set up organisation or place, but the above-mentioned income has no actual connection with the organisation and place, such enterprises are subject to taxes at a rate of 20%.

Pursuant to the Notice of Allowed Reduce Income Tax of Foreign Enterprise's Interest Source From the Territory of the PRC (關於外國企業來源於我國境內的利息等所得減徵所得稅問題的通知) promulgated by the State Council in November 2000 (implemented on 1 January 2000), since 1 January 2000, for the foreign enterprises has not set up organisation or place within the territory of the PRC, its interest, rent, royalty for the right of special permission and other incomes obtained from the PRC; or which have an organisation or place, but above-mentioned incomes have no actual connection with its organisation or place, will pay corporate income tax at a reduced rate of 10%. The profit derived by a foreign investor from a PRC enterprise with foreign investment is exempted from PRC tax according to (i) the FIE Income Tax Law and (ii) the Notice Relating to Taxes Applicable to Foreign Investment Enterprises, Foreign Enterprises and Foreign Nationals in Relation to Dividends and Gains Obtained from Holding and Transferring of Shares (關於外商投資企業、外國企業和外籍個人取得股票（股權）轉讓收益和股息所得稅收問題的通知), promulgated by the SAT on 21 July 1993.

In March 2007, the NPC adopted the Enterprise Income Tax Law (企業所得稅法) ("New Income Law"), which became effective on January 1, 2008. Under the new tax law, a unified enterprise income tax rate is set at 25% for both domestic enterprises and foreign-invested enterprises, with the exception of those enterprises who enjoy the preferential tax according to the laws and regulations. However, there would be a five-year transition period for enterprises currently enjoying a preferentially lower income tax rate under the current tax laws and administrative regulations. In addition, under the new tax law, enterprises established under the laws of foreign jurisdictions but whose “de facto management body” is located in the PRC are treated as “resident enterprises” for PRC tax purposes, and is subject to PRC income tax on their worldwide income. While at the same time the New Income Law also addresses the following enterprise income including but not limited to the followings, shall be exempted from income tax: (1) income from equity investment income such as dividend and bonus between qualified resident enterprises, (2) income from equity investment such as dividend and bonus obtained from resident enterprises by non-resident enterprises that have set up institutions or offices in the PRC with an actual relationship with such institutions or offices. On 6 December 2007, the Implementation Rules on the Enterprise Income Tax Law (企業所得稅法實施條例) was promulgated by the State Council and came into force on 1 January 2008.

According to New Income Law and its implementing regulations, income such as dividends, rental, interest and royalty from the PRC derived by a Non-Resident enterprise which has no establishment in the PRC or has establishment but the income has no relationship with such establishment is subject to a 10.0% withholding tax, subject to reduction as provided by any applicable double taxation treaty, unless the relevant income is specifically exempted from tax under the applicable income tax laws, regulations, notices and decisions which relate to foreign investment enterprises and their investors.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND ITS SUBSIDIARIES

1. Incorporation of our Company

Our Company was incorporated in Bermuda under the Companies Act as an exempted company with limited liability on 5 January 2011. Our Company has established a place of business in Hong Kong at Room 1215, Tower B, Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Kowloon, Hong Kong, and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on 21 April 2011. Mr. Wong Lui of Flat C&D, 33rd Floor, Tower 18, Laguna Grande Verde, Laguna Verde Avenue, Hunghom, Kowloon, Hong Kong and Mr. Siu Ho Fai of 2nd Floor, No. 26-E, Lo Tsz Tin Village, Tai Po, New Territories, Hong Kong have been appointed as the agents of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in Bermuda, its operation are subject to the Companies Act and to its constitution, which comprise the Memorandum of Association and the Bye-laws. A summary of certain relevant provisions of its constitution and relevant aspects of the Bermuda company law is set out in Appendix IV to this prospectus.

2. Changes in share capital of our Company

(a) As at the date of incorporation of our Company, our authorised share capital was HK$90,000 divided into 9,000,000 shares of HK$0.01 each. One Share was allotted and issued to Pan Hong Property nil paid on 19 January 2011.

(b) Pursuant to written resolutions passed by the sole shareholder of our Company, Pan Hong Property, on 4 July 2011:–

(i) the authorised share capital of our Company was increased from HK$90,000 to HK$45,000,000 by the creation of an additional 4,491,000,000 Shares, such new Shares to rank pari passu with the then existing Shares in all respects; and

(ii) in consideration for (i) Pan Hong Property transferring the entire issued share capital of SHPH to our Company; and (ii) Pan Hong Investment assigning the outstanding loan due from Sino Harbour to Pan Hong Investment in the aggregate amount of HK$313,928,090 to our Company, 4,999,999 Shares were allotted and issued by our Company to Pan Hong Property, all credited as fully paid. In additional, the one nil-paid Share held by Pan Hong Property was credited as fully paid.

(c) Immediately following the Share Offer becoming unconditional, the issue of the Offer Shares and the Capitalisation Issue (but taking no account of any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option and any options that may be granted pursuant to the Share Option

Scheme), the authorised share capital of our Company will be HK$45,000,000 divided into 4,500,000,000 Shares and the issued share capital of our Company will be HK$12,000,000 divided into 1,200,000,000 Shares, all of which will be fully paid or credited as fully paid. 3,300,000,000 Shares will remain unissued. Other than pursuant to the exercise of any options granted under the Share Option Scheme, there is no present intention to issue any of the authorised but unissued share capital of our Company and no issue of Shares which would effectively alter the control of our Company will be made without the prior approval of the members of our Company in general meeting.

(d) Save as aforesaid, there has been no alteration in the share capital of our Company since its incorporation.

3. Shareholder's resolutions of our Company passed on 4 July 2011

Pursuant to the written resolutions passed by the sole shareholder of our Company, Pan Hong Property, on 4 July 2011, (apart from the resolutions relating to the changes in share capital of our Company referred to in the paragraph headed "Changes in share capital of our Company") resolutions were passed pursuant to which:–

(a) our Company approved and adopted its Bye-laws, the terms of which are summarised in Appendix IV to this prospectus;

(b) conditional on the same conditions as stated in the paragraph headed "Conditions of the Share Offer" under the section headed "Structure of the Share Offer" in this prospectus having been fulfilled:–

(i) the Share Offer was approved and the Directors were authorised to allot and issue the Offer Shares pursuant thereto;

(ii) the proposed grant of the Over-allotment Option by our Company to Kingsway Financial (for itself and on behalf of the other Underwriters) in its absolute discretion pursuant to which our Company may be required to allot and issue up to 45,000,000 additional new Shares representing approximately 15% of the Offer Shares initially being offered under the Share Offer to, among others, to cover over-allocations in the Share Offer at the Offer Price was approved;

(iii) subject to the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the allotment and issue of the Offer Shares under the Share Offer, the Directors were authorised to allot and issue a total of 895,000,000 Shares credited as fully paid at par to Pan Hong Property, being the sole shareholder of our Company on 4 July 2011, and the Shares to be allotted and issued under this resolution shall rank pari passu in all respects with the existing issued Shares;

(iv) the terms of the Share Option Scheme were approved and adopted and the Directors were authorised to grant options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of subscription rights under any options granted under the Share Option Scheme;

(v) a general unconditional mandate was given to the Directors to allot, issue and deal with, otherwise than by way of rights issue or pursuant to the exercise of subscription rights attaching to options under the Share Option Scheme, Shares with an aggregate nominal value not exceeding the sum of 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company or the expiration of the period within which the next annual general meeting of our Company is required to be held by the Bye-laws or the Companies Act or any other applicable laws or the date of passing of an ordinary resolution by the Shareholders at general meeting revoking or varying the authority given to the Directors, whichever occurs first;

(vi) a general unconditional mandate was given to the Directors authorising them to exercise all powers of our Company to repurchase Shares listed on the Stock Exchange or any other stock exchange recognised by the SFC and by the Stock Exchange for this purpose having an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following the completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company or the expiration of the period within which the next annual general meeting of our Company is required to be held by the Bye-laws or the Companies Act or any other applicable laws or the date of passing of an ordinary resolution by the Shareholders at general meeting revoking or varying the authority given to the Directors, whichever occurs first; and

(vii) the general unconditional mandate referred to in sub-paragraph (v) above was extended by the addition to the aggregate nominal amount of the share capital of our Company which may be allotted or agreed to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of Shares repurchased by our Company since the granting of the general mandate referred to in sub-paragraph (vi) above, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme).

4. Corporate reorganisation

The companies comprising the Group underwent the Reorganisation in preparation for the Share Offer. Following the Reorganisation, our Company became the holding company of the Group. The Reorganisation involved the following:

(a) On 5 January 2011, the Company was incorporated in the Bermuda with an authorised share capital of HK$90,000 divided into 9,000,000 shares of HK$0.01 each and one nil paid Share was allotted and issued to Pan Hong Property on 19 January 2011;

(b) On 10 January 2011, Pan Hong Investment transferred the entire registered capital of Fuzhou Pan Hong to Sino Harbour;

(c) On 17 January 2011, Pan Hong Investment transferred 50% of the registered capital of Jiangxi Ganghong to Sino Harbour;

(d) On 21 January 2011, Pan Hong Investment transferred the entire registered capital of Jiangxi Asia City to Sino Harbour;

(e) On 26 January 2011, SHPH was incorporated in BVI;

(f) On 23 March 2011, Enrich HK allotted and issued 99 news shares to SHPH at par value of HK$1.00 each;

(g) On 23 March 2011, Sino Harbour allotted and issued 9,999 new shares to SHPH at par value of HK$1.00 each;

(h) On 5 May 2011, Pan Hong Property transferred one share of Enrich HK to SHPH;

(i) On 9 May 2011, Pan Hong Property transferred one share of Sino Harbour to SHPH; and

(j) On 30 June 2011, one share of SHPH, representing the entire issued share capital of SHPH, was transferred from Pan Hong Property to our Company, and the outstanding loan due from Sino Harbour to Pan Hong Investment in the aggregate amount of HK$313,928,090 was assigned from Pan Hong Investment to our Company in consideration, our Company (i) allotted and issued 4,999,999 Shares to Pan Hong Property at premium, all credited as fully paid; and (ii) credited the one nil paid Share held by Pan Hong Property on 30 June 2011 as fully paid up.

For details, please refer to the paragraph headed "Corporate Reorganisation" in the section headed "History and development" of this prospectus.

5. Changes in share capital of subsidiaries

The subsidiaries of our Company are referred to in note 1 of the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

The following alterations in the share capital of our Company's subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

(a) Fuzhou Pan Hong

Fuzhou Pan Hong was established in the PRC on 19 November 2007 as a wholly-foreign owned enterprise with a registered capital of RMB450,000,000. As approved by the relevant MOFOCOM on 20 October 2009, the shareholders of Fuzhou Pan Hong resolved to reduce the registered capital from RMB450,000,000 to RMB200,000,000. This capital reduction was approved by the Fuzhou City Administration for Industry and Commerce on 16 November 2009. As at the Latest Practicable Date, all the registered capital of RMB200,000,000 was paid up.

(b) Nanchang Dingxun

Nanchang Dingxun was established in the PRC on 25 February 2003 as a limited liability company with a registered capital of RMB10,000,000. As approved by the relevant PRC governmental authority on 12 January 2010, Jiangxi Asia City acquired the aggregate of 50% equity interest of Nanchang Dingxun from Shanghai Dingxun and 5% equity interest of Nanchang Dingxun from Mr. Su Wenfeng. On 6 August 2010, the shareholders of Nanchang Dingxun resolved to increase the registered capital from RMB10,000,000 to RMB66,865,000. This capital increase was approved by the Nanchang City Administration for Industry and Commerce on 31 August 2010. As at the Latest Practicable Date, all the registered capital of RMB66,865,000 was paid up.

(c) Nanchang Liyang

Nanchang Liyang was established in the PRC on 17 September 2009 as a domestic company with a registered capital of RMB500,000. According to the trust agreement dated 16 September 2009 entered into between Jiangxi Asia City, Mr. Fan Tian Xiang and Mr. Zheng Xunning, Mr. Fan and Mr. Zheng are only the nominee shareholders of Nanchang Liyang who are holding the equity interest in Nanchang Liyang on trust for and on behalf of Jiangxi Asia City. The entire registered capital in the sum of RMB500,000 was contributed by Jiangxi Asia City and Jiangxi Asia City has all along been the beneficial owner of the entire registered capital of Nanchang Liyang. An equity transfer agreement dated 22 March 2011 (and supplemented by a supplemental agreement dated 23 March 2011) was entered into between Jiangxi Asia City, Mr. Fan and Mr. Zheng, pursuant to which Mr. Fan and Mr. Zheng transferred their respective entire equity interest in Nanchang Liyang to Jiangxi Asia City whereupon the aforesaid trust agreement was also terminated. The relevant registration procedure with the relevant authority responsible for the administration of industry and commerce in respect of the said equity transfer was completed on 21 April 2011. As at the Latest Practicable Date, the registered capital of RMB500,000 has been fully paid up.

(d) Jiangmen Pan Hong

Jiangmen Pan Hong was established as a limited liability company in the PRC and commenced its business on 27 September 2007 with a registered capital of RMB40,000,000, which was owned as 75% equity interest by Jiangxi Asia City. On 10 February 2010, Jiangxi Asia City disposed of its entire equity interest in Jiangmen Pan Hong at the consideration of RMB39 million.

Save as mentioned above and in the paragraph headed "Corporate Reorganisation" in this appendix, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Repurchase by our Company of its own securities

Introduction

This section contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of any of its own securities.

Listing Rules

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions. The most important restrictions contained in the Listing Rules are summarised below:–

(a) Shareholders' approval

The Listing Rules provide that all proposed securities repurchases (which must be fully paid up in case of shares) on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, which may be by way of general mandate or by a special approval in relation to a specific transaction.

Note: Pursuant to the written resolutions passed by the then sole shareholder of our Company on 4 July 2011 (details or which are set out in the paragraph headed "Shareholder's resolutions of our Company passed on 4 July 2011" above), a general unconditional mandate (the "Repurchase Mandate") was given to the Directors authorising the repurchase of Shares by our Company on the Stock Exchange or any other recognized stock exchange on which the securities of our Company may be listed and recognized by the SFC and by the Stock Exchange for this purpose, up to an aggregate nominal value not exceeding 10% of the aggregate nominal amount of its issued share capital (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme). The Repurchase Mandate will be exercisable upon Listing and will expire at the conclusion of the next annual general meeting of our Company or the expiration of the period within which the next annual general meeting of our Company is required by the Bye-laws or the Companies Act or any other applicable laws to be held, or when revoked or varied by ordinary resolution of the Shareholders, whichever shall first occur.

(b) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum of Association and the Bye-laws and the applicable laws of Bermuda. A listed company is prohibited from repurchasing its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Subject to the foregoing, any repurchases may be made out of funds legally permitted to be used in this connection, including capital paid up on the Shares to be repurchased or out of the funds of our Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase and in the case of any share premium payable on a repurchase, out of funds of our Company which would otherwise be available for dividend or distribution or out of our Company's share premium account before the Shares are purchased.

(c) Trading restrictions

A listed company may not issue or announce an issue of new shares of the type that has been repurchased for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring our Company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. Under the Listing Rules, a company shall not repurchase its shares on the Stock Exchange if the repurchase price is higher than 5% or more than the average closing price for the 5 preceding trading days on which its shares were traded on the Stock Exchange. In addition, all repurchases of securities on the Stock Exchange in any calendar month are limited to a maximum of 25 per cent of the trading volume of such securities on the Stock Exchange in the immediately preceding calendar month. The Listing Rules also prohibit a company from repurchasing its securities on the Stock Exchange if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

(d) Status of repurchased shares

The Listing Rules provide that the listing of all repurchased securities shall be automatically delisted upon repurchase irrespective of whether or not such repurchase takes place on the Stock Exchange, and that the relevant share certificates must be cancelled and destroyed.

(e) Suspension of repurchases

The Listing Rules require any share repurchase programme to be suspended after the directors have made any decision in respect of a price sensitive development until the price sensitive information has been made publicly available. In addition, the Stock Exchange reserves the right to suspend share repurchases on the Stock Exchange if a company has breached the Listing Rules.

(f) Connected parties

The Listing Rules prohibit a company from knowingly repurchasing securities on the Stock Exchange from a Connected Person and a Connected Person shall not knowingly sell his securities to our Company.

Exercise of the Repurchase Mandate

Exercise in full of the Repurchase Mandate, on the basis of 1,200,000,000 Shares in issue immediately after the Share Offer becomes unconditional, the issue of the Offer Shares and the Capitalisation Issue, but taking no account of any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option or the options that may be granted under the Share Option Scheme, could accordingly result in up to 120,000,000 Shares being repurchased by our Company during the course of the period prior to the next annual general meeting of our Company.

Reasons for repurchases

The Directors believe that it is in the best interests of our Company and the Shareholders to have a general authority from Shareholders to enable the Directors to act on behalf of our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share of our Company and/or its earnings per Share and such repurchases will only be made if the Directors believe that such repurchases will benefit our Company and the Shareholders.

Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum of Association and the Bye-laws and the applicable laws and regulations of Hong Kong (including the Listing Rules) and Bermuda.

On the basis of the current financial position of the Group, and taking into account the estimated net proceeds of the Share Offer and the current working capital position of the Group, the Directors consider that there may be material adverse effect on the working capital requirements and gearing position of the Group in the event that the Repurchase Mandate was to be exercised in full during the period before the Repurchase Mandate expires. The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of the Directors are from time to time not appropriate for our Company.

General

None of the Directors, or to the best of their knowledge having made all reasonable enquires, any associate of any Director, has any present intention to sell any Shares to our Company or its subsidiaries if the Repurchase Mandate is exercised.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the memorandum of association of our Company and the Bye-laws and the applicable laws of Bermuda.

If, as the result of a share repurchase, a shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a shareholder or a group of shareholders acting in concert, could, depending on the level of increase of its or their interest, obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

The Directors are not aware of any Shareholder or group of Shareholders acting in concert who will become obliged to make a mandatory offer as a result of a repurchase of Shares if the Repurchase Mandate is exercised in full. The Board currently has no intention to exercise the Repurchase Mandate to the extent which will trigger a mandatory offer under Rule 26 of the Takeovers Code.

No Connected Person has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS:

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within two years preceding the date of this prospectus and are or may be material in relation to the business of the Group taken as a whole:–

(a) a trust agreement dated 16 September 2009 between Jiangxi Asia City and Mr. Fan Tianxiang ("Mr. Fan") and Mr. Zheng Xunning ("Mr. Zheng"), pursuant to Jiangxi Asia City appointed Mr. Fan and Mr. Fan agreed to act as nominee of Jiangxi Asia City to hold 80% equity interest of Nanchang Li Yang, and Jiangxi Asia City appointed Mr. Zheng and Mr. Zheng agreed to act as nominee of Jiangxi Asia City to hold 20% equity interest of Nanchang Li Yang;

(b) a share transfer agreement dated 10 February 2010 between Jiangxi Asia City and Mr. Wang Yan (as vendors) and Hu Xi Chang, Tan Kong Yao, Feng Dan Kai (as purchasers), pursuant to which 100% equity interest of Jiangmen Pan Hong was sold by Jiangxi Asia City and Mr. Wang Yan to Hu Xi Chang, Tan Kong Yao, Feng Dan Kai at the consideration of RMB52 million, of which a sum of RMB39 million (representing 75% of the consideration attributable to Jiangxi Asia City according to its equity interest in Jiangmen Pan Hong) was paid to Jiangxi Asia City;

(c) an equity transfer agreement dated 20 April 2010 between Sino Harbour and Pan Hong Investment, pursuant to Sino Harbour transferred 100% equity interest of Fuzhou Pang Hong to Pan Hong Investment at the consideration of HK$163,038,860;

(d) an equity transfer agreement dated 9 December 2010 entered into between Pan Hong Investment and Sino Harbour, pursuant to which Pan Hong Investment transferred 100% of the registered capital of Fuzhou Pan Hong at the consideration of HK$223,038,860;

(e) an equity transfer agreement dated 9 December 2010 entered into between Pan Hong Investment and Sino Harbour, pursuant to which Pan Hong Investment transferred 100% of the registered capital of Jiangxi Asia City to Sino Harbour at the consideration of HK$195,104,560;

(f) an equity transfer agreement dated 9 December 2010 entered into between Pan Hong Investment and Sino Harbour, pursuant to which Pan Hong Investment transferred 50% of the registered capital of Jiangxi Ganghong to Sino Harbour at the consideration of RMB50,000,000;

(g) an equity transfer agreement dated 22 March 2011 (and supplemented by a supplemental agreement dated 23 March 2011) entered into between Jiangxi Asia City, Mr. Fan and Mr. Zheng, pursuant to which Mr. Fan and Mr. Zheng transferred their 80% and 20% equity interest in Nanchang Liyang respectively to Jiangxi Asia City whereupon the trust agreement dated 16 September 2009 between the same parties (material contract no. a) was also terminated;

(h) the application for allotment of new shares dated 23 March 2011 from SHPH to Sino Harbour, pursuant to which SHPH subscribed for and Sino Harbour allotted and issued 9,999 new shares of Sino Harbour at the consideration of HK$9,999;

(i) the application for allotment of new shares dated 23 March 2011 from SHPH to Enrich HK, pursuant to which SHPH subscribed for and Enrich HK allotted and issued 99 new shares of Enrich HK at the consideration of HK$99;

(j) the instrument of transfer and the bought and sold notes all dated 5 May 2011 between Pan Hong Property and SHPH, pursuant to which Pan Hong Property transferred one ordinary share in Enrich HK to SHPH at the consideration of HK$1.00;

(k) the instrument of transfer and the bought and sold notes all dated 9 May 2011 between Pan Hong Property and SHPH, pursuant to which Pan Hong Property transferred one ordinary share in Sino Harbour to SHPH at the consideration of HK$1.00;

(l) a deed of non-competition dated 30 June 2011 made between Pan Hong Property and our Company, under which our Company and Pan Hong Property have agreed that each of them will not engage in property development projects and compete with the other party in those geographical regions in the PRC allocated to the other party;

(m) a reorganisation agreement dated 30 June 2011 made between Pan Hong Property, Pan Hong Investment, SHPH and our Company pursuant to which (i) Pan Hong Property transferred the entire issued share capital of SHPH to our Company; (ii) Pan Hong Investment shall assign the Outstanding Amount to the Company, the consideration of which is satisfied by the allotment and issue of 4,999,999 new Shares by the Company to Pan Hong Property and crediting the one nil paid Share held by Pan Hong Property as fully paid at par;

(n) a deed of assignment dated 30 June 2011 entered into between Pan Hong Investment and our Company, pursuant to which Pan Hong Investment assigned the outstanding loan due from Sino Harbour to Pan Hong Investment in the aggregate amount of HK$313,928,090 to our Company;

(o) a deed of indemnity dated 30 June 2011 executed by Pan Hong Property in favour of our Company containing indemnities in respect of taxation and other matters referred to in the paragraph headed "Estate duty, tax and other indemnity" of this Appendix;

(p) a tenancy agreement dated 4 July 2011 entered into between Pan Hong Investment as landlord and Sino Harbour as tenant, pursuant to which Pan Hong Investment has agreed to let the office premises at Room 1215, Tower B, Honghom Commercial Centre, 37-39 Ma Tau Wai Road, Kowloon, Hong Kong to Sino Harbour at the monthly rent of HK$26,000 (inclusive of government rent, management fee, government rate and air-conditioning charges) for a term of two years commencing from 4 July 2011;

(q) a written confirmation dated 4 July 2011 entered into between Pan Hong Property and our Company confirming that either the Pan Hong Group and/or our Group may conduct property development business in any of Hong Kong, Macau and Taiwan; and

(r) the Public Offer Underwriting Agreement.

2. Intellectual property

(a) Trademarks

As at the Latest Practicable Date, the Group was the applicant of the following trademarks:

Trademark	Application Number	Applicant	Place of Application	Class	Application Date
汉港地产	301857141	the Company	Hong Kong	36, 37 and 42 *(Note 1)*	14 March 2011
漢港地產集團	301873099	the Company	Hong Kong	36, 37 and 42 *(Note 1)*	29 March 2011
漢港地產集團	9339619	the Company	PRC	36 *(Note 2)*	14 April 2011
漢港地產集團	9339862	the Company	PRC	37 *(Note 3)*	14 April 2011
漢港地產集團	9339998	the Company	PRC	42 *(Note 4)*	14 April 2011

Note 1: Class 36 covering insurance; financial affairs; monetary affairs; real estate affairs.

Class 37 covering building construction; repair; installation services.

Class 42 covering scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software.

Note 2: Class 36 covering insurance underwriting; consultancy (Insurance -); installment loans; loans financing; evaluation (financial -) insurance, banking, real estate; financing services; financial management; lease-purchase financing; collection (rent -); leasing of real estate; estate agencies (real -); real estate brokers; housing agent; appraisal (real estate -); real estate appraisal; estate management (real -); apartment house management; apartments (renting of -); accommodation bureaux apartments; rental of offices real estate; credit bureau; fund investments; mutual funds; capital investments; mortgage banking; consultancy (financial -); securities brokerage; stock exchange quotations; evaluation (repair costs -) financial appraisal; factoring; fiduciary; trusteeship; pawn.

Note 3: Class 37 covering building construction supervision; construction information; information (repair -); asphalting; construction equipment (rental of -); construction; demolition of buildings; damp-proofing building; plastering; bricklaying; doors and windows (installation of -); buildings (cleaning of -) interior; upholstery repair; buildings (cleaning of -) exterior surface; cleaning of buildings exterior surface; air conditioning apparatus installation and repair; information (construction -); fire alarm installation and repair; factory construction; building of fair stalls and shops; upholstering; heating equipment installation and repair;

machinery installation, maintenance and repair; construction of commodity housing; warehouse construction and repair; electric appliance installation and repair; kitchen equipment installation; sanitation facility; lighting facility; motor vehicle maintenance and repair; entertainment physical training.

Note 4: Class 42 covering engineering; urban planning; surveys (geological -); geological surveys; surveys (land -); prospecting (geological -); calibration measuring; surveying; testing (material -); architecture; architectural consultation; drafting (construction -); décor (design of interior -); construction projects development; project studies (technical -); research and development for others.

(b) Domain name

As at the Latest Practicable Date, our Group has registered the following domain name:

Domain name	Date of registration	Expiry date
SINOHARBOUR.COM.HK	15 January 2011	19 January 2012

There are no other trade or service marks, registered designs, patents or other intellectual property rights owned or used by any company within the Group.

3. Further information about the Group's establishments in the PRC

The Group has interests in five PRC subsidiaries and one PRC jointly controlled entity. Set out below is a summary of the corporate information of these PRC subsidiaries:

(a)	Name	:	Leping Feng Huang
	Date of Establishment	:	24 December 2004
	Nature	:	sino-foreign equity joint venture enterprise
	Term of Business Operation	:	13 years commencing from 24 December 2004 to 29 March 2017
	Registered Capital	:	RMB24,500,000
	Total Investment	:	RMB49,000,000
	Shareholders	:	Enrich HK – 51%
			Jiangxi Dongjing – 49%
	Scope of Business	:	Development and sales of real estate and sales of construction materials

(b)	Name	:	Fuzhou Pan Hong
	Date of Establishment	:	19 November 2007
	Nature	:	wholly-foreign owned enterprise
	Term of Business Operation	:	50 years commencing from 19 November 2007 to 19 November 2057
	Registered Capital	:	RMB200,000,000
	Total Investment	:	RMB400,000,000
	Shareholders	:	Sino Harbour – 100%
	Scope of Business	:	Development, operation, sales and leasing of real estate on Land Portion No. FJ (2007) 019 in Fuzhou
(c)	Name	:	Jiangxi Asia City
	Date of Establishment	:	4 July 2003
	Nature	:	wholly-foreign owned enterprise
	Term of Business Operation	:	20 years commencing from 4 July 2003 to 3 July 2023
	Registered Capital	:	USD25,000,000
	Total Investment	:	USD29,990,000
	Shareholders	:	Sino Harbour – 100%
	Scope of Business	:	Development and operation of real estate in certain part of Land Portion C-3, C-4 and C-5 of Honggu Tan Central District

(d)	Name	:	Nanchang Dingxun
	Date of Establishment	:	25 February 2003
	Nature	:	limited liability company
	Term of Business Operation	:	15 years commencing from 25 February 2003 to 24 February 2018
	Registered Capital	:	RMB66,865,000
	Shareholders	:	Jiangxi Asia City – 55%
			Shanghai Dingxun – 45%
	Scope of Business	:	Development, management and operation of real estate, provision of agency and consultation services of real estate, gardening services and management of urban construction work
(e)	Name	:	Nanchang Liyang
	Date of Establishment	:	17 September 2009
	Nature	:	limited liability company
	Term of Business Operation	:	20 years commencing from 17 September 2009 to 16 September 2029
	Registered Capital	:	RMB500,000
	Shareholders	:	Jiangxi Asia City – 100%
	Scope of Business	:	Interior and exterior decoration work of building structure

(f)	Name	:	Jiangxi Ganghong
	Date of Establishment	:	29 March 2007
	Nature	:	sino-foreign equity joint venture enterprise
	Term of Business Operation	:	20 years commencing from 29 March 2007 to 28 March 2027
	Registered Capital	:	RMB100,000,000
	Total Investment	:	RMB120,000,000
	Shareholders	:	Sino Harbour – 50%
			Jiangxi Hongkelong – 50%
	Scope of Business	:	Development and sales of real estate

C. FURTHER INFORMATION ABOUT SHAREHOLDERS, DIRECTORS, MANAGEMENT AND STAFF

1. Disclosure of Interests of Directors

Immediately following the completion of the Share Offer and the Capitalisation Issue conditions of this prospectus, the interests and short positions of the Directors and chief executive of our Company in the Shares, underlying Shares and debentures in our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which a Director or chief executive is taken or deemed to have under such provisions of SFO) once the Shares are listed, or will be required pursuant to Section 352 of the SFO to be entered in the register referred to therein, once the Shares are listed, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to our Company and the Stock Exchange, once the Shares are listed will be as follows:–

Interests or short positions in the Shares

Name	Long/Short Position	Nature of Interest	Number and Percentage of the issued Shares (assuming no exercise of the Over-allotment Option and any options granted under the Share Option Scheme)	Class of share capital of our Company
Ms. Chan *(Note 1)*	Long	Interest in controlled corporation	75%	Ordinary

Note 1: Pan Hong Property is owned as to 55.88% by Extra Good, which is in turn owned as to 52% by Mr. Wong and 48% by Ms. Chan. As Pan Hong Property is interested in 900,000,000 Shares, being 75% of the entire issued share capital of our Company, Ms. Chan is deemed to be interested in the 900,000,000 Shares held by Pan Hong Property under the SFO.

Interest or short positions in the shares and underlying shares of associated corporations

Name of Director	Name of associated corporation	Capacity/nature of interest	Position	Number, class and percentage of shares in associated corporation
Mr. Shi Feng	Pan Hong Property	Beneficial owner	Long	473,900 ordinary shares (0.09%) and warrants to subscribe for an aggregate of 142,170 ordinary shares of Pan Hong Property (0.028%)
Ms. Chan *(Note 2)*	Pan Hong Property	Beneficial owner, family interest and interest in controlled corporation	Long	322,786,494 ordinary shares (62.63%) and warrants to subscribe for an aggregate of 96,835,948 ordinary shares of Pan Hong Property (18.78%)

Note 2: Ms. Chan is interested in 322,786,494 ordinary shares (approximately 62.63% of the entire issued share capital) of Pan Hong Property, which comprises: (1) 14,443,300 ordinary shares of Pan Hong Property held by her; (2) 20,343,194 ordinary shares of Pan Hong Property, held by her spouse, Mr. Wong, which she is deemed to be interested; and (3) 288,000,000 ordinary shares of Pan Hong Property held by Extra Good, a company owned as to 52% by Mr. Wong and 48% by Ms. Chan, which she is deemed to be interested.

Ms. Chan is interested in warrants with right to subscribe for an aggregate of 96,835,948 ordinary shares (approximately 18.78% of the existing issued share capital) of Pan Hong Property, which comprises: (1) warrants with right to subscriber for 4,332,990 ordinary shares of Pan Hong Property held by her; (2) warrants with right to subscriber for 6,102,958 ordinary shares of Pan Hong Property held by her spouse, Mr. Wong, which she is deemed to be interested; and (3) warrants with right to subscriber for 86,400,000 ordinary shares of Pan Hong Property held by Extra Good, a company owned as to 52% by Mr. Wong and 48% by Ms. Chan, which she is deemed to be interested.

2. Disclosure of Interest of Substantial Shareholders

Immediately following the completion of the Share Offer and the Capitalisation Issue but taking no account of any Shares which may be taken up under the Share Offer, so far as is known to any Director or chief executive of our Company, the following persons (other than a Director or chief executive of our Company) are expected to have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:–

Name	**Number and Class of Shares** *(Note 2)*	**Nature of Interests**	**Percentage of issued share capital of our Company (assuming no exercise of the Over-allotment Option and any options granted under the Share Option Scheme)**
Pan Hong Property	900,000,000 (L) (Ordinary)	Beneficial interest *(Note 1)*	75%
Extra Good	900,000,000 (L) (Ordinary)	Interest in controlled corporation *(Note 1)*	75%
Mr. Wong	900,000,000 (L) (Ordinary)	Interest in controlled corporation *(Note 1)*	75%

Notes:

1. Pan Hong Property is owned as to 55.88% by Extra Good, which is in turn owned as to 52% by Mr. Wong and 48% by Ms. Chan. As Pan Hong Property is interested in 900,000,000 Shares, being 75% of the entire issued share capital of our Company, Mr. Wong is deemed to be interested in the 900,000,000 Shares held by Pan Hong Property under the SFO.

2. The letter "L" denotes the person's long position in such shares.

Immediately following the Share Offer and the Capitalisation Issue but taking no account of any Shares which may be taken up under the Share Offer, so far as is known to any Director or chief executive of our Company, the following persons are expected to, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:–

Name	**Name of Group Members**	**Approximate percentage of shareholding (assuming no exercise of the Over-allotment Option and any options granted under the Share Option Scheme)**
Jiangxi Dongjing	Leping Feng Huang	49%
Shanghai Dingxun	Nanchang Dingxun	45%
Jiangxi Hongkelong	Jiangxi Ganghong	50%

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the Share Offer and the Capitalisation Issue (taking no account of any Shares which may be taken up under the Share Offer and Shares which may be allotted and issued under the Over-allotment Option and any options that may be granted under the Share Option Scheme), have an interest or short position in any Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. Particulars of service agreements

(a) Each of the executive Directors and the non-executive Director has entered into a service agreement date 4 July 2011 with our Company for a term of 3 years commencing from the date of the agreement subject to termination by not less than 6 months' notice in writing served by either party on the other. Each of the executive Directors and the non-executive Director is entitled to his/her basic salaries set out below. In addition, each of the executive Directors and the non-executive Director is entitled to a discretionary bonus of a sum to be determined by the Board at its absolute discretion.

(b) Each of the independent non-executive Directors has entered into an appointment letter dated 4 July 2011 with the Company for an initial term of one year commencing from the date of the appointment letter and thereafter shall continue year to year subject to retirement by rotation in accordance with the Bye-laws. Each of the independent non-executive Directors is entitled to their respective annual fees set out below. The appointments are subject to the provisions of retirement by rotation of Directors under the Bye-laws.

The annual remuneration of our executive Directors and non-executive Director under their service agreements with our Company are as follows:

Name of executive Directors and non-executive Director	Annual remuneration
Chan Heung Ling	HK$800,000
Shi Feng	HK$800,000
Wong Lui	HK$600,000

The annual director's fees of our independent non-executive Directors are as follows:

Name of independent non-executive Directors	Annual remuneration
Xie Gang	HK$120,000
Lee Man To	HK$180,000
Zhang Juan	HK$120,000

4. Executive directors' remuneration

It is estimated that under the arrangements in force at the date of this prospectus, the aggregate remuneration payable to, and benefits in kind receivable by, the Directors or proposed Directors by any member of the Group for the year ending 31 March 2012 will be approximately HK$2.2 million.

5. Agency fees or commissions received

The Underwriters will receive a commission of 2.5% of the Offer Price of the Offer Shares, out of which they will pay any sub-underwriting commissions. The Sponsor will receive financial advisory and documentation fees and will be reimbursed for its expenses. Such commission, financial advisory and documentation fees and expenses, together with the Stock Exchange listing fees, legal and other professional fees, and printing and other expenses relating to the Share Offer which are estimated to amount in aggregate to approximately HK$30.4 million (based on an Offer Price of HK$1.39 per Share, being the mid-point of the indicative Offer Price range of between HK$1.10 and HK$1.68 per Share, and on the assumption that the Over-allotment Option is not exercised), will be payable by our Company.

Within the two years prior to the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or capital of our Company or any of its subsidiaries.

6. Related party transactions

The related party transactions entered into by the members of the Group within the two years immediately preceding the date of this prospectus are mentioned in note 31 of the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

7. Disclaimers

Save as disclosed in this prospectus, as at the Latest Practicable Date:

(a) the Directors were not aware of any person who will, immediately following the completion of the Share Offer and the Capitalisation Issue but taking no account of Shares which may be taken up pursuant to the Share Offer, have an interest or short position in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

(b) none of the directors or partners, as the case may be, of our Company or expert as referred to in the section headed "Qualifications of experts" of this appendix was interested in the promotion of our Company, or in any assets which have been within the two years immediately preceding the issue of this prospectus acquired or disposed of by or leased to, any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(c) no Director or expert as referred to in the section headed "Qualifications of experts" of this appendix was materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group taken as a whole;

(d) no expert as referred to in the section headed "Qualifications of experts" of this appendix had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

(e) none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme approved by the written resolutions of the sole shareholder of the Company passed on 4 July 2011:

(i) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any Invested Entity (as defined in sub-paragraph (ii)(a) below).

(ii) Who may join

The Board may, at its absolute discretion, invite any person belonging to any of the following classes of participants who, in the absolute determination of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries, to take up options to subscribe for the Shares:

(a) any employee (whether full time or part time employee, including any executive directors) of the Company, its subsidiaries and any entity in which the Group holds any equity interest ("Invested Entity") ("eligible employee");

(b) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

(c) any supplier of goods or services to any member of the Group or any Invested Entity;

(d) any customer of the Group or any Invested Entity;

(e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;

(f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(g) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and

(h) any other group or classes of participants who have contributed or may contribute, by way of joint venture, business alliance, other business arrangement or otherwise, to the development and growth of the Group,

and, for the purposes of the Share Option Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants or any discretionary object of a participant which is a discretionary trust. However, the granting of option under the Share Option Scheme to any grantee which is a company or is a discretionary object of a participant which is a discretionary trust shall be subject to the execution by the grantee or trustee and/or the beneficial owners in favour of the Company of any undertaking not to effect or permit any change in the ultimate beneficial ownership of the grantee so long as the option so granted to the grantee or any part thereof remains exercisable.

(iii) Maximum number of Shares which may be issued upon exercise of all options

(a) The maximum number of Shares which may be issued upon exercise of all outstanding options granted under the Share Option Scheme and any other share option schemes of the Group must not in aggregate exceed 30 per cent. of the total number of Shares in issue from time to time.

(b) The total number of Shares which may be issued upon exercise of all options (excluding for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other schemes of the Group) to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10 per cent of the total number of Shares in issue on the date on which trading of the Shares commences on the Stock Exchange, being 120,000,000 (the "General Scheme Limit"), but excluding any Shares which may be issued upon the exercise of the Over-allotment Option.

(c) Subject to sub-paragraph (iii)(a) above and without prejudice to sub-paragraph (iii)(d) below, the Company may issue a circular to its Shareholders and seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group as "refreshed" shall not exceed 10 per cent of the total number of Shares in issue as at the date of approval of the limit provided that options previously granted under the Share Option Scheme and any other schemes of the Group (including option outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the Group) will not be counted for the purpose of calculating the limit as "refreshed". The circular sent by the Company to its Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(d) Subject to sub-paragraph (iii)(a) above and without prejudice to sub-paragraph (iii)(c) above, the Company may issue a circular to the Shareholders and seek separate Shareholders' approval in a general meeting to grant options beyond the General Scheme Limit, or, if applicable, the limit referred to in sub-paragraph (iii)(c) above to participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(iv) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1 per cent of the total number of Shares in issue for the time being (the "Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of the Company with such participant and his/her/its associates abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(v) Grant of options to connected persons

(a) Any grant of options under the Share Option Scheme or any other schemes of the Group to a director, chief executive (other than a proposed director or proposed chief executive of the Company) or substantial shareholder of the Company or any of their respective associates must comply with Rule 17.04(1) of the Listing Rules and be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a grantee of the options).

(b) Where any grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1 per cent of the Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million;

such further grant of options must be approved by the Shareholders in general meeting. The Company must send a circular to the Shareholders. All connected persons of the Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. Any change in the terms of the options granted to a substantial Shareholder or an independent non-executive Director, or any of their respective associates must be approved by the Shareholders in general meeting.

(vi) Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option by payment from the participant and receipt by the Company of HK$1.00 prior to or on the last date of said 21 day period. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Board to each grantee, save that such period shall end in any event not later than ten years from the date of grant of the option and subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(vii) Performance targets

Unless the Board otherwise determined and stated in the offer of the grant of options to a participant, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

(viii) Subscription Price for Shares

The subscription price for Shares under the Share Option Scheme will be a price to be determined by the Board, but may not be less than the highest of (i) the closing price of the Shares as stated on the Stock Exchange's daily quotation sheet on the date of grant of the particular option; (ii) the average closing price of the Shares on the Stock Exchange for the five trading days immediately preceding the date of the grant of the particular option; or (iii) the nominal value of a Share, provided that for the purpose of determining the Subscription Price where the Shares have been listed on the Exchange for less than 5 trading days preceding the date of the grant of the Option, the issue price of the Shares shall be deemed to be the closing price of the Shares for any trading day falling within the 5 trading days period after the Listing Date.

(ix) Ranking of Shares

(a) Shares allotted and issued upon the exercise of an option will be subject to all the provisions of the bye-laws of the Company for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date when the name of the grantee is registered on the register of members of the Company (the "Exercise Date") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date, provided always that when the date of the exercise of the option falls on a day upon which the register of members is closed then the exercise of the option shall become effective on the first business day in Hong Kong on which the register of members of the Company is re-opened. A Share allotted and issued upon the exercise of an option shall not carry any voting rights until the completion of the registration of the grantee as the holder thereof.

(b) Unless the context otherwise requires, references to "Shares" in this paragraph include references to shares in the ordinary share capital of the Company of such nominal amount as shall result from a sub-division, consolidation, re-classification or reduction of the share capital of the Company from time to time.

(x) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the date on which the Share Option Scheme is adopted.

(xi) Restrictions on the time of grant of option

(a) No offer of options shall be made after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision, until an announcement of such price sensitive information has been published in accordance with the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approval of the results of the Company for any year, half-year or quarter-year period (if applicable) or any other interim period (whether or not required under the Listing Rules) and (ii) the deadline for publishing an announcement of its results for any year, half-year or quarterly (if applicable) or any other interim period (whether or not required under the Listing Rules), and ending on the date of the announcement of the results, no options may be granted. The period during which no option may be granted will cover any period of delay in the publication of a results announcement.

(b) The Board may not grant any option to a participant who is a Director during the periods or times in which such Directors are prohibited from dealing in the Shares prescribed by Basic Principles 3 to 8 and Rules 1 to 14 of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

(xii) Rights on dismissal, bankruptcy or insolvency

If a grantee of an option ceases to be an eligible employee of the Group by reason of the termination of his/her employment on the grounds that he/she has been guilty of misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the grantee’s service contract with the Company or the relevant subsidiary of the Company or the relevant Invested Entity before exercising his/her option in full, the option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable.

(xiii) Rights on death

If a grantee of an option ceases to be an eligible employee of the Group by reason of his/her death before exercising the option in full, his/her legal personal representative(s) may exercise the option (to the extent which has become exercisable but not already exercised prior to the date of death of the grantee) in whole or in part within a period of 12 months following the date of death or such longer period as the Board may determine.

(xiv) Rights on ceasing employment

If a grantee of an option is an eligible employee and ceases to be an eligible employee for any reason other than his/her death or the termination of his/her employment on one or more of the grounds referred to in sub-paragraph (xii) above before exercising his/her option in full, the grantee may exercise the option up to his/her entitlement at the date of cessation in whole or in part (to the extent which has become exercisable and not already exercised), which date shall be the last day on which the grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not, or such longer period following the date of cessation as the Board may determine.

(xv) Rights on breach of contract

If the Directors shall at their absolute discretion determine that the grantee of any option (other than an eligible employee) or his/her/its associate has committed any breach of any contract entered into between the grantee or his/her/its associate on the one part and the Group or any Invested Entity on the other part or that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his/her/its creditors generally, the Directors shall determine that the outstanding option granted to the grantee (whether exercisable or not) shall lapse. In such event, his/her/its option will lapse automatically and will not in any event be exercisable on or after the date on which the Directors have so determined.

(xvi) Rights on a general offer, a compromise or arrangement

If a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his/her/its option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in exercise of his/her/its option at any time before the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be.

(xvii) Rights on winding up

In the event a notice is given by the Company to the Shareholders to convene a general meeting to consider and approve a resolution for the voluntary winding up of the Company, the Company shall on the same date as or soon after it despatches such notice to each Shareholder give notice thereof to all grantees (together with a notice of the existence of the provisions of this paragraph) and thereupon, each grantee, subject to the provisions of all applicable laws, shall be entitled to exercise his/her option (to the extent which has become exercisable and not already exercised) at any time no later than two business days prior to the proposed date of the general meeting by giving notice in writing to the Company, either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme (accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of the notice is given) and be allotted the relevant shares credited as fully paid no later than the business day immediately prior to the date of the proposed general meeting and shall accordingly be entitled, in respect of the Shares falling to be allotted and issued upon the exercise of his/her option, to participate in the distribution of the assets of the Company available in liquidation pari passu with the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of the Company.

(xviii) Rights on compromise or arrangement between the Company and its creditors

In the event of a compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its members (or any class of them), in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all grantees on the same day as it gives notice of the meeting to its members or creditors to considers such a scheme or arrangement, and thereupon any grantee (or his/her/its legal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the Court be entitled to exercise his/her/its option (to the extent which has become exercisable and not already exercised), but the exercise of the option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. The Company may thereafter require such grantee to transfer or otherwise deal with the Shares issued as a result of such exercise of his/her/its option so as to place the grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of the Company.

(xix) Adjustment to the subscription price

(a) In the event of any alteration in the capital structure of the Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, or other similar offer of securities to holders of Shares, sub-division or consolidation of shares or reduction or similar reorganisation of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding alterations (if any) certified in writing by the auditors for the time being of or an independent financial adviser to the Company as fair and reasonable will be made to (1) the number of Shares subject to the option so far as unexercised; (2) and/or the subscription price; and/or (3) the method of exercise of the option concerned; and (4) the maximum number of Shares as referred to in paragraphs (iii), (iv) and (v), provided that (i) any alteration shall give the grantee the same proportion of the issued share capital to which he or she or it was entitled prior to such alteration and that the aggregate subscription price payable by the grantee on the full exercise of any option shall remain as close as possible (but shall not be greater than) as it was before such event; (ii) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and (iii) no such adjustment will be required in circumstances whether there is an issue of Shares or other securities of the Group for cash or as consideration in a transaction. In addition, in respect of any such adjustments, other than any adjustments made on a capitalisation issue, such auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules and such other applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange (including, but not limited to, the "Supplementary Guidance on Main Board Listing Rule 17.03(13)/GEM Listing Rule 23.03(13) and the Note immediately after the Rule" attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to the share option scheme).

(xx) Cancellation of options

(a) Any cancellation of options granted but not exercised must be subject to the prior written consent of the relevant grantee and the approval of the Directors.

(b) Where the Company cancels options and issued new ones to the same grantee, the issue of such new options may only be made under a scheme with available un-issued Shares (excluding the Shares the subject of cancelled options) with the limit approved by the Shareholders as referred to in paragraph (iii).

(xxi) Termination of the Share Option Scheme

The Company, by resolution in general meeting, or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further option will be offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(xxii) Rights are personal to grantee

An option is personal to a grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option. Any breach of the foregoing shall entitle the Company to cancel any outstanding option or part thereof granted to such grantee.

(xxiii) Lapse of Option

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

(a) the expiry of the option period referred to paragraph (x);

(b) the expiry of any of the periods referred to in paragraphs (xiii) and (xiv);

(c) the date on which the offer (or as the case may be, revised offer) referred to in (xvi) closes;

(d) the date of the commencement of the winding up of the Company referred to in paragraph (xvii);

(e) the date the grantee of an option ceases to be an eligible employee of the Group as referred to in paragraph (xii);

(f) the date when the proposed compromise or arrangement referred to in paragraph (xviii) becomes effective;

(g) the date on which a breach of the provision restriction on transfer and assignment of an option referred to in paragraph (xxii) is committed; or

(h) the date determined by the Directors that the grantee has breached a contract, committed an act of bankruptcy or become insolvent as referred to in paragraph (xv).

(xxiv) Other terms of the Share Option Scheme

(a) The Share Option Scheme is conditional upon (i) the Listing Committee (as defined in the Listing Rules) of the Stock Exchange granting approval of listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of options granted under this Share Option Scheme; and (ii) the commencement of dealings in the Shares on the Stock Exchange.

(b) The terms and conditions of the Share Options Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered except with the approval of the Shareholders in general meeting, except where such alterations take effect automatically under the existing terms of the Share Option Scheme.

(c) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

(d) Any change to the authority of the Board in relation to any alteration to the term of the Share Option Scheme shall be approved by the Shareholders in general meeting except where the alteration take effect automatically under the existing terms of the Share Option Scheme.

(e) The amended terms of the Share Option Scheme or the options must still comply with the relevant requirements of Chapter 17 of the Listing Rules and no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such number of grantees as shall together hold options in respect of not less than three-fourths in nominal value of all Shares then subject to options granted under the Share Option Scheme and provided further that any alterations to the terms and conditions of the Share Option Scheme which are of a material nature shall first be approved by the Stock Exchange.

(f) The Company must provide to all grantees all details relating to changes in the terms of the Share Option Scheme during the life of the Share Option Scheme immediately upon such changes taking effect.

(g) The Share Option Scheme shall be subject to the administration of the Board (including the independent non-executive Directors).

(xxv) Present status of the Share Option Scheme

At the Latest Practicable Date, no option has been granted or agreed to be granted under the Share Option Scheme.

Application will be made to the Stock Exchange for listing of, and permission to deal in, on the Stock Exchange the Shares which may be issuable upon the exercise of the options which may be granted under the Share Option Scheme (being 120,000,000 Shares).

(xxvi) Values of all options that can be granted under the Share Option Scheme

The Directors consider that it is not appropriate or helpful to the Shareholders to state the value of all options that can be granted pursuant to the Share Option Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the options as at the Latest Practicable Date will not be meaningful to the Shareholders, since the options to be granted shall not be assignable, and no holder of the options shall in any way sell, transfer, charge, mortgage or create any interest (legal or beneficial) in favour of any third party over or in relation to any option.

In addition, the calculation of the value of the options is based on a number of variables such as exercise price, the exercise period, interest rate, expected volatility and other relevant variables. The Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

E. OTHER INFORMATION

1. Estate duty, tax and other indemnity

The Directors have been advised that no material liability for estate duty in Hong Kong is likely to fall on our Company or any of its subsidiaries.

Having taken independent tax advice, the Directors are of the view that the provision for taxation included in the audited accounts of the Group is sufficient.

Pan Hong Property has under the terms of the deed of indemnity (material contract no. (o)), given an indemnity to the Group in respect of: (i) taxation falling on our Company or on any of its subsidiaries up to and including the Listing Date, save in certain circumstances including where provision has been made in the audited accounts of our Company or its subsidiaries, for the period up to 31 March 2011; (ii) all losses, damages and liabilities suffered and all costs and expenses incurred by our Group for the failure to register the lease agreements as referred to in the sub-paragraph headed "Lease agreements" of the paragraph headed "Regulatory non-compliance" in the section headed "Business" of this prospectus; and (iii) all charges, fines and penalties which may be imposed for those unauthorised loans as referred to in the sub-paragraph headed "Loans to other companies and amount due from associate" of the paragraph headed "Regulatory non-compliance" in the section headed "Business" of this prospectus.

2. Litigation

As of the Latest Practicable Date, neither our Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against our Company or any of its subsidiaries.

3. Sponsor

The Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein and pursuant to the exercise of the Over-allotment Option and the options granted under the Share Option Scheme. All necessary arrangements have been made enabling the securities to be admitted into CCASS.

Kingsway Capital Limited has declared its independence from our Company pursuant to Rules 3A.07 and 3A.08 of the Listing Rules.

4. Preliminary expenses

The preliminary expenses of our Company in relation to its incorporation are approximately HK$50,000 and have been paid by our Company.

5. Promoter

Our Company does not have a promoter. Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the promoters in connection with the Share Offer or the related transactions described in this prospectus.

6. Qualifications of experts

The following are the respective qualifications of the experts who have given their opinion or advice which is contained in this prospectus:

Name	Qualification
Kingsway Capital Limited	A corporation licensed to carry out type 1 and type 6 regulated activities under the SFO
BDO Limited	Certified Public Accountants
Jones Lang LaSalle Sallmanns Limited	Property valuer
GFE Law Office	PRC legal advisers
Conyers Dill & Pearman	Bermuda Barristers and Attorneys

7. Interests of experts in our Company

None of the persons named in the paragraph headed "Qualification of experts" of this Appendix is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

8. Consents of experts

Kingsway Capital Limited, BDO Limited, Jones Lang LaSalle Sallmanns Limited, GFE Law Office and Conyers Dill & Pearman have given and have not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their letters, reports, and/or valuation certificate opinion and/or references to their names (as the case may be) in the form and context in which they respectively appear.

9. Share Register

Subject to the provisions of the Companies Act, the principal register of members will be maintained in Bermuda by Codan Services Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited.

10. Taxation of holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. Our Directors have been advised that no material liability for estate duty under the laws of China or Hong Kong would be likely to fall upon any member of our Group.

(b) Bermuda

Under the present Bermuda law, there is no stamp duty payable in Bermuda on transfers of Shares.

(c) Consultation with professional advisers

Prospective holders of the Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Share Offer can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

11. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies Ordinance so far as applicable.

12. Compliance Adviser

Our Company has appointed Kingsway Capital Limited as its compliance adviser upon Listing in compliance with Rule 3A.19 of the Listing Rules.

13. Miscellaneous

(a) Save as disclosed herein:–

(i) Within the two years immediately preceding the date of this prospectus:–

(aa) no share or loan capital of our Company or of any of its subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash; and

(bb) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of it its subsidiaries.

(ii) No share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

(b) There has been no material adverse change in the financial position or trading position or prospects of the Group since 31 March 2011 (being the date to which the latest audited combined financial statements of the Group were made up).

(c) Our Company has no founders shares, management shares or deferred shares.

(d) There has not been any interruption in the business of the Group which may have or have had a significant effect on the financial position of the Group in the 12 months preceding the date of this prospectus.

(e) This prospectus is written in the English language and contains a Chinese translation for information purposes only. Should there be any discrepancy between the English language version of this prospectus and the Chinese translation, the English language version of this prospectus shall prevail.

14. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses for Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus delivered to the Registrars of Companies in Bermuda and Hong Kong for registration were copies of the **WHITE, YELLOW** and **GREEN** application forms, the written consents referred to in the paragraph headed "Consents of experts" in the section headed "Statutory and General Information" in Appendix VI to this prospectus and copies of the material contracts referred to in the paragraph headed "Summary of material contracts" in the section headed "Further information about the business of the Group" in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of D.S. Cheung & Co., Solicitors at 29th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum of Association and the Bye-laws;

(b) the accountants' report on our Company prepared by BDO Limited, the text of which is set out in Appendix I to this prospectus;

(c) (i) the audited financial statements of the PRC companies of the Group for each of the three financial years ended 31 December 2010 (if applicable); and (ii) the audited financial statements of Enrich HK and Sino Harbour for the 15 months ended 31 March 2009, and the two financial years ended 31 March 2011;

(d) the report on the unaudited pro forma financial information of the Group prepared by BDO Limited, the texts of which are set out in Appendix II to this prospectus;

(e) the letter, summary of valuations and valuation certificates relating to the properties of the Group prepared by Jones Lang LaSalle Sallmanns Limited, the texts of which are set out in Appendix III to this prospectus;

(f) the material contracts referred to in the paragraph headed "Summary of material contracts" in Appendix VI to this prospectus;

(g) the service agreements referred to in the paragraph headed "Particulars of service agreements" in Appendix VI to this prospectus;

(h) the rules of the Share Option Scheme;

(i) the written consents referred to in the paragraph headed "Consents of experts" in the section headed under "Other information" in Appendix VI to this prospectus;

(j) the Companies Act;

(k) the letter prepared by Conyers Dill & Pearman, the legal advisers of our Company as to Bermuda law, summarizing certain aspects of the Bermuda company law referred to in Appendix IV to this prospectus; and

(l) the PRC legal opinions prepared by GFE Law Office, the legal advisers of our Company as to PRC law.

SINO HARBOUR PROPERTY GROUP LIMITED
漢港房地產集團有限公司