

Full Year Financial Statements And Dividend Announcement for the Year
Ended 31 December 2005

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

1.(a) An income statement for the group together with a comparative statement (on a pro forma basis) for the corresponding period of the immediate preceding financial year

	Notes	Group 2005 RMB '000	Group Pro forma full year 2004 RMB '000	% Change
Revenue	A	626,625	422,413	48
Cost of sales		<u>(397,760)</u>	<u>(280,310)</u>	42
Gross profit		228,865	142,103	61
Other operating income	B	680	17,378	(96)
Increase in fair value of investment properties		7,863	115,697	(93)
(Loss)/gain on disposal of investment properties		(451)	-	N/M
General and administrative expenses		(15,066)	(5,210)	189
Selling and distribution expenses		<u>(5,135)</u>	<u>(8,312)</u>	(38)
Operating profit		216,756	261,656	(17)
Finance costs	C	<u>(71)</u>	<u>(329)</u>	(78)
Profit before tax	E	216,685	261,327	(17)
Income tax expense	D	<u>(64,995)</u>	<u>(87,466)</u>	(26)
Net profit for the year		<u>151,690</u>	<u>173,861</u>	(13)
Attributable to:				
Equity holders of the parent		151,460	173,150	(13)
Minority interest		<u>230</u>	<u>711</u>	(68)
		<u>151,690</u>	<u>173,861</u>	(13)
Earnings per share				
Basic earnings per share (Singapore cents)		<u>5.0 cents</u>	<u>5.7 cents</u>	(12)
Diluted earnings per share (Singapore cents)		<u>5.0 cents</u>	<u>5.7 cents</u>	(12)

N/M: Not meaningful

Notes to the Income Statement:

(A) Revenue

	Group 2005 RMB '000	Group Pro forma full year 2004 RMB '000	% Change
Sales of developed properties	616,661	420,905	47
Rental income	8,873	961	823
Property management income	1,091	547	99
	<u>626,625</u>	<u>422,413</u>	48

(B) Other operating income

	Group 2005 RMB '000	Group Pro forma full year 2004 RMB '000	% Change
Gain on disposal of property, plant and equipment	186	-	N/M
Gain on disposal of an investment property	-	17,113	(100)
Interest income	60	63	(5)
Other income	434	202	115
	<u>680</u>	<u>17,378</u>	(96)

(C) Finance costs

	Group 2005 RMB '000	Group Pro forma full year 2004 RMB '000	% Change
Interest on bank borrowings wholly repayable within five years	(7,500)	(8,707)	(14)
Less: Amount capitalised to properties under development for sale	7,429	8,378	(11)
	<u>(71)</u>	<u>(329)</u>	(78)

N/M: Not meaningful

(D) Income tax expense

	Group 2005 RMB '000	Group Pro forma full year 2004 RMB '000	% Change
Current tax			
- Enterprise income tax	(56,680)	(43,076)	32
- Land appreciation tax	(6,114)	(5,694)	7
Deferred taxation charge	(2,201)	(38,696)	(94)
	<u>(64,995)</u>	<u>(87,466)</u>	<u>(26)</u>

(E) Profit before tax

	Group 2005 RMB '000	Group Pro forma full year 2004 RMB '000	% Change
Profit before tax has been arrived at after charging/ (crediting):			
Depreciation of property, plant and equipment	871	859	1
Amortisation of land use rights	19	17	12
Bank interest income	(23)	-	N/M
(Gain)/ loss on disposal of property plant and equipment	(121)	-	N/M
Exchange gain	(215)	-	N/M
Impairment loss arising from goodwill on acquisition of a subsidiary	-	4,937	(100)
	<u>-</u>	<u>4,937</u>	<u>(100)</u>

N/M: Not meaningful

1.(b)(i) An balance sheet (for the issuer and group) together with a comparative statement (on a pro forma basis) as at the end of the immediately preceding financial year

	Group 2005 RMB '000	Group Pro forma full year 2004 RMB '000	The Company 2005 RMB '000	The Group % Change
Non-current assets				
Property, plant and equipment	5,951	6,760	-	(12)
Land use rights	683	702	-	(3)
Investment properties	247,050	240,630	-	3
Investments in subsidiaries	-	-	197,834	N/M
Deferred taxation assets	-	93	-	(100)
	<u>253,684</u>	<u>248,185</u>	<u>197,834</u>	2
Current assets				
Completed properties for sale	5,305	33,115	-	(84)
Properties under development for sale	333,348	312,003	-	7
Account receivables	204,423	174,155	-	17
Prepayments and other receivables	28,748	4,047	2,038	610
Amounts due from related parties	24,050	7,751	-	210
Pledged bank deposits	8,385	6,366	-	32
Bank balances and cash	18,105	24,062	-	(25)
	<u>622,364</u>	<u>561,499</u>	<u>2,038</u>	11
Current liabilities				
Trade payables	198,499	161,358	-	23
Sales deposits	1,035	95,198	-	(99)
Accruals and other payables	55,065	50,300	415	9
Amounts due to related parties	-	79,336	10,497	(100)
Taxation payables	91,538	42,610	-	115
Current portion of long term bank loans	68,200	83,000	-	(18)
Other borrowings	14,000	10,000	-	40
	<u>428,337</u>	<u>521,802</u>	<u>10,912</u>	(18)
Net current assets/ (liabilities)	<u>194,027</u>	<u>39,697</u>	<u>(8,874)</u>	389
	<u>447,711</u>	<u>287,882</u>	<u>188,960</u>	56
Capital and reserves				
Share capital	197,834	197,834	197,834	-
Capital reserves	49,031	-	-	N/M
Retained earnings	151,460	-	(8,874)	N/M
Equity attributable to equity holders of the parent	398,325	197,834	188,960	101
Minority interest	3,163	2,933	-	8
Total equity	<u>401,488</u>	<u>200,767</u>	<u>188,960</u>	100
Non-current liabilities				
Bank borrowings	-	43,000	-	(100)
Deferred taxation liabilities	46,223	44,115	-	5
	<u>46,223</u>	<u>87,115</u>	<u>-</u>	(47)
	<u>447,711</u>	<u>287,882</u>	<u>188,960</u>	56

N/M: Not meaningful

Explanatory note: There is no comparative for the Company's balance sheet as the financial year covers the period since incorporation on 30 September 2004 to 31 December 2005.

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

	Group 2005 RMB '000	Group Pro forma full year 2004 RMB '000
Bank loans, secured	<u>68,200</u>	<u>126,000</u>
The borrowings are repayable:		
On demand or within one year	68,200	83,000
In the second year	-	43,000
	<u>68,200</u>	<u>126,000</u>
Less: Amount due for settlement within 12 months or on demand shown under current liabilities	<u>(68,200)</u>	<u>(83,000)</u>
Amounts due after one year	<u>-</u>	<u>43,000</u>

Bank loans of RMB 68,200,000 (2004: RMB 126,000,000) are arranged at fixed interest rates and exposed the Group to fair value interest rate risk.

The management estimates the fair value of the Group's borrowings by discounting their future cash flows at the market rate to be as follows:

	Group 2005 RMB '000	Group Pro forma full year 2004 RMB '000
Bank loans, secured	<u>68,770</u>	<u>126,705</u>

The bank loans carried fixed interest rates ranging from 6.588% to 7.812% (2004: 5.490% to 7.692%) per annum.

The bank loans amounting to RMB 68,200,000 (2004: RMB 126,000,000) were secured by investment properties and certain properties under development for sale of the Group with an aggregate book value of approximately RMB 192,180,000 and RMB 99,718,000 (2004: RMB 186,150,000 and RMB 8,018,000), respectively, as at the balance sheet date.

Details of any collateral

As at 31 December 2005

The Group pledged certain of its properties to banks to secure the bank loans. The aggregate carrying value of these properties at the balance sheet date amounted to approximately RMB 291,898,000.

The Group also pledged certain bank deposits of approximately RMB 8,385,000 to banks to secure their grants of mortgage loans to the buyers of the Group's properties.

As at 31 December 2004

The Group pledged certain of its properties to banks to secure the bank loans. The aggregate carrying value of these properties at the balance sheet date amounted to approximately RMB 194,168,000.

The Group also pledged certain bank deposits of approximately RMB 6,366,000 to banks to secure their grants of mortgage loans to the buyers of the Group's properties.

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

	Group 2005 RMB '000	Group Pro forma full year 2004 RMB '000
OPERATING ACTIVITIES		
Profit before taxation	216,685	261,327
Adjustments for:		
Depreciation of property, plant and equipment	871	859
Amortisation of land use rights	19	17
Net gain on disposal of property, plant and equipment	(121)	-
Impairment of goodwill on acquisition of a subsidiary	-	4,937
Increase in fair value of investment properties	(7,863)	(115,697)
Loss/(gain) on disposal of investment properties	451	(17,113)
Interest income	(60)	(63)
Interest expenses	71	329
Operating cash flows before movements in working capital	210,053	134,596
Decrease/ (increase) in completed properties for sale	27,810	(34,964)
Increase in properties under development for sale	(13,916)	(50,461)
Increase in account receivables	(30,268)	(174,155)
(Increase)/ decrease in prepayments and other receivables	(24,701)	3,268
Increase in trade payables	37,141	143,627
(Decrease)/ increase in sales deposits	(94,163)	21,793
Increase in accruals and other payables	4,765	4,520
Cash generated from operations	116,721	48,224
Income tax paid	(13,866)	(6,171)
Income tax refunded	-	371
	(13,866)	(5,800)
NET CASH FROM OPERATING ACTIVITIES	102,855	42,424
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(296)	(1,035)
Proceeds from disposal of property, plant and equipment	355	79
Purchases of investment properties	-	(5,323)
Proceeds from disposal of investment properties	992	32,502
Acquisition of a subsidiary	-	670
Increase in pledged bank deposits	(2,019)	(6,015)
(Increase)/ decrease in amounts due from related parties	(16,299)	73,645
Interest received	60	63
NET CASH (USED IN)/ FROM INVESTING ACTIVITIES	(17,207)	94,586
FINANCING ACTIVITIES		
Bank loans and other borrowings raised	4,000	98,000
Interest paid	(7,500)	(8,707)
Injection of capital	31	4,000
Repayment of bank loans	(57,800)	(105,500)
Decrease in amounts due to related parties	(30,336)	(112,054)
NET CASH USED IN FINANCING ACTIVITIES	(91,605)	(124,261)
(DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(5,957)	12,749
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	24,062	11,313
CASH AND CASH EQUIVALENTS AT END OF YEAR		
Bank balances and cash	18,105	24,062

Explanatory Note:

- (1) For the purpose of this announcement, the pro forma cashflow statement of the Group for the year ended 31 December 2004 has been prepared on the assumption that the Group structure arising from the Restructuring Exercise as described in the Prospectus had been in place throughout the period since 1 January of the relevant financial year.*
- (2) The pro forma cashflow statement of the Group, because of their nature, may not give a true picture of the actual cash flow of the Group. The pro forma financial statements of the Group are not necessarily indicative of results of the operations or related effects on the financial positions that would have been attained had the pro forma Group actually existed earlier.*

1.(d)(i) 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.

	THE GROUP					
	Share capital	Capital reserves	Retained earnings	Attributable to equity holders of the parent	Minority interest	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
At 1 January 2004	45,083	-	24,601	69,684	-	69,684
Injection of capital during the year	4,000	-	-	4,000	-	4,000
Return of capital during the year	(49,000)	-	-	(49,000)	-	(49,000)
Acquisition of a subsidiary	-	-	-	-	2,222	2,222
Net profit for the year	-	-	173,150	173,150	711	173,861
	83	-	197,751	197,834	2,933	200,767
Pro forma adjustments on restructuring exercise	197,751	-	(197,751)	-	-	-
At 31 December 2004	197,834	-	-	197,834	2,933	200,767
Capitalisation of amount due to a director and substantial shareholder by Elegant Jade Enterprises Limited	-	49,031	-	49,031	-	49,031
Net profit for the year	-	-	151,460	151,460	230	151,690
At 31 December 2005	197,834	49,031	151,460	398,325	3,163	401,488

	THE COMPANY				
	Share capital	Accumulated losses	Attributable to equity holders of the parent	Minority interest	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
At 30 September 2004 (date of incorporation)	-	-	-	-	-
Issue of shares pursuant to the restructuring exercise	197,834	-	197,834	-	197,834
At 31 December 2004	197,834	-	197,834	-	197,834
Loss for the year	-	(8,874)	(8,874)	-	(8,874)
At 31 December 2005	197,834	(8,874)	188,960	-	188,960

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.

Please refer to the restructuring exercise undertaken by the Group as set out in the Company's Prospectus dated 24 March 2006.

In March 2006, the Company successfully completed its initial public offering on the SGX-ST, raising approximately S\$52.3 million, net of issuance expenses of approximately S\$4.9 million.

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 by the auditors.

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

Not applicable.

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

The same accounting policies and methods of computation is adopted by the Group in the Prospectus sated 24 March 2006 have been consistency applied by the Group for the year ended 31 December 2005.

Subject to the final opinion of our auditors, the basis of calculation of IPO expenses in FY2005 may be different by an amount of not exceeding RMB 6.4 million resulting from the different in classification of IPO expenses.

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.

Not applicable.

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.

	2005 RMB '000	2004 RMB '000
Net profit attributable to shareholders	<u>151,460</u>	<u>173,150</u>
Earnings per share		
Basic (Singapore cents)	<u>5.0 cents</u>	<u>5.7 cents</u>
Diluted (Singapore cents)	<u>5.0 cents</u>	<u>5.7 cents</u>

There are no dilutive potential ordinary shares in existence for FY 2005 and FY 2004.

Basic earnings per share for the financial years ended 31 December 2004 and 2005 have been calculated based on the profit attributable to the shareholders of the Company and on the basis throughout each financial year, the issued share capital of the Company comprised 624,000,000 of ordinary shares of S\$0.0625 each which represent the pre-invitation share capital of the Company.

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 period reported on and (b) immediately.

	The Group		The Company
	2005	2004	2005
	RMB '000	RMB '000	RMB '000
Net asset value as at 31 December	<u>401,488</u>	<u>200,767</u>	<u>188,960</u>
Net asset value per ordinary share based on issued share capital at the end of the financial year (Singapore cents)	<u>13 cents</u>	<u>7 cents</u>	<u>6 cents</u>

Net asset value per share as at 31 December 2004 and 2005 have been calculated based on the net asset of the Company and the Group and the issued share capital of the Company comprised 624,000,000 of ordinary shares of S\$0.0625 each which represent the pre-invitation share capital of the Company.

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 earning 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 income statement of the group

Revenue

The Group's revenue registered a strong growth from RMB 422 million in FY 2004 to RMB 627 million in FY 2005, representing an increase of 48%. Our revenue is derived mainly from (a) sales of properties; (b) property management fees; and (c) rental income from investment properties.

Sales of properties

During FY 2005, we have completed Hanyu New City and completed part of Sunlight City—Ming Yuan and Sunlight City—Yi Yuan and recognised sales of completed blocks amounted to a total of RMB 617 million. For FY 2005, our sale of properties contributed 98% to our Group's turnover.

Rental income

Our rental income from operating leased properties is recognised on a straight line basis over the lease terms. As at 31 December 2005, the properties which our Group owns and have been leased out to independent third parties are located at Xinxiang Huilong Building, Xinxiang Huilong Garden and Shining Holiday Shopping Center. In FY 2005, our rental income increased by RMB 8 million from RMB 1 million to RMB 9 million. The increase in rental income was mainly due to the leasing of commercial units on the second, third and fourth floor and the basement of the Shinning Holiday Shopping Mall which was only completed in second half of FY 2004.

Property management income

Our property management income is recognised when the service is rendered. Our property management income increased by RMB 0.5 million or 99% from RMB 0.5 million for FY 2004 to RMB 1 million for FY 2005. The increase in property management fee was mainly derived from managing the properties which were completed in second half of FY 2004.

Gross Profit

Our gross profit increased by RMB 87 million from RMB 142 million for FY 2004 to RMB 229 million for FY 2005. In FY 2005, sales from properties completed contributed RMB 220 million to our gross profit. An increase of RMB 8 million and RMB 0.5 million in rental income and property management income, respectively, also contributed to the overall increase in our gross profit.

Our gross profit margin increased by 3% from 34% for 2004 to 37% for FY 2005. The increase was mainly due to higher gross margin from Sunlight City – Ming Yuan in 2005 as compared to Sunlight City – Jing Yuan in FY 2004 and the increase in rental and property management income which had a higher gross profit margin.

Other Operating Income

Our other operating income decreased by RMB 16.7 million for FY 2005. The decrease was mainly due to the decrease of gain on disposal of an investment property of RMB 17 million. The decrease was partially offset by the increase in the net gain in disposal of property, plant and equipment of RMB 0.1 million in FY 2005 and the increase of other income of RMB 0.2 million.

Operating Expenses

Selling and distribution expenses

Our selling and distribution expenses decreased by RMB 3 million or 38% from RMB 8 million in FY 2004 to RMB 5 million in FY 2005. This was due mainly to a decrease in advertising and promotion expenses, and a decrease in travelling and entertainment expenses in FY 2005. This was partially offset by an increase in sundry expenses. In FY 2004, we actively marketed and promoted our properties (in particular, Shining Holiday Shopping Center) in anticipation of their completion in second half of FY 2004. This resulted in the decrease in selling expenses in first half of FY 2005.

General and administrative expenses

Our general and administrative expenses increased by RMB 10 million or 189% from RMB 5 million in FY 2004 to RMB 15 million in FY 2005. This increase was due mainly to much higher duties and levies in FY 2005 as compared to FY 2004 and higher staff costs and additional professional fees of about RMB 2.5 million incurred during the course of preparation for the initial public offering of the Company in March 2006, but not capitalised in the share premium accounts.

Finance Costs

In FY 2005, there were finance costs of RMB 0.1 million recognised in the profit and loss account of the Group as the interests incurred of RMB 7.4 million were capitalised as part of our development costs.

Net Profit Attributable to Equity Holders of the Parent

Net profit attributable to equity holders of the parent for FY 2005 decreased by RMB 22 million or 13% from RMB 173 million in FY 2004 to RMB 151 million in FY 2005. This decrease was mainly due to the high value in increase in fair value of our investment properties of RMB 116 million in FY 2004 as compared to RMB 8 million in FY 2005. Our net profit, excluding the increase in fair value of our investment properties surged from RMB 57 million in FY 2004 to RMB 143 million in FY 2005 represented an increase by 151%. Higher net profit, excluding the increase in fair value of our investment properties, is mainly due to significant growth in sales of properties and rental income in FY 2005.

(b) Review of balance sheet of the Group

Non-current Assets

Our non-current assets as at 31 December 2004 totalled RMB 248 million and they mainly comprised investment properties leased to third parties, property, plant and equipment and land use rights.

As at 31 December 2004, our investment properties comprised retail shop space at Shinning Holiday Shopping Center, office space at Xinxiang Huilong Building and carpark lots at Xinxiang Huilong Garden. Our investment properties are valued at RMB 241 million.

As at 31 December 2004, our property, plant and equipment had a collective net book value of RMB 6.8 million. Properties owned and occupied by our Group comprised the entire floors of 10, 11, 12 and basement of Xinxiang Huilong Building; two management office units at Xinxiang Huilong Garden and level 6 of Jindeli Building.

As at 31 December 2004, our land use rights represents the net book value of long term lease of land of Xinxiang Huilong Garden.

As at 31 December 2005, our non-current assets increased by RMB 6 million from RMB 248 million to RMB 254 million. The increase was due to an increase in fair value of investment properties by RMB 6 million based on revaluation, which was partially offset by a decrease of RMB 0.8 million due to depreciation charges of property, plant and equipment.

Current Assets

As at 31 December 2004, our current assets amounted to RMB 561 million. Our cash and bank balances as at 31 December 2004 amounted to RMB 24 million, pledged deposits of RMB 6 million, account receivables of RMB 174 million, properties under development or sale of RMB 312 million, completed properties for sale of RMB 33 million, prepayments and other receivables of RMB 4 million and amounts due from related parties of RMB 8 million.

As at 31 December 2005, our current assets increased by RMB 61 million from RMB 561 million to RMB 622 million. The increase was due to an increase in properties under development for sale by RMB 21 million, increase in account receivable by RMB 30 million and increase in amounts due from related parties of RMB 16 million. The increase in properties under development for sale is due to the progress of construction works at Sunlight City – Ming Yuan and Sunlight City – Yi Yuan. The increase in current assets were partially offset by a decrease in cash and bank balances by RMB 6 million. The increase in account receivables was due to the collection of proceeds mainly from the sale and completion of properties at Sunlight City – Ming Yuan and Sunlight City – Yi Yuan, which was close to the year end of FY 2005.

Current Liabilities

Our current liabilities comprised bank borrowings, trade payables, tax payable, sales deposits, accruals and other payables and other borrowings.

As at 31 December 2004, our current liabilities amounted to RMB 522 million. Trade payables, amounting to RMB 161 million are mainly amounts due to contractors.

Our bank borrowings due within one year totalled RMB 83 million were used to finance both land purchase and cost of development of our properties. They are secured against investment properties and certain of our completed properties for sale. Other borrowings of RMB 10 million represent the advances from the local government of Xinxiang city to support the development of a

cluster housing project of our Group meant for the civil servants. The advances are unsecured, interest free and with no fixed terms of repayment. The balance of our current liabilities includes tax payable amounting to RMB 43 million.

As at 31 December 2005, our current liabilities decreased by approximately RMB 94 million from RMB 522 million to RMB 428 million. The decrease in current liabilities was mainly due to the decrease in sales deposits of RMB 94 million as large amount of customer deposits were recognised as sales income due to the completion of Sunlight City – Ming Yuan and Sunlight City – Yi Yuan close to the year end of 2005, a decrease in accounts due to related parties of RMB 79 million, and a decrease in bank borrowings due within one year by RMB 15 million, which was due to repayments by application of funds collected from sales proceeds. This decrease in current liabilities has been offset by the increase in trade payables by RMB 37 million, and increase in taxation payable of RMB 49 million which are also explainable by the effect of completion of Sunlight City – Ming Yuan and Sunlight City – Yi Yuan, which was close to the year end of 2005.

Non-current Liabilities

Our non-current liabilities comprised long-term bank borrowings due after one year and deferred taxation liabilities.

As at 31 December 2004, our long-term bank borrowings used to finance both land purchase and cost of development of our properties amounted to RMB 43 million.

Our deferred tax liabilities of RMB 44 million as at 31 December 2004 relate mainly to the deferred tax liabilities mainly arising from the increase in fair value of investment properties.

As at 31 December 2005, our non-current liabilities decreased by RMB 41 million from RMB 87 million to RMB 46 million. Our non-current bank borrowings due more than one year decreased by RMB 43 million due to repayments. The decrease in bank borrowings was partially offset by an increase in deferred taxation liabilities of RMB 2 million. The increase in deferred tax liabilities was due to the increase in fair value of investment properties as at 31 December 2005.

(c) Review of cash flow statement of the Group

Net Cash From Operating Activities

For the year ended 31 December 2005, net cash from operations was RMB 103 million as compared to RMB 42 million for the corresponding period in 2004. This is in line with the increase in cash generated from operations of the Group.

Net Cash Used In Investing Activities

For the year ended 31 December 2005, net cash used in investing activities was RMB 17 million. The increase is mainly due to the increase in amounts due from related parties.

Net Cash From Financing Activities

For the year ended 31 December 2005, net cash outflow from financing activities was RMB 92 million. During 2005, the Group has repaid RMB 58 million bank loans and repaid RMB 30 million to settle the amounts due to related parties.

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

It was stated in the Company's Prospectus dated 24 March 2006 that our Directors estimated our Group will achieve, on a pro forma basis, a revenue and profit attributable to shareholders of approximately RMB 630 million and RMB 150 million respectively in 2005.

Our Group recorded, on a pro forma basis, a revenue and profit attributable to shareholders of approximately RMB 627 million and RMB 151 million respectively in 2005.

The same accounting policies and methods of computation is adopted by the Group in the Prospectus sated 24 March 2006 have been consistency applied by the Group for the year ended 31 December 2005.

Should the auditors take a different opinion in the calculation of certain IPO expenses, this may result in an increase in not more than RMB 6.4 million in the profit and loss accounts instead of the amount being charged to the share premium account in FY2006.

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 month

Based on our knowledge of the prevailing property market situation in Henan, the three main factors that will continue to drive strong demand for residential and commercial properties in Henan are:

- (a) the high rate of urbanisation - according to the Henan Statistical Yearbook, 2005, the urban proportion of Henan's population was 19.6% in 1997 and reached 28.9% in 2004;
- (b) the strong demand for home upgrades – spurred by housing reforms in Henan as well as the improving living standards and growing income levels among the Henan residents, we expect an increase in demand for home upgrades by consumers in Henan; and
- (c) the increasing availability of affordable housing – with the property sector recognised as one of the pillar industries by the Henan government in sustaining its continued economic growth, the government of Henan have been actively promoting the development of affordable housing to cater to demand driven by urban expansion.

We believe in maintaining a sizeable land bank for our continued growth. Based on our current pace of development, we expect our land reserve to last for the next two to three years. Given our standing and the strategic relationships which we have developed in the market, we believe that we will be able to successfully tender for suitable land sites in the future.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

The directors propose that a final dividend of Singapore 0.71 cents (2004: nil) per ordinary shares will be paid. This dividend is subject to approval by shareholders at the Annual General Meeting. The total estimated dividend to be paid is RMB 28.9 million. This represent slightly more than 20% of the net distributable earnings for FY2005 which is consist with our dividend policy as stated in the Prospectus dated 24 March 2006.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

To be advised later

(d) Books closure date

To be advised later

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

No applicable

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

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

Geographical segments

The Group's operations and its identifiable assets are solely located in the PRC and accordingly, no geographical segmental analysis is presented.

Business segments**(a) The Group**

	Commercial and residential property development RMB '000	Investment properties RMB '000	Property management RMB '000	Total RMB '000
<u>2005</u>				
REVENUE	<u>616,661</u>	<u>8,873</u>	<u>1,091</u>	<u>626,625</u>
RESULT				
Segment result	<u>206,184</u>	<u>3,737</u>	<u>(171)</u>	209,750
Unallocated expenses				<u>(1,086)</u>
				208,664
Other operating income				680
Increase in fair value of investment properties				7,863
Loss on disposal of investment properties				(451)
Finance costs				<u>(71)</u>
Profit before tax				216,685
Income tax expense				<u>(64,995)</u>
Net profit for the year				151,690
Minority interest				<u>(230)</u>
Net profit attributable to the equity holders of the parent				<u>151,460</u>
OTHER INFORMATION				
Capital additions	283	-	13	296
Depreciation and amortisation	<u>879</u>	<u>-</u>	<u>11</u>	<u>890</u>
Assets				
Segment assets	590,058	247,050	213	837,321
Unallocated assets				<u>38,727</u>
Consolidated total assets				<u>876,048</u>
Liabilities				
Segment liabilities	419,229	-	1,307	420,536
Unallocated liabilities				<u>54,024</u>
Consolidated total liabilities				<u>474,560</u>

(b) The Group

	Commercial and residential property development RMB '000	Investment properties RMB '000	Property management RMB '000	Total RMB '000
<u>2004</u>				
REVENUE	<u>420,905</u>	<u>961</u>	<u>547</u>	<u>422,413</u>
RESULT				
Segment result	<u>127,982</u>	<u>961</u>	<u>(58)</u>	128,885
Unallocated expenses				<u>(304)</u>
				128,581
Other operating income				17,378
Increase in fair value of investment properties				115,697
Finance costs				<u>(329)</u>
Profit before tax				261,327
Income tax benefit				<u>(87,466)</u>
Net profit for the year				173,861
Minority interest				<u>(711)</u>
Net profit attributable to the equity holders of the parent				<u>173,150</u>
OTHER INFORMATION				
Capital additions	1,035	-	-	1,035
Depreciation and amortisation	<u>865</u>	<u>-</u>	<u>11</u>	<u>876</u>
Assets				
Segment assets	561,050	240,630	160	801,840
Unallocated assets				<u>7,844</u>
Consolidated total assets				<u>809,684</u>
Liabilities				
Segment liabilities	306,468	-	788	307,256
Unallocated liabilities				<u>301,661</u>
Consolidated total liabilities				<u>608,917</u>

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

Please refer to note 8 above

15. Breakdown of sales

	Group 2005 RMB '000	Group Pro forma full year 2004 RMB '000
(i) Turnover reported for:		
First half year ended 30 June	59,079	324
Second half year ended 31 December	<u>567,546</u>	<u>422,089</u>
	<u>626,625</u>	<u>422,413</u>
(ii) Net profit for the year reported for:		
First half year ended 30 June	13,825	(2,752)
Second half year ended 31 December	<u>137,865</u>	<u>176,613</u>
	<u>151,690</u>	<u>173,861</u>

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

	Latest Full Year 2005 RMB '000	Previous Full Year 2004 RMB '000
Ordinary Share	28,874	-
Preference Share	<u>-</u>	<u>-</u>
	<u>28,874</u>	<u>-</u>

BY ORDER OF THE BOARD

GUO YINGHUI
Chairman

28 April 2006