

**UNAUDITED 3<sup>RD</sup> QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
FOR THE THREE MONTHS' PERIOD ENDED 30 SEPTEMBER 2008**

**PART1 INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), FULL YEAR RESULTS**

**1.(a)(i) A profit and loss statement for the group together with a comparative statement for the corresponding period of the immediate preceding financial year**

	<b>The Group</b>		
	<b>Q3 2008 RMB'000</b>	<b>Q3 2007 RMB'000</b>	<b>% Change</b>
Revenue	5,954	103,317	(94)
Cost of sales	<u>(5,199)</u>	<u>(78,778)</u>	(93)
Gross profit	755	24,539	(97)
Other income	468	27,628	(98)
General and administrative expenses	(15,830)	(5,122)	209
Selling and distribution expenses	(3,015)	(8,379)	(64)
Finance costs	<u>(20,016)</u>	<u>(3,638)</u>	450
(Loss)/Profit before tax	<b>(37,638)</b>	35,028	N/M
Income tax expense	<u>(65)</u>	<u>(9,078)</u>	(99)
Net (loss)/profit for the period	<b><u>(37,703)</u></b>	<b><u>25,950</u></b>	N/M
Attributable to:			
Equity holders of the company	<b>(36,515)</b>	24,208	N/M
Minority interests	<u>(1,188)</u>	<u>1,742</u>	N/M
	<b><u>(37,703)</u></b>	<b><u>25,950</u></b>	N/M

*"% Change" denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure  
"N/M" denotes "Not meaningful"*

**1.(a)(ii) The accompanying notes to the financial statements form an integral part of the financial statements**

	<b>The Group</b>		
	<b>Q3 2008 RMB'000</b>	<b>Q3 2007 RMB'000</b>	<b>% Change</b>
(Loss)/Profit before tax has been arrived at after charging/(crediting):			
Amortization of land use rights	<b>4</b>	4	-
Depreciation of property, plant and equipment	<b>519</b>	553	(6)
Foreign currency exchange loss/(gain)	<b>4,637</b>	(1,740)	N/M
Interest income	<b>(703)</b>	(111)	533
Interest expenses	<b>20,016</b>	3,638	450
Investment income from available-for-sale investment	-	(18,000)	(100)
Gain from securities investments	-	(3,374)	(100)
Gain from disposal of subsidiary	<b>(34)</b>	-	100

*"% Change" denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure  
"N/M" denotes "Not meaningful".*

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

	<b>The Group</b>		<b>The Company</b>	
	<b>30 September 2008 RMB'000</b>	<b>31 December 2007 RMB'000</b>	<b>30 September 2008 RMB'000</b>	<b>31 December 2007 RMB'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	9,822	9,726	12	13
Land use rights	534	547	-	-
Investment properties	377,971	397,740	-	-
Deposit for investment property renovation	37,274	55,000	-	-
Investments in subsidiaries	-	-	197,834	197,834
Available-for-sale investments	89,415	89,415	-	-
	<b>515,016</b>	<b>552,428</b>	<b>197,846</b>	<b>197,847</b>
<b>Current assets</b>				
Completed properties for sale	24,385	31,937	-	-
Properties under development for sale	1,528,511	1,157,508	-	-
Trade receivables	17,913	31,701	-	-
Prepayments and other receivables	406,819	109,918	192	182
Amounts due from subsidiaries	-	-	603,276	521,938
Amounts due from related parties <sup>^</sup>	150	19,781	-	-
Pledged bank deposits	69,003	74,799	-	-
Bank balances and cash	142,187	509,559	466	303
	<b>2,188,968</b>	<b>1,935,203</b>	<b>603,934</b>	<b>522,423</b>
<b>Current liabilities</b>				
Trade payables	51,854	26,065	-	-
Sales deposits	188,693	115,719	-	-
Accruals and other payables	223,357	179,090	80,058	2,474
Amount due to subsidiaries	-	-	6,037	3,307
Amounts due to related party <sup>^</sup>	19,451	20,622	10,888	10,888
Income tax payable	44,505	87,031	-	-
Convertible bond	220,616	210,499	220,617	210,499
Bank and other borrowings	819,804	862,886	-	-
	<b>1,568,280</b>	<b>1,501,912</b>	<b>317,600</b>	<b>227,168</b>
<b>Net current assets</b>	<b>620,688</b>	<b>433,291</b>	<b>286,334</b>	<b>295,255</b>
	<b>1,135,704</b>	<b>985,719</b>	<b>484,180</b>	<b>493,102</b>
<b>Capital and reserves</b>				
Issued capital	261,404	261,404	261,404	261,404
Share premium	204,521	204,521	204,521	204,521
Capital reserve	49,031	49,031	-	-
Bond reserve	39,485	39,485	39,485	39,485
Share option reserve	4,622	462	4,622	462
Retained earnings/(Accumulated losses)	354,725	279,309	(25,852)	(12,770)
Equity attributable to equity holders of the Company	913,788	834,212	484,180	493,102
Minority interests	95,239	47,453	-	-
Total equity	<b>1,009,027</b>	<b>881,665</b>	<b>484,180</b>	<b>493,102</b>
<b>Non-current liabilities</b>				
Bank and other borrowings	50,000	20,000	-	-
Deferred tax liabilities	76,677	84,054	-	-
	<b>126,677</b>	<b>104,054</b>	<b>-</b>	<b>-</b>
	<b>1,135,704</b>	<b>985,719</b>	<b>484,180</b>	<b>493,102</b>

<sup>^</sup> Amounts due from/to related parties are unsecured, interest-free and repayable on demand.

## 1.(b)(ii) Aggregate amount of borrowings and debt securities for the Group.

	<b>As at 30 September 2008 RMB '000</b>	<b>As at 31 December 2007 RMB '000</b>
Borrowings, secured	<u>1,090,420</u>	<u>1,093,385</u>
The borrowings are repayable:		
On demand or within one year*	<b>1,040,420**</b>	1,073,385**
More than one year*	<u>50,000</u>	<u>20,000</u>
	<u><b>1,090,420</b></u>	<u>1,093,385</u>

### Details of any collateral

\* These borrowings are secured against:

- (a) a first fixed charge in respect of the Company's investment in its wholly-owned subsidiary, Elegant Jade Enterprises Limited ("Elegant Jade") and a corporate guarantee by Elegant Jade. Elegant Jade is the holding company of all of the Group's operating subsidiaries.
- (b) the Group's investment properties;
- (c) a pledge over Elegant Jade's equity interests in all its direct subsidiaries;
- (d) a charge over the assets of Elegant Jade;
- (e) an assignment over certain shareholder loans from Elegant Jade to its direct subsidiaries; and
- (f) the Group's properties under development for sale.

\*\* As the Group has as at 31 December 2007 breached the interest cover and leverage ratios of the financial covenants of the Convertible Bond (as defined and detailed in para 1.d.(ii) below) and the US\$120 million syndicated term loan facility which it procured, these Convertible Bond and syndicated term loan had been reclassified as repayable on demand as at 31 December 2007. The breaches were caused mainly by the stringent financial definition of the financial covenants coinciding with the Group's decision to defer the sale of certain completed properties and properties under development and the deferment of completion of properties under development in 2007. Discussions had been going on between the Company and the lenders of the syndicated term loan and the Convertible Bond holders (collectively, the "Lenders") in respect of the breaches of the financial covenants under the syndicated term loan and the Convertible Bond agreements (the "Agreements"). Progress of the discussions had been favourable, which, if concluded, will lead to a waiver of the breaches and amendments to the stringent definitions of the financial covenants in the Agreements so as to be more in line with the usual commercial practice. Barring unforeseen circumstances, the relevant legal documentation is expected to be executed imminently.

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

	<b>The Group</b>	
	<b>Q3</b>	<b>Q3</b>
	<b>2008</b>	<b>2007</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax	(37,638)	35,028
Adjustments for:		
Depreciation of property, plant and equipment	519	553
Gain on disposal of subsidiary	(34)	-
Foreign currency exchange loss/(gain)	4,637	(1,740)
Share-based payment	1,386	-
Interest income	(703)	(111)
Interest expenses	20,016	3,638
Operating cash flows before movements in working capital	(11,817)	37,368
Completed properties for sale	-	7,635
Properties under development for sale	(295,481)	(130,768)
Land use rights	4	4
Trade receivables	(3,456)	42,284
Prepayments and other receivables	147,608	63,668
Trade payables	19,991	61,381
Sales deposits	68,741	7,401
Accruals and other payables	(131,732)	(208)
Cash (used in)/generated from operations	(206,142)	88,765
Income tax paid	(5,767)	(5,295)
<b>NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES</b>	<b>(211,909)</b>	<b>83,470</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,472)	(1,104)
Acquisition of underlying assets & liabilities of entities (Note 1)	-	(52,791)
Disposal of subsidiary (Note 2)	19,791	-
Acquisition of underlying assets and liabilities of entities (Note 3)	16,538	-
Additional payment to a subsidiary	-	(6,000)
Amounts paid from related parties	33,719	-
Increase in pledged bank deposits	(489)	(2,753)
Interest received	703	111
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>67,790</b>	<b>(62,537)</b>
<b>FINANCING ACTIVITIES</b>		
Increase in bank and other borrowings	-	15,000
Repayment of bank borrowings	(9,630)	(28,000)
Interest paid	(34,240)	(3,043)
Decrease in amounts due to related parties	(14,475)	(3,830)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(58,345)</b>	<b>(19,873)</b>
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(202,464)</b>	<b>1,060</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>344,651</b>	<b>46,477</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>142,187</b>	<b>47,537</b>

**Note 1:**

Summary of cash flows arising from acquisition of underlying assets and liabilities of an entity:

	<b>The Group</b>	
	<b>Q3 2008</b>	Q3 2007
	<b>RMB'000</b>	RMB'000
Book value of net assets acquired:		
Cash and bank balances	-	8,209
Other current assets	-	-
Non-current assets	-	112,000
Current liabilities	-	(37,025)
Non-current liabilities	-	(22,184)
Minority interests	-	-
Net identifiable assets and liabilities acquired	<u>-</u>	<u>61,000</u>
Purchases consideration	-	61,000
Less: cash and bank balances acquired	-	8,209
Net cash outflow from acquisition	<u>-</u>	<u>52,791</u>

**Note 2:**

Summary of cash flows arising from disposal of subsidiary:

	<b>The Group</b>	
	<b>Q3 2008</b>	Q3 2007
	<b>RMB'000</b>	RMB'000
Book value of net assets disposed		
Cash and bank balances	<b>209</b>	-
Other current assets	<b>168,049</b>	-
Non-current assets	<b>166</b>	-
Current liabilities	<b>(148,458)</b>	-
Net identifiable assets and liabilities disposed	<u><b>19,966</b></u>	-
Gain on disposal	<b>34</b>	-
Proceeds from disposal	<b>20,000</b>	-
Less: cash and bank balances of subsidiary disposed	<b>(209)</b>	-
Net cash inflow from disposal of subsidiary	<u><b>19,791</b></u>	-

**Note 3:**

Summary of cash flows arising from acquisition of underlying assets and liabilities of entities (the "Acquisition"):

	<b>The Group</b>	
	<b>Q3 2008</b>	Q3 2007
	<b>RMB'000</b>	RMB'000
Cash and bank balances	<b>16,538</b>	-
Other current assets	<b>317,078</b>	-
Non-current assets	<b>166</b>	-
Current liabilities	<b>(170,494)</b>	-
Minority interests	<b>(80,044)</b>	-
Net identifiable assets and liabilities acquired	<u><b>83,244</b></u>	-
Total consideration to be satisfied by issue of Company's new ordinary shares#	<u><b>83,244</b></u>	-
Cash and bank balances acquired	<u><b>16,538</b></u>	-
Net cash inflow from acquisition	<u><b>16,538</b></u>	-

#On 13 October 2008, 146 million new ordinary shares of the Company were allotted and issued to Glossmei Limited, the vendor of the assets and liabilities (the "Shares Issued for the Acquisition").

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

	<b>The Group</b>								
	Share capital	Share premium	Capital reserve	Share option reserve	Bond reserve	Retained earnings	Attributable to equity holders of the Company	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bal at 1 Jul 2008	261,404	204,521	49,031	3,236	39,485	391,240	948,917	16,383	965,300
Acquisition of underlying assets and liabilities of entities	-	-	-	-	-	-	-	80,044	80,044
Recognition of share-based Payment	-	-	-	1,386	-	-	1,386	-	1,386
Net loss for the period	-	-	-	-	-	(36,515)	(36,515)	(1,188)	(37,703)
<b>Bal at 30 Sep 2008</b>	<b>261,404</b>	<b>204,521</b>	<b>49,031</b>	<b>4,622</b>	<b>39,485</b>	<b>354,725</b>	<b>913,788</b>	<b>95,239</b>	<b>1,009,027</b>

	<b>The Group</b>								
	Share capital	Share premium	Capital reserve	Bond reserve	Retained earnings	Attributable to equity holders of the Company	Minority interests	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Bal at 1 Jul 2007	261,404	204,521	49,031	39,485	248,173	802,614	51,511	854,125	
Acquisition of subsidiaries	-	-	-	-	(3,768)	(3,768)	(2,232)	(6,000)	
Net profit for the period	-	-	-	-	24,208	24,208	1,742	25,950	
<b>Bal at 30 Sep 2007</b>	<b>261,404</b>	<b>204,521</b>	<b>49,031</b>	<b>39,485</b>	<b>268,613</b>	<b>823,054</b>	<b>51,021</b>	<b>874,075</b>	

	<b>The Company</b>						
	Share capital	Share premium	Share option reserve	Bond reserve	Accumulated losses	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Bal at 1 Jul 2008	261,404	204,521	3,236	39,485	(19,470)	489,176	
Recognition of share-based Payment	-	-	1,386	-	-	1,386	
Net loss for the period	-	-	-	-	(6,382)	(6,382)	
<b>Bal at 30 Sep 2008</b>	<b>261,404</b>	<b>204,521</b>	<b>4,622</b>	<b>39,485</b>	<b>(25,852)</b>	<b>484,180</b>	

	<b>The Company</b>				
	Share capital	Share premium	Bond reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bal at 1 Jul 2007	261,404	204,521	39,485	2,972	508,382
Net loss for the period	-	-	-	(8,787)	(8,787)
<b>Bal at 30 Sep 2007</b>	<b>261,404</b>	<b>204,521</b>	<b>39,485</b>	<b>(5,815)</b>	<b>499,595</b>

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

There were no movements in the Company's share capital during the three months ended 30 September 2008.

Convertible Bond

On 5 December 2006, the Company issued a 7% secured subordinated US\$32 million convertible bond due 2011 ("Convertible Bond"). The Convertible Bond may be convertible into fully paid-up ordinary shares in the capital of the Company at the option of the holder, at any time on or after 6 December 2007 up to the close of business on 6 December 2011.

The conversion price for the Convertible Bond was S\$0.30 per share originally, subject to adjustment for, amongst other things, subdivision or consolidation of shares, bonus issues, rights issues and other dilutive events pursuant to the terms of the Convertible Bonds. However, pursuant to the Shares Issued for the Acquisition by the Company on 13 October 2008, the conversion price for the Convertible Bond has been adjusted to S\$0.27226 per share accordingly. Based on the new conversion price of S\$0.27226 per ordinary share, the Convertible Bond may be converted into 183,354,029 ordinary shares in the capital of the Company (the "Conversion Shares").

Unless previously converted, or purchased and cancelled, the Convertible Bond shall be redeemed by the Company at 100% of the principal amount on 6 December 2011. The Convertible Bond will be redeemed in RMB at an agreed US\$/RMB currency conversion rate.

Sunshine Employee Share Option Scheme ("SESOS")

Pursuant to the SESOS, which was approved by the Company's shareholders at the Extraordinary General Meeting held on 30 April 2007, a total of 60,000,000 share options were granted to the eligible employees on 29 November 2007.

The number of ordinary shares that may be issued upon the exercise of all outstanding employee share options as at 30 September 2008 was 60,000,000 (30 September 2007: Nil).

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

	<u>As at 30 Sep 2008</u>	<u>As at 31 Dec 2007</u>
Total number of issued ordinary shares (excluding treasury shares)	832,000,000	832,000,000

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

The Company had no treasury shares as at 30 September 2008.

**2. Whether the figures have been audited, or reviewed in accordance with which standard (eg. The Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard.**

The figures have not been audited or reviewed in accordance with any Auditing Standard.

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

The figures have not been audited or reviewed by the auditors.

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

The same accounting policies and methods of computation adopted by the Group in the audited financial statements for the financial year ended 31 December 2007 have been consistently applied by the Group for the periods presented.



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

There are no changes in the accounting policies and methods of computation including any required by an accounting standard.

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

	<b>The Group</b>	
	<b>Q3 2008</b>	<b>Q3 2007</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Net (loss)/profit attributable to shareholders</b>	<b>(36,515)</b>	<b>24,208</b>
<b>(Loss)/Earnings per share</b>		
Basic (Singapore cents)	<b>(0.92) cents*</b>	<b>0.58 cents*</b>
Diluted (Singapore cents)	<b>(0.92) cents***</b>	<b>0.48 cents**</b>

\* Based on the issued share capital of 832,000,000 ordinary shares (the "Issued Shares")

\*\* Based on 998,399,999 ordinary shares, being the weighted average number of the issued shares and the assumed conversion of the Convertible Bond and exercise of all outstanding options pursuant to the SESOS

\*\*\* As the conversion of the Convertible Bond and exercise of all outstanding options pursuant to the SESOS will have an anti-dilutive effect on the loss per share, they are not taking into account in calculating the diluted loss per share

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

	<b>The Group</b>		<b>The Company</b>	
	<b>30 September</b>	<b>31 December</b>	<b>30 September</b>	<b>31 December</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Net asset value (net of minority interests) as at end of financial period/ year	<b>913,788</b>	<b>834,212</b>	<b>484,180</b>	<b>493,102</b>
Net asset value per ordinary share as at the end of financial period/ year (Singapore cents)	<b>23.0 cents</b>	<b>19.8 cents</b>	<b>12.2 cents</b>	<b>11.7 cents</b>

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

**(a) Review of profit and loss statements of the Group for Q3 2008 *vis-à-vis* Q3 2007**

**Overview**

In accordance with the International Financial Reporting Standards ("IFRSs"), we adopt the completion method of revenue recognition. In contrast to percentage of completion method, we only recognize revenue arising from the sale of properties when the property is delivered and the completion certificate is issued by the relevant government authorities. As a result, even though we may have pre-sold our development properties, the sale will not be recorded as revenue if the above conditions are not met. Hence, our revenue and profit can be lumpy on a quarter-to-quarter basis.

Since 2007, we also carried out part of our property development activities through participation in property development

projects with third parties forged through contracts. While we supervise the progress of the property development activities jointly with the relevant third party concerned, we do not influence the operating and financing operations of the projects. We expect such investments to offer the Group the opportunity for return through investment income. In accordance with IFRSs, the investments injected into such collaborations are classified as “available-for-sale investment” in the balance sheet while the investment income derived from such available-for-sale investments are recognised in the profit and loss statement as “Investment income from available-for-sale investments” when the Group’s right to receive such payments is established.

In respect of remaining unsold units for the completed properties, when opportunities arise, we may at times in the ordinary course of business dispose them as a package through the divestment of the relevant subsidiary owning the property that holds the unsold units. Accordingly, we may at times derive profit from our property development activities via disposal gain of our operating property development subsidiaries.

The Group’s income from property development activities in Q3 2008 and Q3 2007 were as follow:

	<b>Q3 2008</b> <b>RMB million</b>	<b>Q3 2007</b> <b>RMB million</b>
(1) Sales of developed properties (net of sales tax)	2.8	97.5
(2) Rental income from investment properties	1.2	1.1
(3) Property management income	2.0	4.7
Total revenue	<u>6.0</u>	<u>103.3</u>

### Revenue

Our revenue decreased by 94% from RMB103.3 million in Q3 2007 to RMB6.0 million in Q3 2008. The decrease was attributed mainly to lower recognition of sales of certain development projects which are yet to be completed albeit sales deposits for such projects aggregating RMB188.7 million were received from customers as at 30 September 2008. Assumed that the relevant development projects were completed as at 30 September 2008, our revenue for Q3 2008 would have been RMB194.7 million (instead of RMB6.0 million).

The turnover of RMB2.8 million was attributed to sales of some developed properties at Sunlight City – Shuixie Huadu (Shangqiu Project).

### Gross profit

With lower sales revenue recognized, our gross profit decreased by 97% from RMB24.5 million in Q3 2007 to RMB0.76 million in Q3 2008.

The decrease in gross profit margin from 24% in Q3 2007 to 13% in Q3 2008 was attributed mainly to a gross loss incurred by one of our investment properties, due largely to reduced rentable floor area as a result of ongoing renovation.

### Other income

Q3 2007 registered a higher other income (relative to Q3 2008) principally as a result of a significant investment income derived from our available-for-sale investments in Q3 2007 (*vis-a-vis* none of such in Q3 2008).

### General and administrative expenses

Our general and administrative expenses increased by 209% from RMB5.1 million in Q3 2007 to RMB15.8 million in Q3 2008. The increase was mainly due to the recognition of share-based payment expense pursuant to options issued under our SESOS and increase in manpower along with salary adjustment. Foreign exchange loss of RMB4.6 million was incurred in Q3 2008, as a result of unfavorable exchange rate fluctuation between US\$ and RMB, as opposed to a foreign exchange gain of RMB1.7 million recognized in Q3 2007. In addition, new subsidiaries incorporated/acquired after Q3 2007 also contributed to the overall increase in general and administrative expenses.

### Selling and distribution expenses

As most of the existing projects were launched before Q3 2008, our selling and distribution expenses decreased by 64% from RMB8.4 million in Q3 2007 to RMB3.0 million in Q3 2008.

### Finance costs

Total finance costs incurred for Q3 2008 was RMB43.7 million, of which RMB23.6 million was capitalised as part of development cost of properties under development. Finance costs of RMB20.0 million were expensed off in Q3 2008, representing an increase of 450% over that of Q3 2007. The increase in finance costs was mainly due to higher bank borrowings obtained for the acquisition of land and working capital purposes.

## **Loss before tax**

Following from the lower revenue and higher operating expenses, we incurred a loss before tax of RMB37.6 million in Q3 2008 as compared to that of pre-tax profit of RMB35.0 million in Q3 2007.

## **Income tax expense**

Corresponding to the net loss for Q3 2008, our income tax expenses decreased 99% from RMB9.1 million in Q3 2007 to RMB0.07 million in Q3 2008.

## **Net loss attributable to equity holders of the company**

Net loss attributable to our shareholders stood at RMB36.5 million for Q3 2008. The loss was in line with the overall lower revenue recognized and higher operating expenses incurred as explained above.

Despite the net loss incurred in Q3 2008, our cumulative net profit attributable to our shareholders for the first nine months of FY 2008 stands at RMB75.4 million compared to that of RMB49.1 million for the corresponding period of FY2007.

## **(b) Review of balance sheet of the Group as at 30 September 2008 relative to that as at 31 December 2007**

### **Non-current assets**

Our non-current assets decreased mainly due to the disposal of investment properties and refund of renovation deposits held by these investment properties following the disposal.

### **Current assets**

Completed properties for sales decreased due to the sales of properties. Properties under development for sales increased following the commencement of construction of new projects in Q2 2008.

Trade receivables decreased mainly due to the disposal of two subsidiaries in Q2 2008. Transactions settlement with related parties led to the decrease in amounts due from related parties.

As a result of prepayments made to secure additional land use rights, we recorded higher prepayments and other receivables.

### **Current liabilities**

Trade payables increased in line with the commencement of construction of new projects in Q2 2008. Increase in sales deposits was attributed mainly to deposits collected in respect of pre-completion launch of certain development projects in Q2 2008.

Increase in accruals and other payables was attributed mainly to recognition of additional liabilities following the Acquisition, which had since been converted into new ordinary shares of the Company pursuant to the Shares Issued for the Acquisition on 13 October 2008.

Income tax payables decreased following the disposal of two subsidiaries in Q2 2008.

The "Convertible bond" and "Bank and other borrowings" include the liability components of the 5-Year US\$32 million Convertible Bond and the 3-Year US\$120 million syndicated term loan as disclosed in para 1.b.(ii) above. These liabilities less the amount, to be agreed with the Lenders, for repayment within the next twelve months will be reclassified as non-current liabilities should the waiver of compliance of financial covenants be granted by the Lenders.

### **Non-current liabilities**

Our non-current liabilities increased mainly due to the procurement of additional bank borrowings, which were partially offset by the slight decrease in deferred tax liabilities following the disposal of two subsidiaries in Q2 2008.

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

Notwithstanding the pre-tax loss of RMB37.6 million incurred in Q3 2008 (relative to the pre-tax profit of RMB35.0 million attained in Q3 2007) due to reasons as explained above, the Group's sales deposits increased by RMB 71.7 million in Q3 2008 from RMB 120 million as at 30 June 2008. This substantial increase in sales deposits collection by 59.8% is in line with our commentary made on 14 August 2008 pursuant to the announcement of our results for Q2 2008.

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

While the PRC property market in China is undergoing a severe slowdown, the Group believes its focus on the third and fourth tier cities will enable it to better ride out the current challenging environment. Given that these cities are at the earlier stages of urbanization, much of the demand for property is still unsatisfied and the pricing is relatively affordable. Recent government policies in relaxing restrictions on the transfer of land use rights for agricultural land should result in an increasing affluent population in these cities, and may further improve affordability.

In view of the prevailing market sentiment, the Group is ready to review its current portfolio of projects to moderate the rate of progress and the commencement date of selected projects. The Group plans to adopt a flexible approach in managing the completion and delivery of its projects, in response to market demand.

The existing projects of the Group are as follows:

Name of Projects	Zoning for Land Usage	Est. Remaining GFA (sqm)	Expected Selling Price* (RMB/sqm)	Expected Completion*
Shinning Holiday Centre II - Block B	Shopping Com	23,727	(Com) 7,000-12,000	FY2008
Sunlight City-Shuixie Huadu	Res/Com	16,200	(Res) 2,100-2,700 (Com) 5,000-7,200	FY2008/09
Yangguang Shuangxi Boluo	Res/Com	122,100	(Res) 3,000-4,000 (Com) 6,000-8,400	FY2008/09/10
Yangguang Peninsula City	Res/Com	488,000	(Res) 2,100-2,600 (Com) 4,800-7,000	FY2008/09/10/11
Yangguang Xincheng	Res/Com	322,400	(Res) 1,500-1,800 (Com) 2,700-4,000	FY2008/09
Yangguang Yujing Huating	Res/Com	97,415	(Res) 1,700-1,900 (Com) 3,000-4,400	FY2009/10
Yanminghu	Res	274,000	(Res) 9,000-13,000	FY2009/10/11
Hainan Project	Res/Com	127,000	(Res) 7,000-8,000 (Com) 12,000-15,000	FY2009/10/11

\*To be modified in accordance with the economic conditions from time to time.

Discussions are ongoing in respect of the strategy to be adopted for Shinning Holiday Shopping Centre II. A decision is expected to be made in due course. Progress had been slow on this matter as it involves the physical reorganization of the first and second phases of this project. The Group's intention is to preserve and enhance the asset value and return of the assets in phases one and two of the project. The assets we hold in phase two of the project has a revaluation surplus of approximately RMB55.3 million as at 30 September 2008, of which we have not recognised, pending the final decision on the treatment of these assets.

As part of its ongoing drive to enhance liquidity and maintain a healthy cashflow, the Group has, following the re-zoning of the land use rights of the Zhengzhou Yuhua Project Joint Venture, decided to terminate its participation in the joint venture. Assets valued at approximately RMB199.4 million will be transferred to the Group in lieu of its share of investment, which are targeted to be sold within two years.

As at 30 September 2008, the Group has collected sales deposits of RMB188.7 million from customers, which are expected to be realised progressively upon completion as revenue for the remaining year of 2008 and in 2009.

Our cumulative profit attributable to shareholders of RMB75.4 million for Q1 to Q3 2008 represents an increase of approximate 54% of that of RMB49.1 million for Q1 to Q3 2007.

***Some of the statements in this release constitute "forward-looking statements" that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future, undue reliance must not be placed on these statements.***

## **11. Dividend**

### **(a) Current Financial Period Reported On**

**Any dividend declared for the current financial period reported on?**

No

### **(b) Corresponding Period of the Immediately Preceding Financial Year**

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

No

### **(c) Date payable**

Not applicable.

### **(d) Books closure date**

No applicable.

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

No dividend has been declared or recommended for the three months ended 30 September 2008.

## **BY ORDER OF THE BOARD**

**Zhao Zhanmei**  
**Deputy Chairman**

14 November 2008



**Company Registration No. CT-140095**

**CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(4) OF THE LISTING MANUAL**

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements of the Group and the Company for the three months ended 30 September 2008 to be false or misleading in any material aspect.

Signed for and on behalf of the Board of Directors

**Zhao Zhanmei**  
**Deputy Chairman**

**Li Bin**  
**Director**

14 November 2008