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華南城

China South City Holdings Limited

華南城控股有限公司

(於香港註冊成立之有限公司)

(股份代號：1668)

海外監管公告

本海外監管公告乃根據香港聯合交易所有限公司(「**聯交所**」)證券上市規則(「**上市規則**」)第13.09(2)條而刊發。茲提述華南城控股有限公司(「**本公司**」)於2012年9月23日及2012年10月10日就發行於2017年到期為125,000,000美元13.50%優先票據刊發的公告(統稱「**該等公告**」)。

除非文義另有所指，否則本公告所用所有詞彙與該等公告所界定者具有相同含義。

董事會欣然宣佈，票據發行已於2012年10月17日完成。請參閱隨附有關發行票據的發售備忘錄(「**發售備忘錄**」)，發售備忘錄已經刊載於新加坡證券交易所有限公司網站。

於聯交所網站刊載發售備忘錄僅為便於向香港投資者作同等資訊傳達及遵守上市規則第13.09(2)條，而概無其他目的。

發售備忘錄並不構成向任何司法權區的公眾人士提呈出售任何證券的招股章程、通告、通函、宣傳冊、廣告或文件，亦非邀請公眾人士提呈認購或購買任何證券的邀約，且不旨在邀請公眾人士提出認購或購買任何證券的要約。

發售備忘錄不應被視為認購或購買本公司任何證券的勸誘，亦不擬構成作出有關勸誘。任何投資決定不應以發售備忘錄所載資料為依據。

謹代表董事會
華南城控股有限公司
聯席主席及執行董事
鄭松興

香港，2012年10月17日

於本公告日期，本公司執行董事為鄭松興先生、梁滿林先生及許揚教授；本公司非執行董事為馬介璋博士銀紫荊星章、銅紫荊星章、孫啟烈先生銅紫荊星章、太平紳士、馬偉武博士及鄭大報先生；以及本公司獨立非執行董事為梁君彥先生金紫荊星章、銀紫荊星章、太平紳士、李偉強先生及許照中先生太平紳士。

OFFERING MEMORANDUM | **STRICTLY CONFIDENTIAL**

US$125,000,000

China South City Holdings Limited
華南城控股有限公司

(incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance)

13.50% Senior Notes due 2017

Issue Price: 97.381% plus accrued interest, if any, from the issue date

The Notes will bear interest from October 17, 2012 at the rate of 13.50% per year. We will pay interest on the Notes on April 17 and October 17 of each year, beginning on April 17, 2013. The Notes will mature on October 17, 2017.

We may at our option redeem the Notes, in whole or in part, at any time on or after October 17, 2015, at the redemption prices set forth in this offering memorandum plus accrued and unpaid interest, if any, to the redemption date. At any time and from time to time prior to October 17, 2015, we may redeem up to 35% of the Notes, at a redemption price of 113.50% of their principal amount, plus accrued and unpaid interest, if any, in each case, using the net cash proceeds from sales of certain kinds of capital stock. In addition, we may redeem the Notes at any time prior to October 17, 2015, in whole but not in part, at a price equal to 100% of the principal amount of such Notes plus: (1) accrued and unpaid interest (if any) to the redemption date; and (2) a premium as set forth in this offering memorandum. Upon the occurrence of a Change of Control Triggering Event (as defined in the indenture governing the Notes), we must make an offer to repurchase all Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase.

The Notes are senior obligations of China South City Holdings Limited guaranteed by our existing subsidiaries other than those organized under the laws of the PRC. We refer to the subsidiaries guaranteeing the Notes as the Subsidiary Guarantors and the guarantees of such Subsidiary Guarantors as the Subsidiary Guarantees. Under certain circumstances and subject to certain conditions, a Subsidiary Guarantee required to be provided by a subsidiary of the Company may be replaced by a limited-recourse guarantee, or JV Subsidiary Guarantee. We refer to the subsidiaries providing a JV Subsidiary Guarantee as JV Subsidiary Guarantors. The Notes and the Subsidiary Guarantees will be secured by liens over the capital stock of the Subsidiary Guarantors.

The Notes will: (1) be senior in right of payment to any existing and future obligations of China South City Holdings Limited expressly subordinated in right of payment to the Notes; (2) rank at least *pari passu* with our US$250,000,000 13.50% Senior Notes due 2016 (the "2011 Notes"), and all our other unsecured, unsubordinated indebtedness (subject to any priority rights pursuant to applicable law); (3) be effectively subordinated to all existing and future obligations of our subsidiaries in the PRC; and (4) be effectively subordinated to our other secured obligations and those of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the assets serving as security therefor. However, applicable law may limit the enforceability of the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) and the pledge of the collateral.

For a more detailed description of the Notes, see "Description of the Notes" beginning on page 173.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 14.

Approval in-principle has been received for the listing and quotation of the Notes on the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this offering memorandum. Admission of the Notes to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST are not to be taken as an indication of the merits of our company and our subsidiaries, jointly controlled entities and associates or the Notes, Subsidiary Guarantees or JV Subsidiary Guarantees.

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the United States Securities Act of 1933, as amended, and they may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only outside the United States in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Notes and the distribution of this offering memorandum, see "Plan of Distribution."

The Notes are expected to be rated "B" by Standard and Poor's Rating Services and "B2" by Moody's Investors Service. Additionally, we have been assigned a long-term corporate credit rating of "B+" with a stable outlook by Standard and Poor's Rating Services, and a corporate family rating of "B1" with a stable outlook by Moody's Investors Service. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

We expect that delivery of the Notes will be made on or about October 17, 2012 through the book-entry facilities of Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme*, Luxembourg against payment therefor in immediately available funds.

Sole Global Coordinator
UBS

Joint Lead Managers and Joint Bookrunners

UBS | **HSBC** | **BofA Merrill Lynch**

The date of this offering memorandum is October 10, 2012

TABLE OF CONTENTS

This offering memorandum does not constitute an offer to sell to, or a solicitation of an offer to buy from, any person in any jurisdiction to whom it is unlawful to make the offer or solicitation in such jurisdiction. Neither the delivery of this offering memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this offering memorandum or that the information contained in this offering memorandum is correct as of any time after that date.

IN CONNECTION WITH THIS OFFERING, UBS AG, HONG KONG BRANCH, AS STABILIZING MANAGER, OR ANY PERSON ACTING FOR IT, MAY PURCHASE OR SELL THE NOTES IN THE OPEN MARKET. THESE TRANSACTIONS MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND REGULATIONS, INCLUDE SHORT SALES, STABILIZING TRANSACTIONS AND PURCHASES TO COVER POSITIONS CREATED BY SHORT SALES. THESE ACTIVITIES MAY STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICE OF THE NOTES. AS A RESULT, THE PRICE OF THE NOTES MAY BE HIGHER THAN THE PRICE THAT OTHERWISE MIGHT EXIST IN THE OPEN MARKET. HOWEVER, THERE IS NO ASSURANCE THAT UBS AG, HONG KONG BRANCH, AS STABILIZING MANAGER, OR ANY PERSON ACTING FOR IT, WILL UNDERTAKE ANY SUCH STABILIZATION ACTION. IF THESE ACTIVITIES ARE COMMENCED, THEY MAY BE DISCONTINUED AT ANY TIME AND MUST IN ANY EVENT BE BROUGHT TO AN END AFTER A LIMITED TIME. THESE ACTIVITIES WILL BE UNDERTAKEN SOLELY FOR THE ACCOUNT OF UBS AG, HONG KONG BRANCH, AS STABILIZING MANAGER, AND NOT FOR OR ON BEHALF OF THE COMPANY.

You should rely only on the information contained in this offering memorandum. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it.

This offering memorandum is highly confidential. We are providing it solely for the purpose of enabling you to consider a purchase of the Notes and for the listing of the Notes on the SGX-ST. You should read this offering memorandum before making a decision whether to purchase the Notes. You must not use this offering memorandum for any other purpose, or disclose any information in this offering memorandum to any other person.

Notwithstanding anything to the contrary contained herein, a prospective investor (and each employee, representative, or other agent of a prospective investor) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions described in this offering memorandum and all materials of any kind that are provided to the prospective investor relating to such tax treatment and tax structure (as such terms are defined in U.S. Treasury Regulation section 1.6011-4). This authorization of tax disclosure is retroactively effective to the commencement of discussions with prospective investors regarding the transactions contemplated herein.

We have prepared this offering memorandum, and we are solely responsible for its contents. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the Notes. By purchasing the Notes, you will be deemed to have acknowledged that you have made certain acknowledgements, representations and agreements as set forth under the section headed "Plan of Distribution" below.

No representation or warranty, express or implied, is made by UBS AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited or Merrill Lynch International (collectively, the "Initial Purchasers"), The Hongkong and Shanghai Banking Corporation Limited (the "Trustee," the "2011 Notes Trustee" and the "Shared Security Agent"), The Hongkong and Shanghai Banking Corporation Limited (the "Paying Agent," the "Transfer Agent" and the "Note Registrar" or collectively, the "Agents") or any of their affiliates or advisors, to the accuracy, completeness or sufficiency of the information contained in this offering memorandum, and nothing contained in this offering memorandum is, or should be, relied upon as, a promise, representation or warranty by the Initial Purchasers, the Trustee, the 2011 Notes Trustee, the Shared Security Agent or the Agents, whether as to the past or the future. The Initial Purchasers assume no responsibility for its accuracy, completeness or sufficiency or for any statement made or purported to be made by the Initial Purchasers or on our behalf in connection with the Company, the Subsidiary Guarantors or the JV Subsidiary Guarantors (if any) on the issue and offering of the Notes. None of the Initial Purchasers, the Trustee, the 2011 Notes Trustee, the Shared Security Agent and the Agents accept any responsibility for the contents of this offering memorandum. Each of the Initial Purchasers, the Trustee, the 2011 Notes Trustee, the Shared Security Agent and the Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this offering memorandum or any such statement.

Each person receiving this offering memorandum acknowledges to us and the Initial Purchasers that: (i) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with any investigation of the accuracy of such information or its investment decision; and (iii) no person has been authorized to give any information or to make any representation concerning us, our subsidiaries and affiliates, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) (other than as contained herein and information given by our duly authorized officers and employees in connection with investors' examination of our company and the terms of the offering of the Notes) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense in the United States.

We are not, and the Initial Purchasers are not, making an offer to sell the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) in any jurisdiction except where an offer or sale is permitted. The distribution of this offering memorandum and the offering of the securities, including the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) may in certain jurisdictions be restricted by law. Persons into whose possession this offering memorandum comes are required by us and the Initial Purchasers to inform themselves about and to observe any such restrictions. For a description of the restrictions on offers, sales and resales of the securities, including the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), and distribution of this offering memorandum, see "Plan of Distribution" below.

No person has been or is authorized to make any representation concerning us or the Notes other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers, the Trustee, the 2011 Notes Trustee, the Shared Security Agent or the Agents. Neither the delivery of this offering memorandum nor any offering, sale or delivery made in connection with the issue of the Notes shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This offering memorandum does not constitute an offer of, or an invitation by or on behalf of us, the Initial Purchasers, the Trustee, the 2011 Notes Trustee, the Shared Security Agent or the Agents to subscribe for or purchase, any of the Notes and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized or is unlawful.

This offering memorandum summarizes certain material documents and other information, and we refer you to them for a more complete understanding of what we discuss in this offering memorandum. In making an investment decision, you must rely on your own examination of us and the terms of the offering, including the merits and risks involved. We are not making any representation to you regarding the legality of an investment in the Notes by you under any legal, investment, tax or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult your own attorney, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Notes.

We reserve the right to withdraw the offering of Notes at any time or sell less than the aggregate principal amount of Notes offered by this offering memorandum, and the Initial Purchasers reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective purchaser less than the full amount of Notes sought by such purchaser. The Initial Purchasers and certain related entities may acquire for their own account a portion of the Notes.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

We have prepared this offering memorandum using a number of conventions, which you should consider when reading the information contained herein. When we use the terms "we," "us," "our," the "Company," the "Issuer," the "Group," and words of similar import, we are referring to China South City Holdings Limited itself, or to China South City Holdings Limited and its consolidated subsidiaries, jointly controlled entities and associates as the context requires.

Market data, industry forecasts and the PRC and property industry statistics in this offering memorandum have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although we believe this information to be reliable, it has not been independently verified by us or the Initial Purchasers or our or their respective directors and advisors, and neither we, the Initial Purchasers nor our or their respective directors and advisors make any representation as to the accuracy or completeness of such information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Due to possibly inconsistent collection methods and other problems, such statistics herein may be inaccurate. You should not unduly rely on such market data, industry forecasts and PRC and property industry statistics.

All references in this offering memorandum to “U.S. dollars” and “US$” are to United States dollars, the official currency of the United States of America (the “United States” or “U.S.”); all references to “HK dollars” and “HK$” are to Hong Kong dollars, the official currency of the Hong Kong Special Administrative Region of the PRC (“Hong Kong” or “HK”); all references to “RMB” or “Renminbi” are to Renminbi, the official currency of the People’s Republic of China. Solely for the convenience of the reader, this offering memorandum contains translations of certain RMB amounts or HK dollar amounts into U.S. dollars at the following rates. On March 30, 2012 (i.e. the last business day in the fiscal year ended March 31, 2012), the noon buying rate in New York City for cable transfers payable in HK dollars as certified for customs purposes by the Federal Reserve Bank of New York was HK$7.7656 to US$1.00. On March 30, 2012 (i.e. the last business day in the fiscal year ended March 31, 2012), the noon buying rate in New York City for cable transfers payable in RMB as certified for customs purposes by the Federal Reserve Bank of New York was RMB6.2975 to US$1.00. See “Exchange Rate Information.” No representation is made that the HK dollar or RMB amounts stated herein could have been, or could be, converted into U.S. dollars, or vice versa, at such rates or at any other rate.

References to the “PRC” and “China,” solely for purposes of this offering memorandum, refer to the People’s Republic of China and do not include Hong Kong, the Macau Special Administrative Region or Taiwan.

In this offering memorandum, unless the context otherwise requires, references to “affiliate” are to any person or entity directly or indirectly controlled by, or under the direct or indirect common control of, another person or entity; references to “subsidiary” are used with the meaning ascribed to it in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended (the “Listing Rules”), which includes: (1) a “subsidiary undertaking” as defined in the twenty-third schedule to the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (the “Companies Ordinance”); (2) any entity which is accounted for and consolidated in the audited consolidated accounts of another entity as a subsidiary pursuant to HKFRS (as defined below) or International Financial Reporting Standards, as applicable; and (3) any entity which will, as a result of the acquisition of its equity interests by another entity, be accounted for and consolidated in the next audited consolidated accounts of such other entity as a subsidiary pursuant to HKFRS or International Financial Reporting Standards, as applicable; all references to “associate” are used with the meaning ascribed thereto under the Listing Rules, which includes: (1) in relation to an individual, his spouse and children under the age of 18, certain trustees, his or his family’s holding companies, as well as companies over which he, his family, trustee interests and holding companies exercise at least 30% voting power; (2) in relation to a company, its subsidiaries, its holding companies, subsidiaries of such holding companies, certain trustees, as well as companies over which such company and its subsidiaries, trustee interests, holding companies and subsidiaries of such holding companies together exercise at least 30% voting power; and (3) in the context of connected transactions, certain connected persons and enlarged family members of a director, chief executive or substantial shareholder of a listed issuer; and references to “controlling shareholder” are used with the meaning ascribed thereto under the Listing Rules, including any person or group of persons who are entitled to exercise 30% or more of the voting power at general meetings or are in a position to control the composition of a majority of the board of directors, and “controlling interest” will be construed accordingly.

References to “PRC government” mean the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governmental entities) and instrumentalities thereof.

In this offering memorandum, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items, and actual numbers may differ from those contained herein due to rounding.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only. In the event of any inconsistency, the Chinese name prevails.

FORWARD-LOOKING STATEMENTS

This offering memorandum includes forward-looking statements which are by their nature subject to certain risks and uncertainties. All statements other than statements of historical fact contained in this offering memorandum, including, without limitation, those regarding our future financial position and results of operations, our strategy, plans, objectives, goals and targets, future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "aim," "intend," "plan," "will," "may," "anticipate," "seek," "should" or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future and are not a guarantee of future performance. Important factors that could cause our actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- our ability to successfully execute our business plan and strategies and effectively manage our growth;
- future developments, performance, trends and conditions in the trade center, finished and unfinished goods and real estate industries in China and the regions in China where we currently or propose to operate;
- any changes in the regulatory policies of the PRC government, the Guangdong, Jiangxi, Shaanxi, Heilongjiang and Henan provincial governments and the government of the Guangxi Zhuang Autonomous Region and the Pearl River Delta, and other relevant government authorities relating to, among other things, the real estate, logistics and finished and unfinished goods industries;
- any delay or inability in obtaining the various permits, approvals or land use rights for our project developments;
- the effects of competition in the trade center and finished and unfinished goods industries;
- higher than expected losses or financing costs, or lower than expected returns on our investments;
- the sufficiency of our capital resources and cost and availability of external financing;
- governmental approval processes;
- our inability to accurately predict our future results of operations;
- changes in political, economic, legal and social conditions in China, the provinces of Guangdong, Jiangxi, Shaanxi, Heilongjiang and Henan, the Guangxi Zhuang Autonomous Region and the Pearl River Delta, including specific policies with respect to economic growth, inflation, foreign exchange, lending, the availability of credit, trade center development and manufacturing and exports;
- changes in population growth and GDP growth and the impact of these changes on demand for trade centers and finished and unfinished goods;
- timely repayment by our purchasers of mortgage loans guaranteed by us;
- accidents and natural disasters;

- the costs of construction and fluctuations in the price and availability of raw materials used in our trade center business;

- relationships with our joint venture partners, customers, suppliers and contractors, and the performance by them of their contractual obligations;

- our dividend policy and the dividend policy of our subsidiaries, jointly controlled entities and associates;

- our ability to comply with loan and bond covenants;

- general political and economic conditions, including those related to the PRC;

- developments in the PRC economy, measures taken in response thereto by the PRC government and the potential impact these developments and measures may have on our business, including our customers;

- exchange rate fluctuations;

- regulations and restrictions, and the interpretation or implementation of regulations, including tariffs, environmental regulations and land appreciation tax and other tax rules and regulations;

- changes to our expansion plans and estimated capital expenditures; and

- other factors beyond our control.

This list of important factors is not exhaustive. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors" and elsewhere in this offering memorandum. We caution you not to place undue reliance on our forward-looking statements, which reflect our management's views only as of the date of this offering memorandum. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this offering memorandum might not occur in the way we expect, or at all.

ENFORCEMENT OF CIVIL LIABILITIES

We are incorporated in Hong Kong with limited liability, and each Subsidiary Guarantor and JV Subsidiary Guarantor (if any) is also incorporated or may be incorporated, as the case may be, outside the United States, such as the British Virgin Islands and Hong Kong. The British Virgin Islands, Hong Kong and other jurisdictions have different bodies of securities laws from the United States and protections for investors may differ.

All of our assets and all of the assets of the Subsidiary Guarantors are, and all or some of the assets of the JV Subsidiary Guarantors (if any) may be, located outside the United States. In addition, all of our directors and officers and the directors and officers of the Subsidiary Guarantors are, and all or some of the directors and officers of the JV Subsidiary Guarantors (if any) may be, nationals or residents of countries other than the United States (principally of the PRC and Hong Kong), and all or a substantial portion of such persons' assets are located or may be located, as the case may be, outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us, any of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) or such directors and officers or to enforce against us, any of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) or such directors and officers judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof.

We and each of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) expect to appoint Law Debenture Corporate Services Inc. as our and their respective agent to receive service of process with respect to any action brought against us, the Subsidiary Guarantors or the JV Subsidiary Guarantors (if any) in the United States federal courts located in the Borough of Manhattan, The City of New York under the federal securities laws of the United States or of any state of the United States or any action brought against us, the Subsidiary Guarantors or the JV Subsidiary Guarantors (if any) in the courts of the State of New York in the Borough of Manhattan, The City of New York under the securities laws of the State of New York.

We have been advised by our Hong Kong legal counsel, Baker & McKenzie, that Hong Kong has no arrangement for the reciprocal enforcement of judgments obtained within the United States. However, under Hong Kong common law, a foreign judgment (including one from a court in the United States predicated upon U.S. federal or state securities laws) may be enforced in Hong Kong by bringing an action in a Hong Kong court, and then seeking summary or default judgment based on the foreign judgment, provided that the foreign judgment is for a debt or definite sum of money and is final and conclusive on the merits.

Hong Kong courts may refuse to recognize or enforce a foreign judgment if such judgment:

- was obtained by fraud;
- was rendered by a foreign court that lacked the appropriate jurisdiction at the time (as determined by Hong Kong jurisdictional rules);
- is contrary to public policy or natural justice;
- is for a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty;
- is inconsistent with a prior Hong Kong judgment or foreign judgment which is entitled to recognition in Hong Kong;
- is not barred from enforcement by or in breach of the provisions of the Foreign Judgments (Restriction on Recognition and Enforcement) Ordinance (Chapter 46 of the Laws of Hong Kong); or
- was a judgment for multiple damages or a judgment for multiple damages or a judgment based on a provision or rule of law specified by the Chief Executive of Hong Kong as concerned with the prohibition of restrictive trade practices pursuant to the Protection of Trading Interests Ordinance (Chapter 471 of the Laws of Hong Kong).

We have been advised by our British Virgin Islands legal adviser, Maples and Calder, that the courts of the British Virgin Islands would recognize as a valid judgment, a final and conclusive judgment *in personam* obtained in the United States courts against us under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) and would give a judgment based thereon provided that: (1) such courts had proper jurisdiction over the parties subject to such judgment and we had either submitted to such jurisdiction or were resident or carrying on business in such jurisdiction and were duly served with process; (2) such courts did not contravene the rules of natural justice of the British Virgin Islands; and (3) such judgment was not obtained by fraud.

Furthermore, we have been advised by our PRC legal counsel, Commerce & Finance Law Offices, that there is uncertainty as to whether the courts of the PRC would: (1) enforce judgments of the U.S. courts obtained against us, our directors and officers, the Subsidiary Guarantors or the JV Subsidiary Guarantors (if any) or their directors or officers predicated upon the civil liability provisions of the federal securities laws of the United States; or (2) entertain original actions brought in the courts of the PRC against us, our directors and officers, the Subsidiary Guarantors or the JV Subsidiary Guarantors (if any) or their directors or officers predicated upon the federal securities laws of the United States or the securities laws of any state or territory within the United States. With regard to the above, Commerce & Finance Law Offices has also advised us that China does not have treaties for the reciprocal enforcement of judgments with the United States.

PRESENTATION OF FINANCIAL INFORMATION

Our audited consolidated financial statements for the fiscal years ended March 31, 2010, 2011 and 2012 are prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which differ in certain material respects from generally accepted accounting principles in certain other countries, including the United States. There are no material differences, however, between HKFRS and International Financial Reporting Standards. We have not identified the differences between HKFRS and those generally accepted accounting principles in other countries, nor have we quantified the effect of applying those generally accepted accounting principles to our financial statements. In making an investment decision, investors must make their own judgment in assessing our financial statements. You should consult your own professional advisors for an understanding of the differences between HKFRS and generally accepted accounting principles in other countries and how such differences might affect our financial statements and your investment in the Notes. Our reporting currency is the Hong Kong dollar.

GLOSSARY

The following are definitions of certain terms appearing in this offering memorandum that are commonly used in connection with our business. The terminology and their meanings may not correspond to their standard industry meanings or usages of those terms.

"bonded warehouse"	is a warehouse authorized by customs officials for storing imported goods until removal, without the payment of duties, and pending customs inspection and the completion of other customs procedures. Such warehouses must be secure, with dutiable goods segregated from non-dutiable goods
"commodity properties"	residential properties, commercial properties and other buildings that are developed by property developers
"Contracted Sales"	sales of properties with respect to which sale and purchase agreements or finance lease contracts have been entered into
"effective rental rate"	the total contractual base rent, after adjusting to amortize the effect of any discounts and rent-free periods, divided by the leased GFA
"export supervised warehouse"	is a warehouse authorized by customs officials for storing goods that have already obtained export permits, have been settled in foreign exchange with overseas firms and have cleared all customs export formalities
"GFA"	gross floor area, which comprises the above-ground area contained within the external walls of a building, excluding non-leasable and non-saleable area
"land grant confirmation agreement"	a confirmation given by a PRC land authority that a property developer has won the bid for the land use rights of a parcel of land in a government-organized public tender, auction or listing for sale process
"land grant contract"	an agreement between a property developer and a PRC land authority in respect of the grant of the state-owned land use rights of a parcel of land to such property developer
"land grant"	a land grant contract, land grant confirmation agreement or land use rights transfer agreement
"land use rights transfer agreement"	an agreement in respect of the transfer of the land use rights of a parcel of land by the previous grantee of the land use rights in the secondary market
"leasable gross floor area"	comprises the gross floor area designated by us for lease to tenants, including, with respect to our trade center units, the gross floor area sold by us to purchasers of trade center units and leased by us to third parties pursuant to cooperation and lease agreements with the purchasers of these trade center units

"Phase One," "Phase Two," or "Phase Three"	phases of development, as provided in the master agreements and the corresponding supplementary agreements, for the construction and development of our trade center projects
"rental occupancy rate"	percentage of leaseable gross floor area: (1) owned and leased out by us; and (2) sold by us to purchasers of trade center units and subsequently leased by us to third party tenants
"saleable GFA"	comprises the area of our trade centers designated by us for sale to purchasers of trade center units
"sq. m."	square meters
"total occupancy rate"	percentage of total gross floor area: (1) owned and leased out by us; and (2) sold by us to purchasers of trade center units, excluding vacant units
"weighted average rental occupancy rate"	weighted average of the rental occupancy rate of our five trade centers in China South City Shenzhen by leaseable gross floor area

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SUMMARY

This summary does not contain all the information that may be important to you in deciding to invest in the Notes. You should read the entire offering memorandum, including the section headed "Risk Factors" and the financial statements and related notes thereto, before making an investment decision.

Our Business

We are one of the leading developers and operators of large-scale, integrated logistics and trade centers in the PRC, based on GFA, industry coverage and range of supporting services and facilities offered, according to Colliers International. Leveraging our experience and brand reputation, we currently have six projects in different stages of development located in regional economic hubs in Shenzhen, Nanning, Nanchang, Xi'an, Harbin and Zhengzhou, China, with a total planned GFA of 47.3 million sq.m.

Our business model is built on a premise of "One Body with Two Wings," with the "One Body" represented by our large-scale integrated logistics and trade centers, designed to serve as key commercial hubs to satisfy the economic and industrial needs of the regions in which we operate, and the "Two Wings" represented by the supporting residential and commercial facilities, designed to facilitate the operations of our trade center tenants and their customers. We complement our trade center operations by providing comprehensive supporting facilities including hotel, office, warehouse, exhibition and conference facilities and third-party banking services. Our residential facilities further complement our trade center operations by providing convenient, high-quality accommodations for our trade center tenants, as well as providing cash flows to cover a portion of project-related capital expenditures. Our business model is further augmented by the on-site presence of PRC government agencies, which offer a diverse range of services to trade center tenants and other customers.

We have been further building upon our "One Body with Two Wings" business model to include five pillars of ancillary services that complement our core business of developing and operating trade centers. We provide one-stop logistics services including warehousing, on-site delivery and freight forwarding. We provide an e-commerce platform through which our clients can promote their businesses and products, and plan to update our online platform to allow our trade center shops to promote online wholesale and retail trade. Following the success of the various industrial fairs at China South City Shenzhen and Nanning, we aim to provide a non-stop exhibition platform to organize convention and exhibition services, which we believe will also facilitate the traffic flow through our trade centers. We plan to further boost overall traffic by building upon our successful opening of our first outlet center at China South City Shenzhen, expanding and replicating this further in Shenzhen and at our other projects. Our property management services maintain a safe and comfortable business environment at our projects. We believe that this expansion of the scope of services provided will enable us to build a self-sustaining business strategy that will strengthen our overall business model.

Our first project, China South City Shenzhen, with a planned GFA of approximately 2.6 million sq.m., is strategically located in the Pearl River Delta and centered within an extensive transportation network of airports, railways, port facilities and highways that facilitate trade in the region. As of March 31, 2012, it had 1.5 million sq.m. of GFA completed and 1.1 million sq.m. of GFA under development. As of March 31, 2012, approximately 1.5 million sq.m. of trade center units and ancillary facilities in Phase One and Phase Two of China South City Shenzhen were in operation. Upon completion of Phase Three, currently planned for 2015, we expect that China South City Shenzhen will have a total GFA of 1.6 million sq.m. of trade centers as well as 1.0 million sq.m. of supporting facilities.

Leveraging our success and experience from, and brand recognition built upon, our China South City Shenzhen project, we have added five additional projects:

- China South City Nanchang, with a planned GFA of approximately 4.3 million sq.m., is currently under Phase One development in Nanchang, the capital of Jiangxi Province. As of March 31, 2012, it had 0.4 million sq.m. of GFA completed and 0.7 million sq.m. of GFA under development. As it is strategically located to serve both the Pearl River Delta and Yangtze River Delta regions, we believe that China South City Nanchang is well situated to develop along with increasing trade within and among these regions.

- China South City Nanning, with a planned GFA of approximately 4.9 million sq.m., is currently under Phase One development in Nanning, the capital of Guangxi Zhuang Autonomous Region. As of March 31, 2012, it had 0.3 million sq.m. of GFA completed and 1.0 million sq.m. of GFA under development. Strategically located in close proximity to Southeast Asia, we believe China South City Nanning will serve as a key hub for large-scale finished and unfinished goods and commodity trade with Southeast Asia.

- China South City Xi'an, with a planned GFA of approximately 17.5 million sq.m., is under Phase One development in Xi'an, the capital city of Shaanxi Province, at the Xi'an International Trade and Logistics Park with access to a railway container terminal. As of March 31, 2012, it had 0.6 million sq.m. of GFA under development. We are positioning China South City Xi'an to capitalize on the opportunities arising from China's strategic development of its western regions, catering to the growing development needs in the region.

- China South City Harbin, with a planned GFA of approximately 6.0 million sq.m., acquired a parcel of land in Harbin, the capital city of Heilongjiang Province, in June 2012 and is currently in the planning stage. We believe that the site's location in Northeast China makes it a premier hub for cross-border trade, and intend to capitalize on opportunities arising from the area's emerging development potential due to its proximity to the China-Russia border.

- China South City Zhengzhou, with a planned GFA of approximately 12.0 million sq.m., acquired a parcel of land in Zhengzhou, the capital city of Henan Province, in August 2012 and is currently in the planning stage. Zhengzhou is highly accessible as a primary passenger and freight hub and we believe that China South City Zhengzhou will be able to cater to the strong demand for integrated logistics and trade centers in China's interior regions, providing a convenient trading platform to promote trade among cities in central China.

We expect the aggregate GFA of these six projects, totaling approximately 47.3 million sq.m., will be sufficient to support over ten years of development.

Our Competitive Strengths

We believe we have the following competitive strengths:

- Our unique "One Body with Two Wings" business model provides an integrated platform for our trade center tenants and their customers to receive a comprehensive range of trade, logistics and supporting services;

- The provision of ancillary services to complement our trade centers further strengthens our business model;

- We enjoy strong municipal and regional government support in the locations in which we currently operate and plan to operate;

- Our land costs are significantly lower than other property developers, allowing us to minimize downside risk and providing us with high potential for appreciation in our targeted markets;

- Our current and planned integrated logistics and trade centers are strategically located in fast growing manufacturing and economic centers near well-developed transportation networks;

- Our track record demonstrates our development and operational abilities and has helped us to achieve brand name recognition;

- We have a strong, experienced management team with a demonstrated record of success; and

- Our founding shareholders possess in-depth experience and extensive networks of contacts within their respective industries.

Our Strategies

The principal components of our business strategy are to:

- replicate the success of our existing business model in other cities in China;

- maximize occupancy rates, rental rates and traffic flow in our existing and planned trade centers;

- continue to expand our operations by broadening our scope of industries that we serve; and

- build our market position and enhance our brand recognition.

Our Projects

We currently have six large-scale integrated logistics and trade center projects in various stages of development located in Shenzhen, Nanchang, Nanning, Xi'an, Harbin and Zhengzhou. China South City Shenzhen has commenced its Phase Three construction whereas China South City Nanchang, China South City Nanning and China South City Xi'an are at their Phase One development, China South City Harbin and China South City Zhengzhou each acquired its first plot of land in June 2012 and August 2012, respectively, and will begin Phase One construction.

Our Corporate Information

We were incorporated in Hong Kong on May 8, 2002, as a company with limited liability under the Hong Kong Companies Ordinance. Our registered office and headquarters is located at Room 2205, 22nd Floor, Sun Life Tower, The Gateway, 15 Canton Road, Tsimshatsui, Kowloon, Hong Kong. Our website is www.chinasouthcity.com. Information contained on our website does not constitute any part of this offering memorandum.

We are listed on The Stock Exchange of Hong Kong Limited and completed our initial public offering in September 2009.

The Offering

Capitalized terms used in this summary and not defined herein shall have the meanings given to them in "Description of the Notes."

Issuer	China South City Holdings Limited (the "Company").
Notes Offered	US$125,000,000 aggregate principal amount of 13.50% Senior Notes due 2017 (the "Notes").
Offering Price	97.381% of the principal amount of the Notes plus accrued interest, if any, from the issue date.
Maturity Date	October 17, 2017.
Interest	The Notes will bear interest from and including October 17, 2012 at the rate of 13.50% per annum, payable semi-annually in arrear.
Interest Payment Dates	April 17 and October 17 of each year, commencing April 17, 2013.
Ranking of the Notes	The Notes are: • general obligations of the Company; • senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; • at least *pari passu* in right of payment with the 2011 Notes and all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law); • guaranteed by the Subsidiary Guarantors on a senior basis, subject to certain limitations described under the caption "Risk Factors — Risks Relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral" and "Description of the Notes — The Subsidiary Guarantees;" • effectively subordinated to the other secured obligations (if any) of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and • effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

After the pledge of the Collateral by the Company and the Subsidiary Guarantor Pledgors and the entry into the Intercreditor Agreement and subject to certain limitations described under "Risk Factors — Risks Relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and Collateral," the Notes will:

- be entitled to a first priority lien on the Collateral pledged by the Company and the Subsidiary Guarantor Pledgors (subject to any Permitted Liens and the Intercreditor Agreement) shared on a *pari passu* basis among (i) the holders of the 2011 Notes, (ii) the holders of the Notes and (v) any other creditors with respect to Permitted Pari Passu Secured Indebtedness.

- rank effectively senior in right of payment to unsecured obligations of the Company with respect to the value of the Collateral pledged by the Company (subject to any priority rights of such unsecured obligations pursuant to applicable law).

Subsidiary Guarantees .... Each of the Subsidiary Guarantors will, jointly and severally, guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes.

A Subsidiary Guarantee may be released in certain circumstances. See "Description of the Notes — The Subsidiary Guarantees — Release of the Subsidiary Guarantees and JV Subsidiary Guarantees."

The initial Subsidiary Guarantors will consist of all of the Restricted Subsidiaries other than those Restricted Subsidiaries organized under the laws of the PRC.

All of the initial Subsidiary Guarantors are holding companies that do not have significant operations or real property assets. See "Risk Factors — Risks Relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral — Our initial Subsidiary Guarantors do not currently have significant operations and certain Subsidiary Guarantees may in some cases be replaced by limited-recourse guarantees."

Any future Restricted Subsidiary, other than subsidiaries organized under the laws of the PRC, will provide a guarantee of the Notes as either a Subsidiary Guarantor or a JV Subsidiary Guarantor promptly upon becoming a Restricted Subsidiary.

Ranking of Subsidiary Guarantees .... The Subsidiary Guarantee of each Subsidiary Guarantor:

- is a general obligation of such Subsidiary Guarantor;

- is effectively subordinated to secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;

- is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee; and

- ranks at least *pari passu* with all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law).

After the pledge of the Collateral (as described below) by the Company and the Subsidiary Guarantor Pledgors and the entry into the Intercreditor Agreement, the Subsidiary Guarantee of each Subsidiary Guarantor Pledgor:

- will be entitled to a first ranking security interest in the Collateral pledged by such Subsidiary Guarantor Pledgor (subject to any Permitted Liens and the Intercreditor Agreement); and

- will rank effectively senior in right of payment to the unsecured obligations of such Subsidiary Guarantor Pledgor with respect to the value of the Collateral securing such Subsidiary Guarantee.

See "Risk Factors — Risks Relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and Collateral."

JV Subsidiary Guarantees .... A JV Subsidiary Guarantee instead of a Subsidiary Guarantee may be provided by a Subsidiary Guarantor following a sale by the Company or any of its Restricted Subsidiaries of Capital Stock in such Subsidiary Guarantor, where such sale is for no less than 20% and no more than 49.9% of the issued Capital Stock of such Subsidiary Guarantor. No JV Subsidiary Guarantee exists as of the Original Issue Date.

The JV Subsidiary Guarantee of each JV Subsidiary Guarantor:

- will be a general obligation of such JV Subsidiary Guarantor;

- will be limited to the JV Entitlement Amount;

- will be effectively subordinated to secured obligations of such JV Subsidiary Guarantor, to the extent of the value of the assets serving as security therefore;

- will be senior in right of payment to all future obligations of such JV Subsidiary Guarantor expressly subordinated in right of payment to such JV Subsidiary Guarantee; and
- will rank at least *pari passu* with all other unsecured, unsubordinated Indebtedness of such JV Subsidiary Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law).

Security to be Granted	The Company has agreed, for the benefit of the holders of the Notes, to pledge, or cause the initial Subsidiary Guarantor Pledgors to pledge, as the case may be, the Capital Stock of all of the initial Subsidiary Guarantors (collectively, the "Collateral") owned by the Company or the Subsidiary Guarantor Pledgors on a first priority basis in order to secure the obligations of the Company under the Notes and of such Subsidiary Guarantor Pledgor under its Subsidiary Guarantee. The Collateral securing the Notes and the Subsidiary Guarantees may be released or reduced in the event of certain asset sales and certain other circumstances. In addition, the Collateral will be shared on a *pari passu* basis by the holders of the Notes and the holders of other secured indebtedness including the holders of the 2011 Notes and any other creditors with respect to Permitted Pari Passu Secured Indebtedness. See "Description of the Notes — Security."
Intercreditor Agreement	The Company, the initial Subsidiary Guarantor Pledgors, the Shared Security Agent, the Trustee and the trustee with respect to the 2011 Notes (the "2011 Notes Trustee") will enter into an intercreditor agreement to be dated on or about October 17, 2012. This agreement provides that the security interests created by the Collateral will be shared on a *pari passu* basis among (i) the holders of the 2011 Notes, (ii) the holders of the Notes and (iii) any other creditors with respect to Permitted Pari Passu Secured Indebtedness.
Use of Proceeds	The Company intends to use the net proceeds from this offering primarily to fund properties under development and planned for future development (including land grant fees), refinance a portion of its existing debt, and for general corporate purposes. See "Use of Proceeds."
Optional Redemption	At any time and from time to time on or after October 17, 2015, the Company at its option may redeem the Notes, in whole or in part, at the redemption prices set forth in "Description of the Notes — Optional Redemption" plus accrued and unpaid interest, if any, to (but not including) the redemption date. At any time prior to October 17, 2015, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

	At any time and from time to time prior to October 17, 2015, the Company may redeem up to 35% of the aggregate principal amount of the Notes at a redemption price of 113.50% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, with the proceeds from sales of certain kinds of its capital stock, subject to certain conditions.
Repurchase of Notes Upon a Change of Control Triggering Event	Upon the occurrence of a Change of Control Triggering Event, the Company will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but not including) the repurchase date. See "Description of the Notes — Repurchase of Notes Upon a Change of Control Triggering Event."
Redemption for Taxation Reasons	Subject to certain exceptions and as more fully described herein, the Company may redeem the Notes, as a whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Company for redemption, if the Company or a Subsidiary Guarantor would become obligated to pay certain additional amounts as a result of certain changes in specified tax laws. See "Description of the Notes — Redemption for Taxation Reasons."
Covenants	The Notes and the Indenture governing the Notes will limit the Company's ability and the ability of its Restricted Subsidiaries to, among other things: • incur or guarantee additional indebtedness or issue disqualified or preferred stock; • declare dividends on its capital stock or purchase or redeem capital stock; • make investments or other specified restricted payments; • issue or sell capital stock of Restricted Subsidiaries; • guarantee indebtedness of Restricted Subsidiaries; • sell assets; • create liens; • enter into sale and leaseback transactions; • enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans; • enter into transactions with shareholders or affiliates; and • effect a consolidation or merger.

	These covenants are subject to a number of important qualifications and exceptions described in "Description of the Notes."
Transfer Restrictions	The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See "Plan of Distribution."
Form, Denomination and Registration	The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US$200,000 of principal amount and integral multiples of US$1,000 in excess thereof and will be initially represented by one or more global notes registered in the name of a nominee of a common depositary for Euroclear and Clearstream.
Book-Entry Only	The Notes will be issued in book-entry form through the facilities of Euroclear and Clearstream for the accounts of its participants. Beneficial interests in the Notes represented by the global note will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. For a description of certain factors relating to clearance and settlement, see "Description of the Notes — Book-Entry; Delivery and Form."
Delivery of the Notes	The Company expects to make delivery of the Notes, against payment in same-day funds, on or about October 17, 2012, which the Company expects will be the fifth business day following the date of this offering memorandum, referred to as "T+5." See "Plan of Distribution."
Trustee................................	The Hongkong and Shanghai Banking Corporation Limited.
2011 Notes Trustee	The Hongkong and Shanghai Banking Corporation Limited.
Paying Agent, Transfer Agent and Note Registrar	The Hongkong and Shanghai Banking Corporation Limited.
Shared Security Agent	The Hongkong and Shanghai Banking Corporation Limited.
Listings	Approval in-principle has been received for the listing and quotation of the Notes on the Official List of the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in other currencies) for as long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

Ratings	The Notes are expected to be rated "B" by Standard and Poor's Rating Services and "B2" by Moody's Investors Service. Additionally, we have been assigned a long-term corporate credit rating of "B+" with a stable outlook by Standard and Poor's Rating Services, and a corporate family rating of "B1" with a stable outlook by Moody's Investors Service. We cannot assure investors that these ratings will not be adversely revised or withdrawn either before or after delivery of the Notes.
Governing Law	The Notes, the Intercreditor Agreement and the Indenture will be governed by and will be construed in accordance with the laws of the State of New York. The share pledge documents will be governed by the laws of Hong Kong.
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the Notes, see "Risk Factors."

Security Codes ....

ISIN	Common Code
XS0835662726	083566272

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables present our summary consolidated financial data. The summary consolidated financial data as of and for each of the years ended March 31, 2010, 2011 and 2012 (except for EBITDA data) have been derived from our audited consolidated financial statements as of such dates and for such years included elsewhere in this offering memorandum.

Our financial statements have been prepared and presented in accordance with HKFRS. The summary consolidated financial data below should be read in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," our consolidated financial statements and the notes to those statements included elsewhere in this offering memorandum.

	Fiscal Year Ended March 31,		
	2010	2011	2012
	(HK$'000)	(HK$'000)	(HK$'000)
Consolidated Income Statement Data:			
Revenue	1,570,229	2,234,033	3,670,767
Cost of sales	(587,522)	(900,985)	(1,434,671)
Gross Profit	982,707	1,333,048	2,236,096
Other income and gains	150,434	39,499	547,191
Fair value gains on investment properties	1,308,543	1,464,168	1,117,696
Selling and distribution costs	(83,573)	(111,805)	(187,334)
Administrative expenses	(187,696)	(208,079)	(350,918)
Other expenses	(25,427)	(34,566)	477
Finance costs	(32,982)	(30,495)	(58,873)
Share of profits and losses of:			
A jointly-controlled entity	1,287	1,337	1,497
An associate/associates	(302)	(331)	(317)
Profit before tax	2,112,991	2,452,776	3,305,515
Income tax expense	(785,345)	(908,658)	(1,257,953)
Profit for the year	1,327,646	1,544,118	2,047,562
Attributable to:			
Owners of the parent	1,329,593	1,552,455	2,070,708
Non-controlling interests	(1,947)	(8,337)	(23,146)
	1,327,646	1,544,118	2,047,562
Other financial data			
EBITDA(1)	2,182,380	2,513,202	3,378,980
Adjusted EBITDA(2)	763,219	1,063,898	2,329,363
Net cash inflow from operating activities	885,339	1,325,317	935,720

	As of March 31,		
	2010	2011	2012
	(HK$'000)	(HK$'000)	(HK$'000)
Consolidated Statement of Financial Position Data:			
Non-current assets	11,379,165	15,398,215	17,421,439
Current assets:			
Cash and cash equivalents and restricted cash	3,702,977	4,564,491	3,831,987
Other current assets	1,217,626	1,421,191	9,412,917
Total current assets	4,920,603	5,985,682	13,244,904
Total assets	16,299,768	21,383,897	30,666,343
Current liabilities:			
Short-term interest-bearing bank and other borrowings(3)	1,558,417	1,696,394	2,740,273
Other current liabilities	1,295,291	2,224,554	8,154,227
Total current liabilities	2,853,708	3,920,948	10,894,500
Non-current liabilities:			
Long-term interest-bearing bank and other borrowings(3)	2,644,308	2,546,303	2,033,109
Other non-current liabilities	1,775,067	4,298,610	4,743,443
Total non-current liabilities	4,419,375	6,844,913	6,776,552
Total liabilities	7,273,083	10,765,861	17,671,052
Total equity	9,026,685	10,618,036	12,995,291
Total equity and liabilities	16,299,768	21,383,897	30,666,343

(1) EBITDA consists of profit before interest income, income tax expense, depreciation and amortization and finance costs (excluding capitalized interest). EBITDA is not a standard measure under HKFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures" for a reconciliation of our profit for the year or period under HKFRS to our definition of EBITDA. Investors should also note that EBITDA as presented above is calculated differently from Consolidated EBITDA as defined and used in the Indenture governing the Notes. See "Description of the Notes — Definitions" for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture governing the Notes.

(2) Adjusted EBITDA consists of profit before interest income, income tax expense, depreciation and amortization, finance costs (excluding capitalized interest) and non-operating income and expenses (including fair value gains and losses on investment properties).

(3) On November 29, 2010, the Hong Kong Institute of Certified Public Accountants (the "HKICPA") issued an interpretation ("HK Interpretation 5") that provides that amounts repayable under loan agreements that contain a repayment on demand clause should be classified as current liabilities in the borrower's statement of financial position. For further information, see "Management Discussion and Analysis of Financial Condition and Results of Operations – Recently Issued Accounting Pronouncements." The classification of our current and non-current interest-bearing bank and other borrowings contained in our Consolidated Statement of Financial Position as of March 31, 2011 and 2012 was done in accordance with HK Interpretation 5. However, we have not made any adjustments to reclassify amounts repayable under such loan agreements as current liabilities in our Consolidated Statement of Financial Position as of March 31, 2010 and no reconciliation of our Consolidated Statement of Financial Position as of these dates has been prepared. As such, our financial information as of and for the year ended March 31, 2010 is not directly comparable to our corresponding financial information as of and for the years ended March 31, 2011 and 2012 prepared in accordance with HK Interpretation 5.

RISK FACTORS

You should carefully consider the risks described below and other information contained in this offering memorandum before making an investment decision. 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, prospects, cash flows, financial condition and results of operations. If any of the events described below occur, our business, prospects, cash flows, financial condition and results of operations could be materially and adversely affected. In such case, we may not be able to satisfy our obligations under the Notes, and you could lose all or part of your investment. For more information concerning the PRC and related regulatory matters discussed below, see "Regulation."

Risks Relating to Our Business and Our Industry

Our results of operations substantially depend on economic growth and our ability to execute our business strategy.

Our results of operations substantially depend on the successful execution of our business strategy to attract and retain high-quality tenants, achieve market rental rates and improve the surrounding infrastructure. Our success will also depend upon continuing growth in the manufacturing and export industries in the Greater Pearl River Delta region, as well as the regions surrounding Nanchang, Nanning, Xi'an, Harbin and Zhengzhou, the location of our properties under development and planned for future development, and our ability to compete with other similar businesses. We may face challenges in implementing our strategy, and our ability to achieve our goals may be adversely affected by various factors, many of which are beyond our control. If we are not able to execute our business strategy or successfully compete with other similar businesses, our business, prospects, cash flows, financial condition and results of operations will be materially and adversely affected.

Our revenues and revenue mix vary significantly based upon the completion dates of our projects and prevailing market conditions.

Our business depends on the success of a small number of large-scale, multi-phase, mixed-use projects developed over the course of several years. Our strategy is to achieve an optimal mix between trade center units for sale and trade center units held as investment properties. We generally sell certain trade center units in the initial stages following completion of a project subject to prevailing market conditions and restrictions. The number of trade centers that we are able to complete during any given period is limited due to the substantial capital requirements for land acquisition and construction, as well as the lengthy development periods required before positive cash flows may be generated. If we believe that market prices will rise in the future, we may also delay sales of some trade center units in order to take advantage of increases of market prices.

Our revenues, and our mix of sales revenue and rental income, vary significantly based upon the completion dates of our projects, among other factors. For instance, we sold 135,800 and 251,200 sq.m. of properties in the fiscal years ended March 31, 2011 and 2012, respectively, resulting in a 64.3% increase in revenues from sales of properties from HK$1,832.6 million to HK$3,010.8 million, accounting for 82.0% and 82.0%, respectively, of our total revenues.

We tend to experience sharp increases in revenues during periods when we complete a significant project or project phase and offer it for sale, followed by declines in revenues during periods when we offer less new saleable GFA. The sale revenues we are able to achieve in a given period vary significantly based upon the GFA and type of properties, the proportion of GFA we allocate to sales versus rental properties, prevailing sales prices, market demand, interest rates, inflation, the availability of attractive mortgage terms to our buyers, the prevailing regulatory environment for property sales, regional economic growth, competition and other factors. Accordingly, our past performance in any given period and in relation to any given project may not be indicative of our future performance. Furthermore, the market prices of trade center units that we hold for future sale may not rise in line with our expectations, or at all.

Part of our strategy is to increase our rental income, as well as rental income as a proportion of total revenue, as we complete and lease out more rental properties over time. Rental income is subject to cyclical changes in market demand. We may not be able to implement this strategy successfully if we cannot complete the development of adequate GFA of new rental properties, achieve adequate rental occupancy rates and achieve adequate effective rental rates. Furthermore, maximizing yields from properties held for investment also depends to a large extent on active ongoing management and maintenance of the properties.

Our revenues attributable to the leasing of trade center units and other properties during the fiscal years ended March 31, 2010, 2011 and 2012 were HK$101.3 million, HK$133.5 million and HK$166.4 million, respectively, accounting for 6.4%, 6.0% and 4.5%, respectively, of our total revenues.

Rental rates vary among projects according to market demand, date of completion and other factors. Tenants generally prefer to rent at a facility with a high occupancy rate, so we offer tenants in newly completed trade center units preferential rental rates and rent-free periods in order to boost initial occupancy rates. If we fail to achieve a sufficiently high occupancy rate at any of our projects, we may need to provide additional incentives to attract a core group of tenants. Our rental income for future periods may be adversely affected by these and similar incentive plans.

We may not be able to replace or renew all of our lease agreements upon their expiration.

Most of our existing leases are in our Phase One and Phase Two trade centers in China South City Shenzhen. The terms of our leases generally range from 12 to 36 months. Because many leases have identical terms and were entered into soon after completion of the relevant project phase, we often must seek to renew or replace a significant portion of our leases at about the same time. When a lease is not renewed, we must sometimes lower our rental rates to attract new tenants.

In exchange for discounts on their purchase price, the buyers of certain Phase Two trade center units in China South City Shenzhen have permitted us to lease these units to third parties for terms of three years and retain all the rental income from these units. Pursuant to these arrangements, we are able to earn rental income until the expiration of the three-year permitted period, after which we may no longer be entitled to the revenue from such leases.

We cannot assure you that we will be able to renew or replace our existing leases upon expiration or that our occupancy rates and effective rental rates will not decline. Any decline in our occupancy or rental rates could reduce our leasing revenue, which in turn could have a material adverse impact on our business, prospects, cash flows, financial condition and results of operations.

We incur significant capital expenditures in developing our existing and new projects

Development of our projects involves significant capital expenditures. In the event of a circumstance which adversely affects the operations or business of our projects, or their attractiveness to tenants, we may not have sufficient income to fully mitigate any ensuing loss or recover our capital expenditures. We are highly susceptible to a downturn in the property market of regions in which our projects are located. In addition, any property damage at these projects, resulting from fire or other causes, or a downturn in the finished and unfinished goods or manufacturing industries in the regions where our projects are located, may have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations. Furthermore, we cannot assure you that these projects will continue to attract tenants and customers and generate rental income and sales revenue at historical rates, or that they will be successful in the future. We cannot assure you that we will be able to successfully diversify our revenue base, obtain land use rights for all of the land necessary to develop new projects or generate revenue and net income from new projects in amounts that will allow us to recover our capital expenditures.

We may not be able to complete the development of Phase Three of China South City Shenzhen or our properties under development and planned for future development at Nanning, Nanchang, Xi'an, Harbin and Zhengzhou on time or within budget.

Completing the development of Phase Three of China South City Shenzhen and our properties under development and planned for future development in Nanning, Nanchang, Xi'an, Harbin and Zhengzhou will involve obtaining additional land use rights for large plots of land, many of which have existing structures and residents, from municipal and provincial governments of the PRC. Other properties we may develop in the future may also involve similar circumstances. Acquiring these development rights, converting them into land use rights and committing the financial and managerial resources to develop the land involves significant risks. Before an integrated logistics and trade center development generates any revenue, we must make a variety of material expenditures, which include acquiring the development rights and constructing the integrated logistics and trade center development infrastructure.

It generally takes several years for a planned development to generate revenue, and we cannot assure you that such developments will achieve positive cash flows. Our integrated logistics and trade center development activities may be exposed to the following risks:

- we engage independent contractors to provide various services, including but not limited to construction, piling and foundation, engineering, interior decoration, mechanical and electrical installation and utilities installation. The services rendered by any of these independent contractors may not meet our quality standards and timing requirements, and negligence or poor work quality by contractors may result in defects in our buildings or trade center units, which could in turn cause us to suffer financial losses, harm our reputation or expose us to third-party claims;

- we may incur construction and other development costs for a development project which exceed our original estimates due to increases in material, labor, leasing or other costs, which could make the completion of the project uneconomical because market rents or sales prices may not increase sufficiently to compensate for the increase in construction and other development costs. In addition, in recent years, construction costs in China have been increasing as a result of economic growth and increased activity in the property industry in China, as well as increases in wages for construction workers and the prices of construction materials and building equipment. Although our construction contracts typically provide for fixed or capped payments, in the long run increases in construction costs may be passed on to us by our construction contractors. Because it normally takes several years for us to complete a project development, we expect that we will be affected by increases in the costs of construction materials, other goods and services and labor. Any cost increases may reduce our profits if we are unable to pass these increased costs on to our customers;

- we may delay, or change our plans for, integrated logistics trade center development opportunities after we begin to explore them and as a result we may lose deposits paid to participate in the land tender process or fail to recover expenses already incurred;

- we may be unable to complete construction of a property on schedule, or on budget, due to a variety of factors including shortages or increased costs of materials, equipment, contractors and skilled labor; adverse weather conditions; natural disasters; unforeseen engineering, design, environmental, structural or geological problems; labor disputes; disputes with contractors and subcontractors; construction accidents; changes in government priorities and policies or in applicable laws or regulations; changes in market conditions; delays in or increased costs of relocation of existing residents or demolition of existing structures; delays in obtaining requisite licenses, permits or approvals from the relevant authorities; and other problems and circumstances resulting in increased debt service expense and construction costs;

- we may be unable to obtain, or face delays in obtaining, required zoning, land use, building, occupancy, and other governmental permits, rights and authorizations, which could result in increased costs and could require us to abandon our activities in part or as a whole with respect to a project;

- we may be involved in legal, governmental or administrative proceedings or disagreements with regulatory bodies arising out of our operations and may face significant liabilities as a result;

- we may lease or sell developed properties at below expected rental rates or sales prices, and we may experience delays in the sale or leasing of developed properties; and

- occupancy rates, rents and sales prices at newly completed properties may fluctuate depending on a number of factors, including market and economic conditions, and may result in our investments being less profitable than we expected or not profitable at all.

The occurrence of any of these circumstances, most of which are beyond our control, could delay the completion or affect the profitability of our properties under development and planned for future development in Phase Three of China South City Shenzhen, Nanning, Nanchang, Xi'an, Harbin and Zhengzhou and increase our costs, which could adversely affect our business, prospects, cash flows, financial condition and results of operations. In addition, many of the assumptions on which we have based the timetables for our properties under development and planned for future development are also outside of our control. If the actual economic conditions or other facts turn out to be materially different from these assumptions, our actual development timetable could differ materially from that described in this offering memorandum.

We may not be able to obtain adequate funding to complete the development of our properties under development in Shenzhen, Nanning, Nanchang and Xi'an or our properties planned for future development in Harbin and Zhengzhou.

We will require substantial capital resources to develop our properties under development and planned for future development in Phase Three of China South City Shenzhen, Nanning, Nanchang, Xi'an, Harbin and Zhengzhou. Each of these projects is a large-scale project consisting of multiple phases that: (1) will take several years to complete; (2) do not require full completion of all phases to be operational; (3) will be completed on a phase-by-phase basis; and (4) can be financed from a variety of funding sources, including project financing, other bank borrowings, pre-sales, rental income and cash flows from operations.

We rely on cash flows from operations, bank borrowings and offerings of debt and equity securities to fund our development requirements. In this regard, our cash flows from operations alone is not likely to be sufficient to fund our future development requirements. Due to the nature of our trade center development business, we may from time to time experience periods of net cash outflows, when imbalances may arise between the timing of cash inflows from rentals and sales of trade center units and our cash outflows relating to the construction of properties and purchases of land use rights.

We expect to use a portion of the net proceeds of the offering of the Notes for the development of our projects. We may also require additional bank borrowings and, if necessary, future offerings of debt and/or equity securities for a significant portion of our liquidity requirements to finance the construction costs of these projects, which are expected to be completed in multiple phases. Our ability to secure sufficient funding for project development depends on a number of factors that are beyond our control, including market conditions in debt and equity markets, investors' perception of our business, lenders' perception of our creditworthiness, the PRC economy and PRC regulations. We cannot assure you that we will be able to obtain additional financing at competitive costs, or at all. In addition, we may not be able to renew our existing loan facilities granted by banks in the PRC on satisfactory terms, or at all. If we are unable to obtain necessary additional financing or renew existing loan facilities, we will not be able to complete our properties under development in Shenzhen, Nanning, Nanchang and Xi'an or develop our properties planned for future development in Harbin and Zhengzhou, and our business development could be severely disrupted.

In addition, the People's Bank of China, or the PBOC, has raised the reserve requirement ratio for commercial banks in China six times in 2010 and four times in 2011, although it has decreased it twice in 2012. The current reserve requirement ratio, which took effect in May 2012, ranges from 16.5% to 20.0%. Such increases may negatively impact the amount of funds available for corporate lending, including to us, by commercial banks in China. As a result, we cannot assure you that we will be able to obtain sufficient funding to finance intended purchases of land use rights, develop future projects or meet other capital needs as and when required at a commercially reasonable cost, or at all. Failure to obtain adequate funding at a commercially reasonable cost may limit our ability to acquire land, commence new projects or to continue the development of existing projects. Any such failure may also increase our borrowing costs and have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations.

In previous years, the PRC government had introduced a number of measures and regulations to restrict the ability of property developers to raise capital through external financing and other methods. These PRC regulations include the following:

- pre-sale proceeds may only be used to fund the property development costs of the relevant projects to which they relate;
- we cannot pre-sell uncompleted units in a project prior to achieving certain development milestones;
- PRC banks are prohibited from extending loans to real estate companies for the purposes of funding the payment of land premium;
- we cannot borrow from a PRC bank for a particular project unless we fund at least 35% of the estimated total capital required for that project from our own capital;
- we cannot borrow from a PRC bank for a particular project unless we first obtain the land use rights certificate, construction land planning permit, construction works planning permit and construction permit for that project;
- PRC banks are restricted from granting loans for the development of luxury residential properties;
- property developers are strictly prohibited from using the proceeds from a loan obtained from a local bank to fund property developments outside the region where that bank is located;
- PRC banks are restricted from granting revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;
- PRC banks are prohibited from accepting properties that have been vacant for more than three years as collateral for loans;
- In November 2009, the PRC government raised the minimum down payment of land grant fees to 50% and required the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions; and
- In March 2010, the Ministry of Land and Resources of the PRC, or the MLR, stipulated that the minimum down payment of land grant fees of 50% must be paid within one month after the signing of a land grant contract and the rest of the land grant fees must be fully paid within one year after the signing of a land grant contract.

Because the local authorities in Shenzhen treat our subsidiary, China South International Industrial Materials City (Shenzhen) Co. Ltd., or China South International, as an integrated logistics enterprise, we have not been subject to these measures and regulations with respect to China South City Shenzhen. However, if local regulatory authorities were to change their current approach and treat China South International as a property developer, or if higher level or central government regulatory authorities were to override the decision of the local regulatory authorities, China South International would be subject to these measures and regulations with respect to China South City Shenzhen. We have not received any formal assurance or comfort from any authorities that such a change will not occur. Moreover, these measures may apply to our properties under development or future projects. For further discussion on the restrictions imposed on property developers, see "Regulation — Regulations on Foreign-Invested Real Estate Enterprises" and "Regulation — Regulations on Real Estate Financing." Any application of these measures to our business could have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations.

If we are unable to obtain suitable sites or the land use rights for our properties under development and planned for future development, we will not be able to develop these projects.

We signed master agreements with the Nanning City Jiangnan District People's Government, Xi'an International Port Zone Committee, Harbin Daowai Government and Xin Zheng City Government in December 2007, November 2009, June 2011 and April 2012, respectively, and certain supplementary agreements thereto. Pursuant to these master agreements and the corresponding supplementary agreements, the municipal governments have identified land which is suitable for our development strategy in these locations. However, the signing of the master agreements and the corresponding supplementary agreements thereto does not guarantee that we will obtain the land identified therein, which may only be transferred by public tender, auction or listing for sale. Although we have obtained land use rights for 890,000 sq.m., or 48.6%, 599,000 sq.m., or 6.0%, 263,000 sq.m., or 4.2%, and 103,000 sq.m., or 1.5%, of the identified construction area of the Nanning, Xi'an, Harbin and Zhengzhou projects, respectively, we cannot assure you that we will be successful in bidding for the remaining parcels of land for these projects or that we will be able to obtain the land use rights at our desired price. If we are not successful in bidding for the remaining parcels of land for our properties under development or planned for future development in Nanning, Xi'an, Harbin and Zhengzhou, we will not be able to develop these projects as planned.

Our ability to identify and obtain suitable sites for future development is critical to our strategy but is subject to regulatory constraints and other factors outside our control. We cannot assure you that we will be able to identify and acquire suitable sites within our budget, or at all. The PRC government controls substantially all new land supply in the PRC and regulates land sales in the secondary market. Our ability to acquire land use rights and the acquisition costs of such land use rights may be adversely affected by the PRC government's policies towards land supply, development and pricing. The PRC central and local governments regulate the means by which property developers obtain land sites for property developments. In particular, under PRC government regulations, state-owned land use rights for residential and commercial property developments may only be granted by public tender, auction or listing-for-sale. The regulatory climate may constrain our ability to pursue development opportunities in the future and may contribute to an increase in land acquisition costs. In this regard, in the past our land acquisition costs reflected the relatively lower amounts applicable to the treatment of China South International as an integrated logistics enterprise by local authorities in Shenzhen. As we increase the proportion of our properties that will be residential properties, we will be required to pay the higher costs applicable to residential properties. Furthermore, the PRC government requires property developers to pay the full land-grant fees for the entire parcel under the land grant contract before they can receive a land use rights certificate and commence development on the land. The implementation of the regulation requires property developers to maintain a higher level of working capital. This may have a material adverse effect on our business, cash flows, financial condition and results of operations.

Our flexibility to sell properties at China South City Shenzhen, China South City Nanchang and China South City Nanning is limited.

Our sales of warehouse facilities and trade centers in each of China South City Nanchang and China South City Nanning are limited to 60% of the GFA of the properties located on the parcels of land acquired in 2009 on which these warehouse facilities and trade centers are located. The sales restriction does not apply to properties for residential, commercial and other uses. As our business plan for the sales of warehouse facilities and trade centers in each of China South City Nanchang and Nanning contemplates sales of no more than 50% of their GFA, we believe the 60% limit will not affect our business operations in Nanchang and Nanning. In addition, our sales of trade center units in China South City Shenzhen are limited to 30% of the GFA of the properties located on the parcels of land on which these trade centers are located. Although these sales restrictions do not apply to land obtained by China South City Nanchang and China South City Xi'an in 2011, nor the land acquired for the Harbin and Zhengzhou projects, we are limited in our flexibility to sell trade center units on those restricted parcels of land in China South City Shenzhen, China South City Nanchang and China South City Nanning in order to take advantage of rising sales prices and other market conditions, which could have an adverse effect on our business, prospects, cash flows, financial condition and results of operations. We also cannot assure you that land we acquire in the future will not be subject to similar restrictions on sales.

The treatment of China South International as a foreign-invested real estate enterprise may subject us to restrictions imposed on such enterprises under relevant PRC laws and regulations.

China South International is treated as an integrated logistics enterprise by local authorities in Shenzhen and, as such, it is not subject to rules and regulations in the PRC applicable to foreign-invested real estate enterprises. The local governmental authorities have the discretion as to whether to treat China South International as a foreign-invested real estate enterprise, as opposed to an integrated logistics enterprise, we would become subject to these rules and regulations. Our project companies in Nanchang and Harbin are treated as domestic real estate developers and our project companies in Nanning and Zhengzhou are currently applying for domestic real estate developer certificates. If the regulatory authorities were to treat any of our project companies as a foreign-invested real estate enterprise, it would need to be recorded as such with the local commerce authorities and be subject to regulations and restrictions applicable to foreign-invested real estate enterprises, including, but not limited to, restrictions on our ability to obtain loans within and outside of the PRC, as well as restrictions on the conversion and sale of foreign exchange into the capital account.

Because China South International is not treated as a foreign-invested real estate enterprise, we are able to downstream funds to China South International in the form of shareholders' loans rather than capital contributions and China South International is not subject to certain approval and registered capital requirements applicable to foreign-invested real estate enterprises. If there is a change of policy resulting in our treatment as a foreign-invested real estate enterprise, it will become subject to registered capital ratio restrictions requiring us to maintain registered capital levels at 50% or more of our total investment. In addition, the General Affairs Department of the State Administration of Foreign Exchange, or the SAFE, issued a notice which stipulates that SAFE will no longer process foreign exchange or debt registrations or applications for the sale and purchase of foreign exchange submitted by certain real estate enterprises with foreign investment. This regulation effectively prohibits foreign-invested real estate companies from raising funds through an offshore parent for the purpose of injecting such funds into the companies by way of shareholder loans but does not restrict property developers from receiving foreign capital through approved transactions that increase the registered capital of existing foreign-invested companies or through the establishment of new foreign-invested real estate companies. As such, we may be subject to this notice if China South International is treated as a foreign-invested real estate enterprise.

Any capital contributions made to our operating subsidiaries in China are also subject to the foreign-invested regulations and foreign exchange regulations in the PRC. Unless otherwise permitted by PRC laws or regulations, Renminbi capital converted from foreign exchange capital contribution can only be applied to the activities within the approved business scope of such foreign-invested enterprise and cannot be used for domestic equity investment or acquisition. We may encounter difficulties in increasing capital contributions to our project companies and subsequently converting such capital contributions into Renminbi for equity investment or acquisition in China. In addition, we intend to repatriate to China offshore funds that we may raise in this offering by increasing the registered capital of our existing subsidiaries or by establishing new subsidiaries. However, we cannot assure you that we will be able to obtain all requisite approvals on a timely basis, or at all. If we fail to obtain such approvals, our ability to make capital contributions to our project companies as their general working capital or to fund their operations may be negatively affected, which could materially and adversely affect our business, prospects, cash flows, financial condition and results of operations.

There is a lack of reliable and updated information on property market conditions in the PRC generally.

We are subject to property market conditions in the PRC generally. Currently, reliable and up-to-date information on the amount and nature of property development and investment activities, the demand for such development, the supply of new properties being developed and the availability of land and buildings suitable for development and investment is not generally available in the PRC. Consequently, our investment and business decisions may not always have been, and may not in the future be, based on accurate, complete and timely information. Inaccurate information may adversely affect our business decisions, which could materially and adversely affect our business, prospects, cash flows, financial condition and results of operations.

The cyclical nature of the real estate and logistics industries could adversely affect our results of operations.

Our results of operations are and will continue to be affected by the cyclical nature of the real estate industry in the PRC. Property values and rents are affected by, among other factors, supply and demand of comparable properties, interest rates, inflation, the rate of economic growth, tax laws and political and economic developments in the PRC. We cannot assure you that property values and rents will not decline. In addition, additional trade center and logistics properties are scheduled for completion over the next few years in China. Increased competition brought by this additional supply could adversely affect trade center rents and occupancy rates as well as sales prices for new trade center units. Our trade centers depend upon the growing demand for such developments in China. A downturn in the PRC economy could materially and adversely affect such demand. For further information on how recent market developments have affected the real estate and logistics industries, see "Industry Overview — Real Estate Market in the PRC."

The illiquid nature of, and the lack of alternative uses for, investment properties could limit our ability to respond to adverse changes in the performance of our properties.

Investment properties in general are relatively illiquid compared to other types of investments, such as securities. As such, our ability to promptly sell one or more of our investment properties in response to changing economic, financial and investment conditions is limited. The property market is affected by many factors that are beyond our control, including general economic conditions, the availability of mortgage financing and interest rates. We cannot predict whether we will be able to sell any of our investment properties at the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us.

In addition, investment properties may not be readily convertible for alternative uses without substantial capital expenditure if the original function of such investment property became unprofitable due to competition, age, decreased demand, increased supply or other factors. Similarly, substantial capital expenditure may be required to correct defects or to make improvements before an investment property can be sold. These factors and any others that would impede our ability to respond to adverse changes in the performance of our investment properties may materially and adversely affect our business, prospects, cash flows, financial condition and results of operations.

Our results of operations fluctuate from period to period due to the fair value of our investment properties.

Our results of operations fluctuate due to changes in the fair value of our trade center units and other facilities retained for rental income and capital appreciation. Fair value gains on our investment properties include gains recognized upon project completion as applicable properties under development and completed properties for sale on our balance sheet are transferred to investment properties when there is a change in use with sufficient evidence. We reassess the fair value of our investment properties every year. Property valuation typically requires the use of certain bases and assumptions with respect to a variety of factors, including supply and demand of comparable properties, the rate of economic growth in the location of the property, interest rates, inflation and political and economic developments in the PRC. For the fiscal years ended March 31, 2010, 2011 and 2012, we had fair value gains on our investment properties of HK$1.3 billion, HK$1.5 billion and HK$1.1 billion, respectively, representing 69.2%, 65.1% and 37.1% of the profit for the respective periods after taking into account deferred income tax on such gains. These fair value gains reflect unrealized capital gains on our investment properties at the relevant balance sheet dates, as well as the reclassification of properties under development to investment properties. These fair value gains were not profit generated from day-to-day rental income from our investment properties, were largely dependent on prevailing property market conditions, and did not generate cash inflow which can be contributed to payments of interest, principal or other amounts under the Notes unless such investment properties can be disposed of and the capital gains are realized. Excluding the effect of gains on changes in fair value of investment properties and the deferred tax expenses in connection with such gains, we would have had a profit of HK$410.7 million, HK$542.3 million and HK$1,303.0 million in fiscal years ended March 31, 2010, 2011 and 2012, respectively. During these same periods, we had a net cash inflow from operating activities of HK$885.3 million, HK$1,325.3 million and HK$935.7 million, respectively. The change in fair value of our investment properties has been, and will continue to be, significantly affected by the prevailing property market prices and is subject to market fluctuations. We cannot assure you that we will continue to record similar levels of revaluation gains or that the fair value of our investment properties will not decrease in the future, in which case, we may incur a fair value loss. In addition, we cannot assure you that we will be able to realize all or any of these fair value gains. In the event there is a material negative change in the value of our investment properties in the future, our results of operations and financial condition will be materially and adversely affected.

We are exposed to contractual and legal risks relating to pre-sales.

We make certain undertakings in our pre-sale contracts. Our pre-sale contracts and the PRC laws and regulations provide for remedies for breach of these undertakings. For example, if we pre-sell units in a property development and we fail to complete that development, we will be liable to the purchasers for their losses. If we fail to complete a pre-sold property on time, we may be liable to the relevant purchasers for late delivery under the relevant pre-sale contracts or pursuant to relevant PRC laws and regulations. If delays extend beyond a specified period, the purchasers may terminate their pre-sale contracts and claim for damages. A purchaser may also terminate a contract with us if the GFA of the relevant unit, as set out in the individual property ownership certificate, deviates by more than 3% from the GFA of that unit set out in his or her contract. If a substantial number of purchasers claim against us for breach of contract or terminate their pre-sale contracts with us, our business, prospects, cash flows, financial condition and results of operations may be materially and adversely affected.

The customers of our trade centers and residential properties may not be able to obtain mortgages on favorable terms, or at all, which could reduce our sales.

Many of the purchasers of our trade centers rely, and, going forward, the purchasers of our residential properties will rely, on mortgages to fund their purchases. An increase in interest rates may significantly increase the cost of mortgage financing, thus reducing the attractiveness of mortgages as a source of financing for property purchases and adversely affecting the affordability of trade centers and residential properties. In addition, the PRC government and commercial banks may also increase down payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unattractive or unavailable to potential property purchasers. In this regard, in recent years and in 2010, the PRC government has issued laws and regulations to raise minimum down payments for property purchases, and impose other requirements. In the event that mortgages become more difficult to obtain or that the costs of such financing increases, many of our prospective customers who rely on mortgages may not be able to purchase our properties. In addition, in line with industry practice, we provide guarantees to banks for mortgage loans that they offer to purchasers of our properties. If there are changes in laws, regulations, policies or practices that would prohibit property developers from providing such guarantees and these banks do not accept alternative guarantees from third parties, if available, it may become more difficult for property purchasers to obtain mortgages from banks in connection with pre-sales. Such difficulties may inhibit pre-sales, which could materially and adversely affect our business, prospects, cash flows, financial condition and results of operations.

We may become liable if our customers default on mortgage or bank loans we have guaranteed.

We guarantee mortgage and bank loans entered into by certain of our purchasers, including purchasers of trade center units and residential properties and purchasers under finance leases of residential and supporting commercial units. We do not conduct independent credit checks on our customers. Although the mortgages we guarantee typically finance no more than 50% to 70% of the purchase price of our trade center units and residential properties or 50% of the finance lease price of our residential and supporting commercial units, if a purchaser defaults on its mortgage or bank loan, we may be required to repay the outstanding amount together with accrued interest thereon and any penalty owed by the defaulting purchaser to the relevant bank. In the event of a purchaser default, we are entitled to take over the legal title and usage rights of the related properties. As of March 31, 2012, our outstanding guarantees in respect of mortgage and bank loans amounted to HK$352.6 million. If we are called upon to honor a material portion of our guarantees, our business, prospects, cash flows, financial condition and results of operations may be materially and adversely affected.

In addition, we make entrusted loans in connection with the sales and finance leases of certain units by advancing an amount, typically no more than one-half of the purchase price or the finance lease price, to the purchaser's lending bank. These advances appear as loan receivables and finance lease receivables on our consolidated balance sheet. In the event of a purchaser default, we write off the receivable and are entitled to take over the legal title and usage rights of the related properties.

Changes in laws and regulations in relation to pre-sale of properties may adversely affect our business, prospects, cash flows, financial condition and results of operations.

Proceeds from the pre-sales of our properties may be an important source of funds for our property developments and may have a significant impact on our cash flows and liquidity position. In August 2005, the PBOC proposed in a report that the practice of pre-selling uncompleted properties be discontinued, on the grounds that pre-sales create significant market risks and generate transactional irregularities. Since the PBOC proposal, various cities in China, including Shenzhen, have issued supervision measures regarding the pre-sale payment requirements and restrictions. However, there are no central level regulations adopted by PRC central government authorities. We cannot assure you that the PRC central government will not ban or impose material limitations on presales of uncompleted properties in the future. Future implementation of any restrictions on our ability to pre-sell our properties, including any requirements to increase the amount of up-front expenditure we must incur prior to obtaining the pre-sale permit, would extend the time required for recovery of our capital outlay and would force us to seek alternative means to finance a portion of our property developments, which could have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations.

Our operations are subject to extensive governmental regulation, and we are susceptible to changes in policies related to the real estate and logistics markets in China.

In order to develop and operate a trade center or residential development, we must obtain various permits, licenses, certificates and other approvals from the relevant administrative authorities at various stages of our trade center or residential development, including land use rights documents, planning permits, construction permits, and certificates or confirmation of completion and acceptance. Each approval is dependent on the satisfaction of certain conditions.

We cannot assure you that we will be able to fulfill the pre-conditions necessary to obtain required governmental approvals, or that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the real estate or logistics industries in general or the particular processes with respect to the grant of approvals in China. There may be delays on the part of relevant administrative bodies in reviewing our applications and granting approvals. For example, property developers are typically required to deliver to purchasers the relevant individual property ownership certificates within one to two years after delivery of the property or within a time frame set out in the relevant sale and purchase agreement. Under current regulations, property developers are required to submit requisite governmental approvals in connection with their property developments, including various approval certificates and a property survey report, to the local bureau of land resources and housing administration after the receipt of the certificate of completion for the relevant properties and to apply for the general property ownership certificate in respect of these properties. Property developers are then required to submit, within regulated periods after delivery of the properties, various documents in respect of the properties purchased by the respective purchasers. Delays by the various administrative authorities in reviewing the application and granting approval, as well as other factors, may affect timely delivery of the general and/or individual property ownership certificates. We may also be subject to periodic delays in our trade center and residential development projects due to building moratoria in the areas in which we operate or plan to operate. If we are unable to obtain, or experience material delays in obtaining, the requisite governmental approvals, or if a building moratorium is implemented at one or more of our project sites, the development and sale of our projects could be substantially disrupted, which would have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations.

We also may be liable for monetary penalties to purchasers for late delivery of the individual property ownership certificates due to delays in the administrative approval processes, or for other reasons beyond our control. Furthermore, we cannot assure you that the implementation of laws and regulations by relevant authorities, or the interpretation or enforcement of such laws and regulations, will not cause us to incur additional costs. For example, the majority of our land used for China South City Shenzhen is designated by the local government in Shenzhen for integrated logistics uses. Under applicable PRC laws and regulations, however, "integrated logistics" is not a designated category for land use. Therefore, the land use rights certificates and building ownership certificates for China South City Shenzhen's trade centers (which are combined into one certificate) indicate that our land and buildings are for "warehousing (integrated logistics)" purposes. Relevant government agencies of the Shenzhen Municipal Government have concluded that our use of land primarily for the wholesale business is consistent with regulations of the Shenzhen government governing the "integrated logistics" industry. Because there are not national laws, regulations or policies governing the "integrated logistics" industry in the PRC, we rely on regulations and policies in Shenzhen for the legality of our current land use. However, we cannot assure you that PRC governmental authorities will not issue regulations on the integrated logistics industry that restrict our current and planned activities or that we will not be required to change our land uses.

Between 2004 and the first half of 2008, in response to concerns over the scale of the increase in property investment and the potential overheating of the property sector in the PRC, the PRC government introduced policies to restrict development in the property sector. Beginning in the second half of 2008, in order to combat the impact of the global economic slowdown, the PRC government adopted measures to encourage domestic consumption in the residential property market and support property development. The PRC government is expected to revise or terminate such favorable policies according to changes in market conditions. For example, in December 2009 and January 2010, the PRC government adjusted some of its policies in order to enhance regulation in the property market, restrain property purchases for investment or speculation purposes and keep property prices from rising too quickly in certain cities. In December 2009, the PRC government abolished certain preferential treatment relating to business taxes payable upon transfers of residential properties by property owners. In January 2010, the PRC government imposed more stringent requirements on mortgage loans by requiring purchasers who have already purchased a residence through mortgage financing to pay a minimum down payment of 40% of the purchase price for any additional residences. In April 2010, the State Council issued a notice, which, among other things, provides that the minimum down payment for the first property that is larger than 90 sq.m. shall be not less than 30% of the purchase price, down payment for the second property bought with mortgage loans shall be not less than 50% of the purchase price and the loan interest rate shall be not lower than 110% the benchmark lending rate published by the PBOC. In certain areas where commodity residential properties are in short supply and prices rise too quickly, the banks may suspend mortgage loans for the third or further properties bought by mortgage applicants or to non-residents who cannot provide any proof of tax or social insurance payment for more than one year. To strengthen property market regulation and enhance the implementation of these existing policies, on September 29, 2010, the PBOC and China Banking Regulatory Commission, or CBRC, jointly issued a notice according to which the minimum down payment has been raised to 30% for all first home purchases, and commercial banks throughout China are required to suspend mortgage loans for purchases of a customer's third parcel of residential property and beyond. In November 2010, Ministry of Housing and Urban Construction and the SAFE jointly issued a notice on restriction to sales of properties in the PRC by foreign individuals and foreign entities. According to this notice, a foreign individual may purchase only one self-use residential property within the PRC, and foreign entities which have established branches or representatives within the PRC may purchase only non-residential properties for office use in the registered city. On January 26, 2011, the State Council issued a notice according to which the minimum down payment was raised to 60% of the purchase price for second home purchases with the minimum mortgage interest rate at 110% of the benchmark rate. In October 2011, a number of PRC domestic banks raised the mortgage rates for first-time home buyers by 5% to 10%. In addition, due in large to the PRC government's credit tightening policies, the bank approval process for a mortgage loan application in 2011 generally took longer than before. We cannot assure you that the PRC government will not adopt more stringent industry policies, regulations and measures in the future. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes disrupt our business or cause us to incur additional costs, our business, prospects, cash flows and results of operations may be materially and adversely affected.

We face competition from other trade centers and other property developers.

We face competition from other trade centers in China, particularly in Guangdong Province with regard to China South City Shenzhen. The greatest concentration of similar trade centers in China is in the Greater Pearl River Delta, the Yangtze River Delta and the Bohai-Ring region near Beijing. The finished and unfinished goods featured at these competing trade centers include textile and clothing, leather and accessories, electronic accessories, printing and finished goods, paper and packaging and metals, chemicals and plastics that compete with the finished and unfinished goods featured at China South City Shenzhen. In addition, there may be an increase in supply of trade centers in the Greater Pearl River Delta and elsewhere in China, such as Nanchang, Nanning, Xi'an, Harbin and Zhengzhou, in the future. Each of Guangxi Zhuang Autonomous Region, Jiangxi Province, Shaanxi Province, Heilongjiang Province and Henan Province also has numerous trade centers varying in size and type of industries represented. The competition may limit our ability to attract and retain tenants and buyers and may reduce the rents or prices we are able to charge. We cannot assure you that we will compete effectively against other trade center operators.

In addition, we expect to increase the proportion of residential properties in our properties under development and planned for future development in Nanchang, Nanning, Xi'an, Harbin and Zhengzhou. As a result, we will face increasing competition in the future from residential and other property developers. We expect competition among property developers for land reserves that are suitable for property development to remain intense. In addition, PRC governmental land supply policies and implementation measures may further intensify competition for land in China among property developers. The increasing number of property developers and the intensity of competition among property developers for land, financing, raw materials, skilled management and labor resources may result in increased costs for land acquisition, an over-supply of properties for sale, a decrease in property prices and a slowdown in the rate at which new property developments are approved by governmental authorities. Our inability to compete effectively could materially and adversely affect our business, prospects, cash flows, financial condition and results of operations.

Demand for our trade centers and residential properties may continue to be negatively affected by the recent financial market and economic crisis.

For the past three years, the economies of the United States, Europe and certain countries in Asia experienced a severe and prolonged recession and China experienced a slowdown in overall economic growth, which has led to a reduction in economic activity, and in particular the growth of the economy in the Greater Pearl River Delta region was negatively impacted. In this regard, the financial crisis had a negative impact on exports by manufacturers, including industrial suppliers, which are our principal tenants. These factors affected us by contributing to an increase in delinquencies by trade center tenants and a slowdown in the growth of our occupancy rate for Phase One of China South City Shenzhen. While some economies have resumed growth, there remains the risk that the recovery will be short-lived. Moreover, in the second half of 2011, the European sovereign debt crisis worsened and international financial markets experienced significant volatility. In this regard, following GDP growth of 10.4% in 2010 and 9.2% in 2011, according to statistics published by the National Bureau of Statistics of the PRC, the PRC lowered its GDP growth target for 2012 to 7.5% in the face of continuing global turbulence and pressing domestic demand for economic restructuring. In the first quarter of 2012, the PRC's GDP grew at an annualized rate of 8.1%, according to statistics published by the National Bureau of Statistics of the PRC. Any deterioration in economic conditions could have a material adverse effect on our business in a number of ways. For example, current and potential tenants and purchasers of trade center and residential units may be unable to sustain their business operations or make agreed upon rental or purchase payments for trade center or residential units, all of which could lead to a reduced demand for our trade center units, reduce our profit margins and delay our receipt of rental and purchase payments. In addition, a deterioration in economic conditions could depress demand for properties and reduce our average sales prices of our trade center units and residential properties. Furthermore, a deterioration of conditions in the banking system and financial markets could result in a severe tightening in credit and equity markets, which may adversely affect the availability, terms and cost of borrowings for us and our customers, including financings necessary to complete our properties under development in Nanchang, Nanning and Xi'an and our properties planned for future development in Harbin and Zhengzhou. In response to a rapid increase in liquidity in the PRC market and the rapid growth in certain industries, such as the real estate industry, as a result of the implementation of fiscal stimulus measures by the PRC government in response to the economic crisis, the PRC government later implemented a number of measures to control such increase and growth, including raising interest rates and the statutory deposit reserve ratios applicable to PRC commercial banks and monitoring overall growth in bank lending. Any of these factors may adversely affect our business, prospects, cash flows, financial condition and results of operations.

We may not be able to obtain qualification certificates, or extend or renew qualification certificates, for real estate development.

Because our subsidiary, China South International, is not treated as a domestic real estate developer, it does not require a long-term (two year) qualification certificate, which is normally granted to domestic real estate developers. The Shenzhen Municipal Bureau of Land Resources and Housing Management has, in the past, granted a short-term qualification certificate to China South International confirming that China South International is allowed to undertake the development of properties necessary for its integrated logistics and trade center operations, provided that such property development operations occur within the site area of China South City Shenzhen. In June 2012, China South International obtained an annual renewal of the short-term qualification certificate.

Although we have successfully renewed this qualification certificate in the past, the final decision with respect to future applications is at the discretion of the local authorities. As a result, we cannot assure you that China South International will be able to renew the qualification certificate in a timely manner, or at all. Our project company in Nanchang has obtained the domestic real estate developer certificate from Nanchang local government authorities in September 2012. In addition, as of the date of this offering memorandum, our project company in Nanning is applying for the domestic real estate developer certificate with the Nanning local government authorities. If our project companies are unable to obtain or renew qualification certificates, they may not be permitted by the PRC government to continue to engage in property development activities associated with the development of their integrated logistics trade center businesses, which would materially and adversely affect our business, prospects, cash flows, results of operations and financial condition.

We face risks associated with the use of debt to fund developments and working capital, including refinancing risk and foreclosure risk.

We rely on debt financing, including borrowings secured by buildings, investment properties, properties under development and rental properties to finance our development activities and for general working capital purposes. We are subject to the risks normally associated with debt financing. If principal payments due at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity or debt capital, our cash flows may not be sufficient to repay all maturing debt. If prevailing interest rates or other factors at the time of any refinancing result in higher interest rates, increased interest expense would adversely affect our ability to service our debt and our financial condition and results of operations. If we are unable to obtain or refinance our debt, our business, prospects, cash flows, financial condition and results of operations could be adversely affected.

Our business may be adversely affected by increases in interest rates and reserve requirement ratios.

We rely on borrowings to finance a substantial part of our project developments. Prior to the Notes offering, our borrowings primarily consisted of loans from commercial banks in China. Many of our customers also finance their purchases of trade center units and residential properties through loans. The current PBOC benchmark one-year lending rate, in effect since July 6, 2012, is 6.0%, and reserve requirement ratios, which took effect on May 18, 2012, range from 16.5% to 20.0%. Increases in bank reserve requirement ratios may reduce the amount of funds available to commercial banks in the PRC to lend to businesses, including us, or to consumers to finance property purchases. Increases in interest rates increase our finance costs. Moreover, interest rate volatility can make it difficult for us to make plans and implement our strategies and can deter potential trade center unit buyers. Any of these factors may have a material and adverse effect on our business, prospects, cash flows, financial condition and results of operations.

We may not be successful in expanding into the new geographic regions that we target or in developing our new projects.

We are developing projects in new geographical locations outside Shenzhen, including Nanchang, Nanning, Xi'an, Harbin and Zhengzhou. Our properties under development are different in scale and scope from our completed properties in terms of targeted customers and industry segments. For example, we plan to have new trade centers focusing on furniture, motor vehicles and electronics industries in Phase Three of China South City Shenzhen. We may not be successful in expanding into the new geographic regions that we target or in developing our new projects. In addition, our experience in Shenzhen may not be applicable to Nanchang, Nanning, Xi'an, Harbin or Zhengzhou, or to other provinces and cities where we may develop projects in the future. These cities may differ from Shenzhen in terms of the level of economic development, transportation infrastructure, regulatory practices, quality of contractors, business practices and customer tastes, behavior and preferences. If we are not able to adapt our business model to other geographical locations, our business and growth prospects would be materially and adversely affected.

Our founding shareholders have substantial influence over us and their interests may not be aligned with the interests of our creditors, including the holders of the Notes.

Our founding shareholders have substantial influence over our business, including decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. The interests of our founding shareholders may not be consistent with our interests or those of our creditors, including the holders of the Notes, and our founding shareholders may cause us to enter into transactions or take, or omit to take, other actions or make decisions that conflict with the best interests of our creditors, including holders of the Notes.

We depend on our founding shareholders, and our business and growth prospects may be severely disrupted if we lose the support and service of all or any one of them.

Our success and growth depends on the efforts of our founding shareholders, two of whom are also our executive directors. Our founding shareholders are critical to our success because of their strategic vision and their industry knowledge and relationships. If we were to lose their support, our relationships with lenders, government officials, potential tenants and industry personnel could be adversely affected. We may not be able to replace a founding shareholder easily or at all. As a result, the loss of any of our founding shareholders, whether because any one or more of them become unwilling to continue in their present capacities with us, develop disagreements, leave to join a competitor or form a competing business, or other reasons, would severely disrupt our business and growth prospects.

We depend on our senior management and other important staff members, as well as on our ability to attract and retain qualified management personnel.

We depend on the efforts and skill of our senior management and other important staff members. For a description of our senior management and other important staff members, see "Management." As a result, our future success depends to a significant extent on the continuing service and coordination of these individuals, who are not obligated to remain employed with us.

Our success also depends on our ability to identify, hire, train and retain suitably skilled and qualified employees with requisite industry expertise. The loss of any member of our senior management team or our other key employees could have a material adverse effect on our business if we are unable to find suitable replacements in a timely manner. Competition for such personnel is intense, and any failure to recruit and retain the necessary personnel or the loss of a significant number of employees at any time could harm our business and prospects.

We may suffer losses caused by natural disasters, and these losses may not be fully covered by insurance.

Our business may be adversely affected due to the occurrence of typhoons, severe storms, earthquakes, floods, wildfires or other natural disasters or similar events in the areas where we develop and operate our trade centers. Although we carry insurance on our properties with respect to specified catastrophic events of types and in amounts and with deductibles that we believe are in line with coverage customarily obtained by owners of similar properties, we cannot guarantee you that our insurance coverage is sufficient to cover potential losses, and there are other types of losses, such as from war, nuclear contamination, tsunami, pollution and acts of terrorism, for which we cannot obtain insurance at a reasonable cost or at all. Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital invested in a property, as well as the anticipated future revenues from the property. Nevertheless, we would remain obligated for any bank borrowings or other financial obligations related to the property. It is also possible that third-party insurance carriers will not be able to maintain reinsurance sufficient to cover any losses that may be incurred. Any material uninsured loss could materially and adversely affect our business, prospects, cash flows, financial condition and results of operations.

In addition, we usually have to renew our insurance policies every year and negotiate acceptable terms for coverage, exposing us to the volatility of the insurance markets, including the possibility of rate increases. We regularly monitor the state of the insurance market, but we cannot anticipate what coverage will be available on commercially reasonable terms in future policy years. Any material increase in insurance rates or decrease in available coverage in the future could adversely affect our business, prospects, cash flows, financial condition and results of operations.

Potential liability for environmental problems could result in substantial costs.

We are subject to a variety of environmental laws and regulations during the construction of our development projects. The particular environmental laws and regulations which apply to any given project development site vary greatly according to the site's location, the site's environmental condition, the present and former uses of the site, as well as adjoining properties. Environmental laws and conditions may result in project delays, may cause us to incur substantial compliance and other costs and can prohibit or severely restrict project development activity in environmentally sensitive regions or areas. In addition, we cannot predict the impact that unforeseeable environmental contingencies or new or changed laws or regulations may have on us or our trade center projects.

As required by PRC law, independent environmental consultants have conducted environmental impact assessments at all of our construction projects. Although the environmental investigations conducted to date have not revealed any material environmental liability, it is possible that these investigations did not reveal all environmental liabilities or their extent, and there may be material environmental liabilities of which we are unaware. Upon completion of each project, the relevant environmental authorities will inspect the site to ensure compliance with all applicable environmental standards and prepare a report to confirm such compliance. In the past, we experienced delays in completing environmental inspections for our hotel and restaurant at China South City Shenzhen. For further information, see "Business — Environmental Matters." In order to comply with applicable environmental laws, rules and regulations, we have adopted certain measures to improve our internal control procedures. However, we cannot assure you that such internal control procedures will be effective in preventing noncompliance. If any portion of our projects is found to be non-compliant with relevant environmental standards or if we are unable to obtain necessary licenses for releasing contaminants, we may be subject to suspension of a portion of our operations as well as fines and penalties.

Any failure to protect our brand and trademarks could have a negative impact on our business.

We have registered the trademark 華南城, "**华南城**" (China South City) and its logo with the Trade Marks Registry in Hong Kong and the PRC Trademark Office under various categories relating to metals, textiles, machines, electronics and many other categories. Any unauthorized use of our brands, trademarks, trade names and other intellectual property rights could harm our business. We cannot assure you that our trade names or trademarks will not be subject to infringement in the future. Any unauthorized or inappropriate use of our trade names or trademarks could harm our market image and reputation. If we are unable to adequately protect our brand, trademarks, trade names and other intellectual property rights, we may lose these rights and our business, prospects, cash flows, financial condition and results of operations may be materially and adversely affected.

The discovery of cultural relics at a construction site could result in the delay or abandonment of a property development project.

Xi'an and Zhengzhou were ancient, political, economic and cultural centers in China, and Xi'an and Zhengzhou are home to a large quantity of valuable cultural relics and historic sites. Under PRC law, if any cultural relics are discovered beneath our development sites during our construction process, such discovery must be immediately reported to the local department of cultural relics administration and construction must be immediately suspended or partly suspended for archaeological surveying. If an underground discovery is classified as "highly valuable" by archaeologists and a parcel of land is considered to be of public interest by reason of its historical or archaeological significance, the parcel of land has to be returned to the government and the entire project has to be relocated. Although the government is required to compensate a property developer for a parcel of land returned to it for archaeological purposes, we cannot assure you that such compensation will be sufficient to cover the full amount of the land grant fees paid, any other expenses incurred by the developer in connection with the relevant site or consequential damages. If any historic relics are discovered under any of the construction sites in the future at the Xi'an project, the completion of the projects may be delayed or we may even be required to return the relevant parcels of land to the government, which may materially and adversely affect our business, prospects, cash flows, financial condition and results of operations.

We may not be able to successfully manage our growth.

We anticipate expanding the scope of our operations significantly in the coming years. Managing our growth and implementing necessary internal controls will continue to result in substantial demands on our management, operational and other resources. Managing our future growth will require us to, among other things:

- recruit, train, manage and appropriately expand our managerial, accounting, internal audit, engineering, technical, sales and other human resources and other components of our business on a timely and effective basis;

- develop or acquire sufficient internal sources of liquidity or access to additional financing from external sources;

- manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties; and

- strengthen, implement and maintain our internal controls and compliance functions to ensure that we are able to comply with our legal and contractual obligations and reduce our operational and compliance risks.

We cannot assure you that we will be able to manage our expanding operations effectively or that we will be able to continue to grow. Our expansion plans may also adversely affect our existing operations and thereby have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations.

Sales of our properties are subject to land appreciation tax and income tax.

Our sales of trade center units are subject to land appreciation tax in the PRC. In addition, sales of residential properties in our properties planned for future development may be subject to land appreciation tax. Land appreciation tax is payable on the gain, representing the balance of the proceeds received on such sale, after deducting various prescribed items, including sums paid for acquisition of land use rights, the direct costs and expenses of the development of the land and construction of buildings and supplementary facilities or the appraised price of any previous buildings and structures existing on the land and taxes related to the assignment of the real property. Under applicable PRC laws and regulations, land appreciation tax is chargeable on the gain at progressive rates ranging from 30% to 60%. Property developers enjoy a deduction which is equal to 20% of the sums paid for acquisition of land use rights and the direct costs of land development and construction of new buildings and supplementary facilities. On May 25, 2010, Notice of the State Administration of Taxation on Strengthening the Collection of Land Appreciation Tax (關於加强土地增值税徵管工作的通知) was issued by the State Administration of Taxation. The notice requires that, except for affordable residential housing, the land appreciation prepayment tax rate in the eastern provinces shall not be lower than 2%, while such prepayment tax rate shall not be lower than 1.5% in central and northeast provinces and 1% in western provinces.

The Shenzhen municipal tax authority started to impose the land appreciation tax in November 2005. The land appreciation prepayment tax rate in Shenzhen has been adjusted several times by the Shenzhen municipal tax authority. On August 1, 2010, according to the most recent adjustment, the land appreciation prepayment tax rates in Shenzhen have been raised to 2%, 4% and 3% for each of "ordinary standard housing facilities," "villas" and "other types of property," respectively. In the fiscal years ended March 31, 2010, 2011 and 2012, we made provisions for land appreciation tax in the amount of HK$269.6 million, HK$284.2 million and HK$403.2 million, respectively. Likewise, we are required under local regulations to pay provisional land appreciation tax in other regions or cities when we start to pre-sell or sell our property developments in these regions or cities. Generally, the provisional land appreciation tax rates in these cities range from 0.5% to 5.0% of the pre-sale proceeds, depending on the type and location of the pre-sold properties. Our cash flows and financial condition will be affected if the PRC tax authorities proceed to collect the land appreciation tax for which we have made provisions. In addition, provisioning for land appreciation tax requires our management to use a significant amount of judgment with respect to the appreciation of land value and the allowability of deductible items for income tax purposes. If the land appreciation tax provisions we have made are substantially lower than the actual land appreciation tax amounts assessed by the tax authorities, our results of operations, financial condition and cash flows will be materially and adversely affected.

The implementation of the PRC Enterprise Income Tax Law may significantly increase our income tax expenses.

On March 16, 2007, the PRC National People's Congress, the PRC legislature, adopted a new tax law, the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法) (the "Enterprise Income Tax Law"), which became effective January 1, 2008. On December 6, 2007, the State Council issued the Implementation Regulations of the EIT Law (the "Implementation Regulations"), which also became effective January l, 2008. The EIT Law imposes a uniform tax rate of 25% for all enterprises incorporated or resident in China, including foreign-invested enterprises, and eliminates many tax exemptions, reductions and preferential treatments formerly applicable to foreign-invested enterprises. However, the EIT Law grandfathers preferential tax treatments for foreign-invested enterprises established before March 16, 2007. The applicable tax rate for foreign-invested enterprises that are currently enjoying the preferential tax rate of 15% were gradually phased into the new 25% tax rate during a five-year transitional period commencing in 2008. Accordingly, our subsidiaries in Shenzhen that were established before March 16, 2007 had enjoyed a preferential rate, which was gradually phased to the unified tax rate of 25% over the transitional period, which expired in 2012. Accordingly, for the year ended March 31, 2012, the EIT rate applicable to each of our subsidiaries in Shenzhen was 25%, and our corporate income tax increased as a result. A sudden increase in tax rates on our PRC subsidiaries or a demand by the relevant tax authority for retroactive payment of taxes may materially adversely affect our financial condition, prospects, cash flows and results of operations.

Under the EIT Law and Implementation Regulations, if we are deemed to be a non-PRC tax resident enterprise without an office or premises in the PRC, a withholding tax at the rate of 10% will be applicable to any dividends paid to us by our PRC subsidiaries, unless we are entitled to reduction or elimination of such tax, including by tax treaty. According to an avoidance of double taxation arrangement between the PRC and Hong Kong, dividends paid by a foreign-invested enterprise in China to a shareholder incorporated in Hong Kong will be subject to withholding tax at a rate of 5% if the Hong Kong shareholder directly holds a 25% or more interest in the PRC enterprise. We cannot assure you, however, that the current tax treaties in place between the PRC and Hong Kong will remain in place or that we will continue to be able to enjoy a reduced withholding tax on dividends we receive from our PRC subsidiaries.

Any occurrence or recurrence of severe acute respiratory syndrome, or SARS, avian influenza, influenza H1N1 or other widespread public health problems could adversely affect our business, prospects, cash flows, financial condition and results of operations.

In 2003, there was an outbreak of SARS in Hong Kong, China, other Asian countries and Canada. The SARS outbreak had a significant adverse impact on the economies of many of the countries affected. During the SARS outbreak, certain segments of the real estate markets in Hong Kong and China, including the Greater Pearl River Delta, experienced declining average occupancy rates, sale prices and rental rates. The occurrence of SARS in Guangdong Province in 2003 was estimated by the Department of Statistics of Guangdong Province to have lowered the province's GDP by 1.2%. There have been media reports regarding the spread of the H5N1 virus, or avian influenza, among birds and in particular poultry, as well as some isolated cases outside Hong Kong and China of transmission of the virus to humans. The World Health Organization in June 2009 raised its pandemic alert level to 6, its highest level, in response to an outbreak of influenza A caused by the H1N1 virus that resulted in a number of confirmed cases worldwide. We cannot assure you that there will not be a serious outbreak of a contagious disease in the PRC in the future. A renewed outbreak of SARS, avian influenza, influenza H1N1 or other widespread public health problems in the PRC could have a material adverse effect on the PRC economy and its property market generally, and on our business, prospects, cash flows, financial condition and results of operations.

We may be subject to delays, fines or forfeitures of land if we do not develop such land in compliance with the terms of the underlying land grant contract.

Under PRC law, if a developer fails to develop land according to the terms of the underlying land grant contract (including terms relating to land use, payment of fees or the time for commencement and completion of development), the relevant land administration authorities may issue a warning to or impose a penalty on the developer or require the developer to forfeit the land. In addition, development not in accordance with land grant contracts may result in the breach of applicable PRC laws or regulations, orders to cease work, delays in completion, delays in the commencement of pre-sales or sales or orders to demolish non-conforming structures, among other consequences. Furthermore, the amendment of land grant contracts may result in payments of additional land grant fees. We cannot assure you that circumstances leading to delays, fines or possible forfeiture of land will not occur in the future. For example, we have one parcel of land at China South City Nanning with a site area of approximately 450,000 sq.m., a portion of which we have developed for residential use instead of warehouse use, as set forth in the related land grant contract. We have received a letter from the Nanning municipal government acknowledging our application to change the status of the land. In addition, we have received a letter from the Nanning Jiangnan district government and have entered into a supplemental agreement to our Nanning project master agreement clarifying that the Jiangnan district government has agreed to (1) our application for the conversion of the relevant land use rights from warehouse to residential use and (2) assist us in the conversion of the land use rights to supporting commercial and residential use. If we are successful in converting this land to residential use, we may be required to pay additional land grant fees. However, pursuant to the letter provided by the Jiangnan district government and the supplemental agreement to our Nanning project master agreement, the Jiangnan district government has agreed to provide additional funding for the development of the infrastructure within the Nanning project. Based on the supplemental agreement, the letters provided by the Nanning municipal and Jiangnan district officials and the opinion of our PRC legal counsel, we do not believe we will be subject to material delays, material fines or forfeitures of land in relation to the development of this parcel of land. However, unless and until we obtain government approvals to convert the land use rights for this land, we cannot assure you that we will be able to develop or sell this parcel of land for residential use.

In addition, although the local government is responsible in the master agreement, the corresponding supplementary agreements and the land grant contracts for relocating existing residents on the land and associated relocation expenses, the local government may experience delays in its negotiation process with the original occupants of the land which may result in delays in the development of our properties under development and planned for future development in Nanning, Xi'an, Harbin and Zhengzhou. With respect to our properties under development and planned for future development in Nanning, Xi'an, Harbin and Zhengzhou, we will be responsible for land payments only following the successful relocation of existing residents by and at the cost of the local government.

The construction business and the property development business are subject to claims under statutory quality warranties.

Under the relevant regulation of construction quality in PRC, all property development companies in the PRC must provide certain quality warranties for the properties they develop or sell. We are required to provide these warranties to our customers. We may sometimes receive quality warranties from our third-party contractors with respect to our development projects. If a significant number of claims are brought against us under our warranties and if we are unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, we could incur significant expenses to resolve such claims or face delays in correcting the related defects, which could in turn harm our reputation and have a material and adverse effect on our business, prospects, financial condition and results of operations.

Risks Relating to Doing Business in the PRC

Economic, political and social conditions, as well as government policies in China could have a material adverse effect on our business, prospects, cash flows, results of operations and financial condition.

All of our business is conducted in, and all of our revenues are derived from, China. Accordingly, our business, prospects, cash flows, financial condition and results of operations are, to a significant degree, subject to economic, political and social developments in China.

The economy of China differs from the economies of most developed countries in many respects, including, but not limited to: structure; governmental involvement; level of development; growth rate of GDP; capital re-investment; allocation of resources; control of foreign currency; and rate of inflation.

The economy of China has been transitioning from a planned economy to a market-oriented economy. Although in recent years the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, a substantial portion of productive assets in China is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industries by imposing industrial policies. It also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

Policies and measures taken by the PRC government to regulate the economy and guide the allocation of resources may benefit the overall economy of China but could have a significant negative impact on our business. For example, our business, prospects, cash flows, results of operations and financial condition may be materially and adversely affected by:

- government control over capital investment;
- new laws and regulations and the interpretations of those laws and regulations;
- the introduction of measures to control inflation or regulate growth;
- changes in interest rates and statutory reserve rates for banks and government control of bank lending activities;
- changes in the rate or method of taxation and tax regulations that are applicable to us; and
- the imposition of additional restrictions on currency conversions and remittances abroad.

The PRC legal system has inherent uncertainties that could negatively impact our business.

Our business is operated through, and our revenues are generated by, our operating subsidiaries in the PRC. Substantially all of our assets are located in the PRC. The PRC legal system is a civil law system based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, the PRC government has issued laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, because these laws and regulations are relatively new, and because of the limited volume of published cases and their nonbinding nature, the interpretation and enforcement of these laws and regulations may involve uncertainties and may not be as consistent or predictable as in other more developed jurisdictions. Furthermore, the legal protections available to us under these laws and regulations may be limited. Any litigation or regulatory enforcement action in China may be protracted and could result in substantial costs and diversion of resources and management attention.

Fluctuation in the exchange rates of the Renminbi may have a material adverse effect on us and on your investment.

The exchange rates between the Renminbi, the U.S. dollar and other foreign currencies is affected by, among other things, changes in China's political and economic conditions. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar. Under the new policy, the Renminbi is pegged against a basket of currencies, determined by the PBOC, against which it can fluctuate within a narrow and managed band based on market supply and demand and by reference to a basket of currencies. This change in policy has resulted in a significant appreciation of the Renminbi against the U.S. dollar. There remains significant international pressure on the PRC government to adopt a more flexible currency policy. On June 20, 2010, the PBOC announced its intention to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate, which could result in a further and more significant appreciation of the Renminbi against the U.S. dollar or other foreign currency.

Substantially all of our revenues are generated by our PRC operating subsidiaries and are denominated in Renminbi. We rely on dividends paid by our operating subsidiaries, which in turn will be used by us to pay interest on the Notes. To the extent that we need to convert the proceeds from this offering and future financing into the Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would reduce the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments of interest and certain other amounts on the Notes or for other business purposes, appreciation of the U.S. dollar against the Renminbi would reduce the U.S. dollar amount available to us.

Governmental control over currency conversion may limit our ability to utilize our cash effectively and potentially affect our ability to pay interest to Noteholders.

We currently receive substantially all of our revenues in Renminbi through our ownership and operation of China South City Shenzhen. However, certain of our expenses, including labor costs for our employees in Hong Kong, rental expenses for our office space in Hong Kong and advertising expenses for advertising in Hong Kong and overseas media are denominated in foreign currencies, mostly Hong Kong dollars and U.S. dollars. The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade related transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from SAFE or its local branch is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions.

Under our current corporate structure, our Company's income is derived from dividend payments from our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency-denominated obligations. 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 interest to Noteholders. In addition, because a significant amount of our future cash flows from operations will be denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to purchase goods and services outside of China or otherwise fund our business activities that are conducted in foreign currencies.

We may be deemed a PRC resident enterprise under the Enterprise Income Tax Law and thus be subject to PRC taxation on our worldwide income and be obligated to withhold PRC income tax on payment of interest and certain other amounts on Notes.

Under the EIT Law enacted by the National People's Congress in March 2007, enterprises established under the laws of foreign countries or regions whose "de facto management bodies" are located within the PRC are considered "resident enterprises" for PRC tax purposes and will generally be subject to the EIT at the rate of 25% on their global income. The implementation rules of the EIT Law define the term "de facto management body" as a management body that exercises full and substantial control and management over the business, personnel, accounts and properties of an enterprise. The State Administration of Taxation promulgated a circular in April 2009 which specifies certain criteria for the determination of the "de facto management bodies" for foreign enterprises that are controlled by PRC enterprises or PRC enterprise groups. However, there have been no official implementation rules regarding the determination of the "de facto management bodies" for enterprises established offshore by private individuals or foreign enterprises like us. Substantially all of our management is currently located in the PRC. If we are treated as a PRC resident enterprise for income tax purposes, we will be subject to income tax at the rate of 25% on our global income. Furthermore, we would be obligated to withhold PRC income tax of up to 7%, subject to approval by the relevant tax authorities, on payments of interest and certain other amounts on the Notes to investors that are non-resident enterprises located in Hong Kong or 10% on payments of interest and other amounts on the Notes to investors that are non-resident enterprises located outside Hong Kong, because the interest and other amounts would be regarded as being derived from sources within the PRC. If we fail to make proper withholdings, we may be subject to fines and other penalties. Similarly, any gain realized by such nonresident enterprise investor from the transfer of the Notes would be regarded as being derived from sources within the PRC and accordingly would be subject to a 10% PRC tax.

We will be able to redeem the Notes in whole at a redemption price equal to 100% of their principal amount plus accrued and unpaid interest in the event we are required to pay additional amounts because we are treated as a PRC "resident enterprise."

In the event we are treated as a PRC "resident enterprise" under the EIT Law, we may be required to withhold PRC tax on interest payable to certain of our non-resident investors. In such case, we will, subject to certain exceptions, be required to pay such additional amounts as will result in receipt by a holder of a Note of such amounts as would have been received by the holder had no such withholding been required. As described under "Description of the Notes — Redemption for Taxation Reasons," in the event we are required to pay additional amounts as a result of certain changes in or interpretations of tax law, including any change or interpretation that results in our being required to withhold tax on interest payments as a result of our being treated as a PRC "resident enterprise," we may redeem the Notes at a redemption price equal to 100% of their principal amount plus accrued and unpaid interest.

We may face PRC regulatory risks relating to our Share Option Scheme.

On March 28, 2007, the SAFE issued the *Application Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Holding Plan or Stock Option Plan of Overseas-Listed Company*, or the Stock Option Rules.

Under the Stock Option Rules, PRC citizens who are granted stock options and other types of stock-based awards by an overseas publicly listed company are required, through an agent of the overseas publicly listed company, generally its PRC subsidiary or a financial institution, to obtain approval from the local SAFE branch.

If we are unable to comply with these rules, we may be subject to the relevant penalties and may become subject to more stringent review and approval processes with respect to our foreign exchange activities, such as our PRC subsidiaries' payment of dividends to us or borrowing of foreign currency loans, which would adversely affect our business and financial condition. None of the recipients of Share Options under our current Share Option Agreements are required to obtain approval from the local SAFE branch because none of these recipients is a PRC citizen. We may face regulatory risks relating to our Share Option Scheme, however, if we grant share options to PRC citizens in the future.

It may be difficult to effect service of process upon us or our directors or senior officers who reside in China or to enforce against them in China any judgments obtained from non-PRC courts.

A significant portion of our assets and our subsidiaries are located in the PRC. In addition, most of our directors and officers reside in the PRC, and the assets of our directors and officers may also be located in the PRC. As a result, it may not be possible to effect service of process outside the PRC upon most of our directors and officers, including with respect to matters arising under applicable securities laws. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in the PRC if that jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognized before in that jurisdiction, subject to the satisfaction of any other requirements. Our PRC legal adviser has advised us that the PRC does not have treaties providing for the reciprocal acknowledgement and enforcement of judgments of courts with the United States and most other western countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments of a court in any of these jurisdictions may be difficult.

Risks Relating to the Notes

We are a holding company and payments with respect to the Notes are structurally subordinated to liabilities, contingent liabilities and obligations of our subsidiaries.

We are a holding company with no material operations. We conduct our operations through our PRC subsidiaries, including jointly controlled entities and associates in the PRC. The Notes will not be guaranteed by any current or future PRC subsidiaries. Our primary assets are loans to and ownership interests in our PRC subsidiaries, which are held through the Subsidiary Guarantors and certain Non-Guarantor Subsidiaries. The Subsidiary Guarantors do not, and the JV Subsidiary Guarantors (if any) may not, have material operations. Accordingly, our ability to pay principal and interest on the Notes and the ability of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) to satisfy their obligations under the Subsidiary Guarantees or the JV Subsidiary Guarantees (as the case may be) will depend upon our receipt of principal and interest payments on the intercompany loans and distributions of dividends from our subsidiaries.

Creditors, including trade creditors of our Non-Guarantor Subsidiaries and any holders of preferred shares in such entities, would have a claim on our Non-Guarantor Subsidiaries' assets that would be prior to the claims of holders of the Notes. As a result, our payment obligations under the Notes will be effectively subordinated to all existing and future obligations of our Non-Guarantor Subsidiaries (including their obligations under guarantees issued in connection with our business), and all claims of creditors of our Non-Guarantor Subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the Notes. As of March 31, 2012, the total balance of our consolidated bank and other borrowings amounted to HK$4,773.4 million, and we had capital commitments of HK$5,861.3 million and contingent liabilities arising from guarantees of HK$431.5 million. The Notes, the 2011 Notes and their respective indentures permit us, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) and our Non-Guarantor Subsidiaries to incur additional indebtedness and issue additional guarantees, subject to certain limitations. In addition, our secured creditors or those of any Subsidiary Guarantor, or JV Subsidiary Guarantor (if any) would have priority as to our assets or the assets of such Subsidiary Guarantor or JV Subsidiary Guarantor (if any) securing the related obligations over claims of holders of the Notes.

Under the terms of the Notes, a Subsidiary Guarantee required to be provided by a subsidiary of the Company under the terms of the Notes may be replaced by a limited-recourse guarantee, or JV Subsidiary Guarantee, following the sale or issuance to a third party of a 20% to 49.9% equity interest in such subsidiary by its direct or indirect majority shareholders (subject to the satisfaction of certain conditions, including a cap on the non-guaranteed portion of the assets of all JV Subsidiary Guarantors in aggregate). Recovery under a JV Subsidiary Guarantee is limited to an amount equal to our proportional interest in the issued share capital of such Subsidiary Guarantor, or JV Subsidiary Guarantor, multiplied by the fair market value of the total assets in such JV Subsidiary Guarantor and its subsidiaries, on a consolidated basis, as of the date of the last fiscal year end of the Company. As a result, the amount that may be recovered by the Trustee pursuant to a JV Subsidiary Guarantee (compared to a Subsidiary Guarantee) is reduced, which in turn may affect your ability to recover any amounts due under the Notes.

We have incurred significant indebtedness and may incur substantial additional indebtedness in the future, which could adversely affect our financial condition and could further intensify the risks associated with our leverage.

We have significant indebtedness outstanding. As of March 31, 2012, our consolidated current bank loans and other loans and our consolidated non-current bank loans and other loans amounted to HK$2,740.3 million and HK$2,033.1 million, respectively. In addition, as of March 31, 2012, our consolidated capital commitments were HK$5,861.3 million. Furthermore, as of March 31, 2012, we had a principal amount of US$241.0 million (HK$1,871.5 million) of our 2011 Notes outstanding. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Indebtedness and Contingent Liabilities — Commitments and Contingent Liabilities — Capital Commitments."

In addition, we and our subsidiaries may from time to time incur substantial additional indebtedness and contingent liabilities. Although the indentures governing the Notes and the 2011 Notes restrict us and our Restricted Subsidiaries from incurring additional debt and contingent liabilities, these restrictions are subject to important exceptions and qualifications. If we or our subsidiaries incur additional debt, the risks that we face as a result of such indebtedness and leverage could intensify. The amount of our indebtedness could have important consequences to the Noteholders. For example, it could:

- limit our ability to satisfy our obligations under the Notes, the 2011 Notes and other debt;
- increase our vulnerability to adverse general economic and industry condition;
- require use to dedicate a substantial portion of our cash flows from operations to servicing and repaying indebtedness, thereby reducing the availability of our cash flows to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for or reacting to changes in the businesses and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- limit, along with the financial and other restrictive covenants of our indebtedness, our ability to borrow additional funds; and
- increase the cost of additional financing.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. If we are unable to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing existing indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms.

In addition, the terms of the indentures governing the Notes and the 2011 Notes prohibit us from incurring additional indebtedness unless (i) we are able to satisfy certain financial ratios or (ii) we are able to incur such additional indebtedness pursuant to any of the exceptions to the financial ratios requirements, and meet any other applicable restrictions. Our ability to meet our financial ratios may be affected by events beyond our control. We cannot assure you that we will be able to meet these ratios during the life of the Notes and the 2011 Notes. Certain of our other financing arrangements also impose operating and financial restrictions on our business. See "Description of Other Material Indebtedness." Such restrictions in the Indenture, the indenture governing the 2011 Notes, and our other financing arrangements may negatively affect our ability to react to changes in market conditions, take advantage of business opportunities, obtain future financing, fund required capital expenditures, or withstand a continuing or future downturn in our business. Any of these factors could materially and adversely affect our ability to satisfy our obligations under the Notes and other debt.

Our operations are restricted by the terms of the Notes, which could limit our ability to plan for or to react to market conditions or meet our capital needs, which could increase your credit risk.

The Indenture includes a number of significant restrictive covenants. These covenants restrict, among other things, our ability, and the ability of our Restricted Subsidiaries, to:

- incur or guarantee additional indebtedness and issue disqualified or preferred stock;

- declare dividends on capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of Restricted Subsidiaries;
- guarantee indebtedness of Restricted Subsidiaries;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- engage in any business other than permitted business;
- enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates; and
- effect a consolidation or merger.

These covenants could limit our ability to plan for or react to market conditions or to meet our capital needs. Our ability to comply with these covenants may be affected by events beyond our control, and we may have to curtail some of our operations and growth plans to maintain compliance.

If we are unable to comply with the restrictions and covenants in our current or future debt agreements or the indentures governing the Notes and the 2011 Notes, there could be an event of default under the terms of these agreements or such indentures, which could cause repayment of our debt to be accelerated.

If we are unable to comply with the restrictions and covenants in the indentures governing the Notes and the 2011 Notes or our current or future debt obligations and other agreements, there could be an event of default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to us, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some of our debt agreements, including the indentures governing the Notes and the 2011 Notes, contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Notes and the 2011 Notes, or result in a default under our other debt agreements, including the indentures governing the Notes and the 2011 Notes. If any of these events occur, we cannot assure you that our assets and cash flows would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us.

Our subsidiaries are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to us and our subsidiaries.

As a holding company, we depend on the receipt of dividends and the interest and principal payments on intercompany loans or advances from our subsidiaries, including our PRC subsidiaries, including our jointly controlled entities and associates in the PRC, to satisfy our obligations, including our obligations under the Notes and the 2011 Notes. The ability of our subsidiaries to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of our subsidiaries, applicable laws and restrictions contained in the debt instruments or agreements of such subsidiaries. For example, certain loan agreements of our subsidiaries contain covenants that limit their ability to pay dividends to us until the loans are repaid, or unless certain profit thresholds are satisfied, or, in certain cases, limit their ability to pay dividends to us if the amount of the dividends exceed 30% of their after-tax profits. In addition, if any of our subsidiaries raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such equity securities would not be available to us to make payments on the Notes. These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to meet our payment obligations under the Notes and the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees (as the case may be).

The ability of our subsidiaries in the PRC to pay dividends to their shareholders is subject to the requirements of PRC law. PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations. Such profits differ from profits determined in accordance with HKFRS in certain significant respects, including the use of different bases of recognition of revenue and expenses. Our PRC subsidiaries are also required to set aside a portion of their after-tax profits according to PRC accounting standards and regulations to fund certain reserves that are not distributable as cash dividends. In addition, starting from January 1, 2008, dividends paid by our PRC subsidiaries to their non-PRC parent companies have been subject to a 10% withholding tax, unless there is an avoidance of double taxation arrangement between the PRC and the jurisdiction in which the overseas parent company is incorporated, which specifically exempts or reduces such withholding tax. Pursuant to an avoidance of double taxation arrangement between Hong Kong and the PRC, if the non-PRC parent company is a Hong Kong resident and directly holds a 25% or more interest in the PRC enterprise, such restrictions tax rate may be lowered to 5%. However, according to a circular issued by the State Administration of Taxation in October 2009, tax treaty benefits will be denied to "conduit" or shell companies without business substance. As a result of such restrictions, there could be timing limitations on payments from our PRC subsidiaries to meet payments required by the Notes or satisfy the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees (as the case may be), and there could be restrictions on payments required to redeem the Notes at maturity or as required for any early redemption.

At present, our PRC subsidiaries are also required to pay a 7% withholding tax on the interest paid under any shareholder loans and to provide evidence of this and other documents before they can make payments of interest and principal on shareholder loans in foreign currency. See "— Risks Relating to Doing Business in the PRC — Governmental control over currency conversion may limit our ability to utilize our cash effectively and potentially affect our ability to pay interest to Noteholders."

As a result of the foregoing, we cannot assure you that we will have sufficient cash flows from dividends from our subsidiaries to satisfy our obligations under the Notes or the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees (as the case may be).

The terms of the Notes permit us to make investments in Unrestricted Subsidiaries and minority owned joint ventures.

In light of land prices, sizes of projects, the competitive landscape and other factors, we may from time to time consider developing property developments jointly with other property developers. As a result, we may need to make investments in joint ventures (including joint ventures in which we may own less than a 50% equity interest) and such joint ventures may or may not be Restricted Subsidiaries under the indenture governing the Notes. Although the indenture governing the Notes restricts us and our Restricted Subsidiaries from making investments in Unrestricted Subsidiaries or minority joint ventures, these restrictions are subject to important exceptions and qualifications. See the definition of "Permitted Investment" in "Description of the Notes."

We may not be able to repurchase the Notes and the 2011 Notes upon a Change of Control Triggering Event.

We must offer to purchase the Notes and the 2011 Notes upon the occurrence of a Change of Control Triggering Event, at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest. See "Description of the Notes" and "Description of Other Material Indebtedness — 2011 Notes."

The source of funds for any such purchase would be our available cash or third-party financing. However, we may not have sufficient available funds at the time of the occurrence of any Change of Control Triggering Event to make purchases of outstanding Notes and the outstanding 2011 Notes. Our failure to make the offer to purchase or to purchase the outstanding Notes and the outstanding 2011 Notes would constitute an Event of Default under the Notes and the 2011 Notes. The Event of Default may, in turn, constitute an event of default under other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If our other debt were to be accelerated, we may not have sufficient funds to purchase the Notes and the 2011 Notes and repay the debt.

In addition, the definitions of Change of Control Triggering Event for purposes of the indentures governing the Notes and the 2011 Notes do not necessarily afford protection for the holders of the Notes in the event of some highly leveraged transactions, including certain acquisitions, mergers, refinancing, restructurings or other recapitalizations. These types of transactions could, however, increase our indebtedness or otherwise affect our capital structure or credit ratings. The definitions of Change of Control Triggering Event for purposes of the indentures governing the Notes and the 2011 Notes also include a phrase relating to the sale of "all or substantially all" of our assets. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition under applicable law. Accordingly, our obligation to make an offer to purchase the Notes and the 2011 Notes and the ability of a holder of the Notes to require us to purchase its Notes pursuant to the offer as a result of a highly-leveraged transaction or a sale of less than all of our assets may be uncertain.

The insolvency laws of Hong Kong and the British Virgin Islands differ from U.S. bankruptcy law and the laws of other jurisdictions with which holders of the Notes are familiar.

Because our Company is incorporated in Hong Kong, an insolvency proceeding relating to us, even if brought in the United States, would likely involve Hong Kong insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of United States federal bankruptcy law. In addition, our Subsidiary Guarantors and JV Subsidiary Guarantors (if any) are incorporated or may be incorporated in the British Virgin Islands or Hong Kong, and the insolvency laws of the British Virgin Islands may also differ from the laws of the United States or other jurisdictions with which the holders of the Notes are familiar.

We conduct substantially all of our business operations through PRC-incorporated subsidiaries in China. The Subsidiary Guarantors, as equity holders in our PRC subsidiaries, are necessarily subject to the bankruptcy and insolvency laws of China in a bankruptcy or insolvency proceeding involving any of such PRC subsidiaries. Any JV Subsidiary Guarantors which become equity holders of our PRC Subsidiaries would also be subject to such laws. The PRC laws and regulations relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of the United States and other jurisdictions with which the holders of the Notes are familiar. You should analyze the risks and uncertainties carefully before you invest in our Notes.

A trading market for the Notes may not develop, and there are restrictions on resale of the Notes.

The Notes are a new issue of securities for which there is currently no trading market. Although we have received approval in-principle for the listing and quotation of the Notes on the Official List of the SGX-ST, we cannot assure you that we will obtain or be able to maintain a listing and quotation of the Notes on the SGX-ST, or that, if listed, a liquid trading market will develop. We have been advised that the Initial Purchasers intend to make a market in the Notes, but the Initial Purchasers are not obligated to do so and may discontinue such market making activity at any time without notice. In addition, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, you will only be able to resell your Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. See "Plan of Distribution." We cannot predict whether an active trading market for the Notes will develop or be sustained.

The ratings assigned to the Notes may be lowered or withdrawn in the future.

The Notes have been provisionally rated "B" by Standard and Poor's Ratings Services and "B2" by Moody's Investors Service. The ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. We cannot assure you that a rating will remain unchanged for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. We have no obligation to inform holders of the Notes of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of any rating assigned to the Notes may adversely affect the market price of the Notes.

Certain transactions that constitute "connected transactions" under the Listing Rules will not be subject to the "Limitation on Transactions with Shareholders and Affiliates" covenant.

Our shares are listed on the Stock Exchange and we are required to comply with the Listing Rules, which provide, among other things, that any transaction between a listed company or any of its subsidiaries, on the one hand, and a "connected person" of such listed company, on the other hand, is a "connected transaction" that, if the value of such transaction exceeds the applicable de minimis thresholds, will require the prior approval of the independent shareholders of such listed company. The definition of "connected person" to a listed company includes, among others, any 10% or more shareholder of (i) such listed company or (ii) any subsidiary of such listed company. The concept of "connected person" also captures "associates," which include, among others, (a) any subsidiary of such "connected person," (b) any holding company of such "connected person" and any subsidiary of such holding company, and (c) any company in which such entity or entities mentioned in (a) and (b) above taken together has/have the power to exercise control, directly or indirectly, of 30% or more of the voting power of such company.

The "Limitation on Transactions with Shareholders and Affiliates" covenant in the Notes only applies to transactions between the Company or any Restricted Subsidiary, on the one hand, and (x) any holder (or any Affiliate of such holder) of 10.0% or more of the shares of the Company or (y) any Affiliate of the Company, on the other hand. As such, transactions between the Company or any Restricted Subsidiary, on the one hand, and an Affiliate of any Restricted Subsidiary, on the other hand, will not be captured by such covenant, even though they may be connected transactions under the Listing Rules and subject to any requirements under the Listing Rules to obtain approval from independent shareholders. As a result, we are not required by the terms of the Notes to ensure that any such transactions are on terms that are fair and reasonable, and we will not need to deliver officers' certificates or procure the delivery of fairness opinions of accounting, appraisal or investment banking firms to the trustee of the Notes for any such transactions.

The liquidity and price of the Notes following the offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in our revenue, profit and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price of debt securities for comparable companies, government regulations and changes thereof applicable to our industry and general economic conditions in the PRC or internationally could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes. We cannot assure you that these developments will not occur in the future.

There may be less publicly available information about us than is available in certain other jurisdictions.

There may be less publicly available information about companies listed in Hong Kong than is regularly made available by public companies in certain other countries. In addition, our financial statements and the financial information in this Offering Memorandum are prepared and presented in accordance with HKFRS, which differ in certain significant respects from generally accepted accounting principles in other jurisdictions.

We will follow the applicable corporate disclosure standards for debt securities listed on the SGX-ST, which standards may be different from those applicable to debt securities listed in certain other countries.

We will be subject to reporting obligations in respect of the Notes to be listed on the Official List of the SGX-ST. The disclosure standards imposed by the SGX-ST may be different than those imposed by securities exchanges in other countries or regions such as the United States or Hong Kong. As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to.

The Notes will initially be held in book entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificate form and held through Euroclear and Clearstream. Interests in the Notes represented by the global certificate will trade in book entry form only, and notes in definitive registered form, or definitive registered notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book entry interests will not be considered owners or holders of the Notes. The nominee of the common depositary for Euroclear and Clearstream will be the sole registered holder of the global certificate representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global certificate representing the Notes will be made to the Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to accounts of participants that hold book-entry interests in the global certificate representing the Notes and credited by such participants to indirect participants. After payment to the nominee of the common depositary for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book entry interests. Accordingly, if you own a book entry interest, you must rely on the procedures of Euroclear and Clearstream or, if you are not a participant in Euroclear and Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of Noteholder under the Indenture.

Unlike the holders of the Notes themselves, owners of book entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from Noteholders. Instead, if you own a book entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an Event of Default under the Indenture, unless and until definitive registered notes are issued in respect of all book entry interests, if you own a book entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes.

Risks Relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral

Our initial Subsidiary Guarantors do not currently have significant operations and certain Subsidiary Guarantees may in some cases be replaced by limited-recourse guarantees.

We conduct substantially all of our business operations through our PRC subsidiaries, but none of our current PRC subsidiaries will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee either upon issuance of the Notes or at any time thereafter. No future subsidiaries that are organized under the laws of the PRC will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee at any time in the future. As a result, the Notes will be effectively subordinated to all the debt and other obligations, including contingent obligations and trade payables, of our PRC subsidiaries. Moreover, the charge over the shares of the offshore subsidiaries of the Company (the "Collateral") will not include the capital stock of our existing or future Non-Guarantor Subsidiaries.

The initial Subsidiary Guarantors that will guarantee the Notes do not have significant operations. In addition, the Subsidiary Guarantors also guarantee our obligations under the 2011 Notes. We cannot assure you that the initial Subsidiary Guarantors or any subsidiaries that may become Subsidiary Guarantors or JV Subsidiary Guarantors in the future will have the funds necessary to satisfy our financial obligations under the Notes and the 2011 Notes if we are unable to do so. See "— Risks Relating to the Notes — We are a holding company and payments with respect to the Notes are structurally subordinated to liabilities, contingent liabilities and obligations of our subsidiaries."

The Intercreditor Agreement may impair the ability of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors to pay amounts due under the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees, and the Intercreditor Agreement may limit the rights of the Noteholders to the Collateral.

Provided the Shared Security Agent is, to the extent requested, indemnified in respect of actions to be taken, it is required to take action to enforce the Collateral in accordance with the instructions of the secured creditors given under the Intercreditor Agreement. Any enforcement action taken by the Shared Security Agent will adversely affect our entitlement to receive proceeds from the Collateral, which will, in turn, have an adverse impact on the Company's ability to fulfill its payment obligations under the Notes. Further, our ability to pay under the Subsidiary Guarantees will be adversely affected.

The ability of the Noteholders to enforce the Collateral is restricted under the Intercreditor Agreement, as only the Shared Security Agent is permitted to take enforcement actions. If an event of default occurs under the Notes, any secured party under the Intercreditor Agreement, including the 2011 Notes Trustee, the Trustee or the holders of any Permitted Pari Passu Secured Indebtedness, may decide whether to take any enforcement action and thereafter, through the Trustee and/or the 2011 Notes Trustee (as the case may be), subject to the satisfaction of the conditions under the Intercreditor Agreement, may instruct the Shared Security Agent to take such enforcement action. In addition, by virtue of the instructions given to the Shared Security Agent described above, actions may be taken in respect of the Collateral that may be adverse to you. In such event, the only remedy available to the Noteholders would be to sue for payment on the Notes, the Subsidiary Guarantees, the JV Guarantees and the Collateral. For a description on the Intercreditor Agreement, see "Description of the Notes — Security — Intercreditor Agreement" and "— The value of the Collateral is unlikely to be sufficient to satisfy our obligations under the Notes, the 2011 Notes and other pari passu secured indebtedness."

The Shared Security Agent, acting in its capacity as such, will only have such duties with respect to the Collateral pledged, charged, assigned or granted pursuant to the Intercreditor Agreement and the Security Documents as are expressly set forth in the Intercreditor Agreement, and as Trustee in respect of the Notes and as 2011 Notes Trustee in respect of the 2011 Notes. Under certain circumstances, the Shared Security Agent may have obligations under the Security Documents or the Intercreditor Agreement and the underlying indentures that are in conflict with the interests of the holders of the Notes. The Shared Security Agent will not be under any obligation to exercise any rights or powers conferred under the Intercreditor Agreement or any of the Security Documents for the benefit of the holders of the Notes, unless the Shared Security Agent shall have received written instructions and to the extent requested, appropriate indemnification in respect of actions to be taken.

Security over the Collateral will not be granted directly to the holders of the Notes, and the Collateral will generally be shared with creditors under certain other financings.

Security over the Collateral for the obligations of the Company under the Notes and the Indenture will not be granted directly to the holders of the Notes but will be granted only in favor of the Shared Security Agent on behalf of the Trustee and the other secured parties under the Intercreditor Agreement. As a consequence, holders of the Notes will not have direct security and will not be entitled to take enforcement action in respect of the security for the Notes, except through the Shared Security Agent, which has agreed to apply any proceeds of enforcement on such security towards such obligations.

In addition, the Indenture provides that the Collateral will be shared equally and ratably among the holders of the 2011 Notes, the Notes and other future Permitted Pari Passu Secured Indebtedness. For a further discussion of the Intercreditor Agreement, see "Description of the Notes — Collateral — Intercreditor Agreement."

Because the Collateral will be shared equally and ratably with creditors under other financings, the full value of the Collateral will not be available to satisfy the Noteholders' claims. The Indenture also permits us to enter into certain future financings, and creditors under those future financings may share the Collateral pari passu with the holders of the Notes. See "Description of the Notes — Security — Permitted Pari Passu Secured Indebtedness" for a further discussion of the sharing of the Collateral with future financings. If creditors under future financings opt to share the Collateral under the Intercreditor Agreement, a smaller portion of the proceeds from the Collateral will be available to satisfy the Noteholders' claims, which could have a material adverse effect on the ability of the Noteholders to recover sufficient proceeds to satisfy their claims under the notes.

The Subsidiary Guarantees or JV Subsidiary Guarantees (if any) may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees or any JV Subsidiary Guarantees.

Under bankruptcy laws, fraudulent transfer laws, insolvency or unfair preference or similar laws in the British Virgin Islands, Hong Kong and other jurisdictions where future Subsidiary Guarantors or JV Subsidiary Guarantors (if any) may be established, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by, or when it gives, its guarantee:

- incurred the debt with the intent to hinder, delay or defraud creditors or was influenced by a desire to put the beneficiary of the guarantee in a position which, in the event of the guarantor's insolvency, would be better than the position the beneficiary would have been in had the guarantee not been given;

- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee;

- was insolvent or rendered insolvent by reason of the incurrence of such guarantee;

- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or

- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

The measure of insolvency for purposes of the foregoing will vary depending on the laws of the applicable jurisdiction. Generally, however, a guarantor would be considered insolvent at a particular time if it were unable to pay its debts as they fell due or if the sum of its debts was then greater than all of its properties at a fair valuation or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities in respect of its existing debts as they became absolute and matured.

In addition, a guarantee may be subject to review under applicable insolvency or fraudulent transfer laws in certain jurisdictions or subject to a lawsuit by or on behalf of creditors of the guarantor. In such case, the analysis set forth above would generally apply, except that the guarantee could also be subject to the claim that, since the guarantee was not incurred for the benefit of the guarantor, the obligations of the guarantor thereunder were incurred for less than reasonably equivalent value or fair consideration.

In an attempt to limit the applicability of insolvency and fraudulent transfer laws in certain jurisdictions, the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees (as the case may be) will be limited to the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor or JV Subsidiary Guarantor without rendering the guarantee, as it relates to such Subsidiary Guarantor or JV Subsidiary Guarantees (as the case may be), voidable under such applicable insolvency or fraudulent transfer laws.

If a court voids a Subsidiary Guarantee or JV Subsidiary Guarantee (as the case may be), subordinates such guarantee to other indebtedness of the Subsidiary Guarantor or JV Subsidiary Guarantor, or holds the Subsidiary Guarantee or JV Subsidiary Guarantee (as the case may be) unenforceable for any other reason, holders of the Notes would cease to have a claim against that Subsidiary Guarantor or JV Subsidiary Guarantor based upon such guarantee, would be subject to the prior payment of all liabilities (including trade payables) of such Subsidiary Guarantor or JV Subsidiary Guarantor, and would solely be creditors of us and any Subsidiary Guarantors or JV Subsidiary Guarantors (if any) whose guarantees have not been voided or held unenforceable. We cannot assure you that, in such an event, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the holders of the Notes.

The pledge of certain Collateral may in some circumstances be voidable.

The pledge of the Collateral may be voidable as a preference under insolvency or fraudulent transfer or similar laws of Hong Kong and the British Virgin Islands at any time within six months of the perfection of the pledge or, under some circumstances, within a longer period. Pledges of capital stock of future Subsidiary Guarantors may also be voidable as a preference under relevant insolvency or fraudulent transfer or similar laws. In addition, the pledge of certain Collateral may be voided based on the analysis set forth above under "— The Subsidiary Guarantees or JV Subsidiary Guarantees (if any) may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees or any JV Subsidiary Guarantees." If the pledges of the Collateral were to be voided for any reason, holders of the Notes would have only an unsecured claim against us and the Subsidiary Guarantor Pledgors.

The value of the Collateral is unlikely to be sufficient to satisfy our obligations under the Notes, the 2011 Notes and other pari passu secured indebtedness.

The Collateral will consist only of the capital stock of the initial Subsidiary Guarantors and may in the future include our proportional interest in the JV Subsidiary Guarantors (if any). The security interest in respect of certain Collateral may be released upon the disposition of such Collateral, and any proceeds from such disposition may be applied, prior to repaying any amounts due under the Notes, to repay other debt or to make investments in properties and assets that will not be pledged as additional Collateral.

The ability of the Shared Security Agent, on behalf of the Trustee, to foreclose on the Collateral upon the occurrence of an Event of Default or otherwise will be subject in certain instances to perfection and priority status. Although procedures will be undertaken to support the validity and enforceability of the security interests, we cannot assure you that the Shared Security Agent, the Trustee or holders of the Notes will be able to enforce the security interest in the Collateral. In addition, although the Trustee may instruct the Shared Security Agent to foreclose the Collateral upon the occurrence of an event of default that is continuing, such instruction may be overruled by a contrary instruction to the Shared Security Agent from holders of more than 50% of the indebtedness that is subject to the Intercreditor Agreement.

The value of the Collateral in the event of liquidation will depend upon market and economic conditions, the availability of buyers and similar factors. No independent appraisals of any of the Collateral have been prepared by or on behalf of us in connection with this offering of the Notes. Accordingly, we cannot assure you that the proceeds of any sale of the Collateral following an acceleration of the Notes would be sufficient to satisfy, or would not be substantially less than, amounts due and payable on the Notes. By its nature, the Collateral, which consists solely of the capital stock of any existing or future Subsidiary Guarantor, is likely to be illiquid and is unlikely to have a readily ascertainable market value. Likewise, we cannot assure you that the Collateral will be saleable or, if saleable, that there will not be substantial delays in its liquidation. The Collateral consists of shares of our non-PRC subsidiaries. With one exception, our non-PRC subsidiaries do not currently hold shares of any of our PRC subsidiaries. Our PRC subsidiaries hold substantially all of our consolidated assets and generate substantially all of our consolidated revenue. Accordingly, holders of the Notes should not expect to be able, directly or indirectly, to direct the management or policies of, or otherwise exert control over, our PRC subsidiaries or gain access to our key assets by foreclosing upon the Collateral, which may further limit the value of the Collateral.

The Collateral will be shared on a pari passu basis by the holders of the Notes, the holders of the 2011 Notes and any other creditors with respect to Permitted Pari Passu Secured Indebtedness. Accordingly, in the event of a default on the Notes, the 2011 Notes or other secured indebtedness and a foreclosure on the Collateral, any foreclosure proceeds would be shared by the holders of secured indebtedness in proportion to the outstanding amounts of each class of such secured indebtedness. The value of the Collateral securing the Notes, the 2011 Notes and the Subsidiary Guarantees of the Subsidiary Guarantor Pledgors is unlikely to be sufficient to satisfy the obligations of the Company and each of the Subsidiary Guarantor Pledgors under the Notes, the 2011 Notes and the Subsidiary Guarantees of the Subsidiary Guarantor Pledgors, and the Collateral securing the Notes, the 2011 Notes and such Subsidiary Guarantees may be reduced or diluted under certain circumstances, including the issuance of Additional Notes, additional 2011 Notes or of other Permitted Pari Passu Secured Indebtedness and the disposition of assets comprising the Collateral, subject to the terms of the Indenture and the indenture governing the 2011 Notes.

The pledge of certain Collateral may be released under certain circumstances.

In the event the conditions applicable to the replacement of a Subsidiary Guarantee with a JV Subsidiary Guarantee are satisfied, we are permitted to release the pledge of the shares granted by such Subsidiary Guarantor, as well as the pledge of the shares granted by the subsidiaries of such Subsidiary Guarantor. We are only required to deliver a replacement share pledge for the shares that we continue to hold in such JV Subsidiary Guarantor (but not the subsidiaries of such JV Subsidiary Guarantor) following the sale of the equity interests in such Subsidiary Guarantor. As a result, in the event we sell minority equity interests in our Subsidiary Guarantors or otherwise create JV Subsidiary Guarantors in accordance with the terms of the Indenture, the Collateral will be reduced in value and scope, and holders of the Notes would be subject to increased risks.

USE OF PROCEEDS

We estimate that the net proceeds from this offering, after deducting the underwriting discount and other estimated expenses payable in connection with this offering, will be approximately US$118.0 million. We intend to use the net proceeds from this offering primarily to fund our properties under development and properties planned for future development (including land grant fees), refinance a portion of our existing debt, and for general corporate purposes.

We may adjust our plans to make investments in our property development business in response to changing market conditions, changes in government policies and other factors. In these situations, we will carefully evaluate the situation and may reallocate the use of proceeds.

EXCHANGE RATE INFORMATION

Hong Kong

The Hong Kong dollar is freely convertible into other currencies, including the U.S. dollar. Since 1983, the Hong Kong dollar has been generally linked to the U.S. dollar at the rate of HK$7.80 to US$1.00. Under existing Hong Kong law: (1) there are no foreign exchange controls or other laws, decrees or regulations that affect the remittance of dividend payments to U.S. residents; and (2) there are no limitations on the rights of non-residents or foreign owners to hold the Units offered in this offering. The Basic Law of Hong Kong, or the Basic Law, which came into effect on July 1, 1997, provides that no foreign exchange control policies shall be applied in Hong Kong.

The market exchange rate of the Hong Kong dollar against the U.S. dollar continues to be determined by supply and demand in the foreign exchange market. However, against the background of the fixed rate system which applies to the issuance and withdrawal of Hong Kong currency in circulation, the market exchange rate has not deviated significantly from the level of HK$7.80 to US$1.00. The Hong Kong government has indicated its intention to maintain the link at that rate. Under the Basic Law, the Hong Kong dollar will continue to circulate and remain freely convertible. The Hong Kong government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the Hong Kong dollar will remain freely convertible into other currencies, including the U.S. dollar.

On May 18, 2005, the Hong Kong Monetary Authority announced the introduction of certain refinements to the operation of the linked exchange rate system. These refinements effectively set the market exchange rate of the Hong Kong dollar against the U.S. dollar within a fixed trading range from HK$7.75 to HK$7.85 against US$1.00. However, we cannot assure you that the Hong Kong government will maintain the link within the range of HK$7.75 to HK$7.85, or at all.

The following table sets forth information concerning exchange rates between the Hong Kong dollar and the U.S. dollar for the periods indicated.

	Noon Buying Rate			
	Period End	**Low**	**Average**(1)	**High**
	(HK$ per US$)			
2007	7.7984	7.8289	7.8008	7.7497
2008	7.7499	7.8159	7.7814	7.7497
2009	7.7536	7.7618	7.7513	7.7495
2010	7.7810	7.7501	7.7687	7.8040
2011	7.7663	7.7634	7.7841	7.8087
2012				
January	7.7555	7.7538	7.7622	7.7674
February	7.7551	7.7532	7.7544	7.7559
March	7.7656	7.7551	7.7620	7.7678
April	7.7587	7.7580	7.7621	7.7660
May	7.7616	7.7583	7.7640	7.7699
June	7.7572	7.7572	7.7590	7.7610
July	7.7538	7.7538	7.7561	7.7586
August	7.7560	7.7543	7.7562	7.7574
September (through September 14)	7.7510	7.7510	7.7551	7.7569

Source: Federal Reserve Bank of New York for the periods through December 2008 and the Federal Reserve H.10 Statistical Release for the periods beginning on or after January 1, 2009.

(1) Annual average are calculated by averaging the rates on the last business day of each month during the annual period. Monthly averages are calculated by averaging the rates on each business day during the month.

On September 14, 2012, the noon buying rate for U.S. dollars in New York City for cable transfers in Hong Kong dollars was US$1.00 = HK$7.7510 as certified for customs purposes by the Federal Reserve Bank of New York.

China

Since January 1, 1994, the PBOC has set and published daily a base exchange rate with reference primarily to the supply and demand of Renminbi against the U.S. dollar in the market during the prior day. On July 21, 2005, the PBOC announced a reform of its exchange rate system and revalued the Renminbi to RMB8.11 to US$1.00. Under the reform, the Renminbi is no longer effectively linked to the U.S. dollar but instead is allowed to fluctuate within a narrow and managed band against a basket of foreign currencies, according to market demand and supply conditions. The PBOC announces the Renminbi's closing price each day, and that rate serves as the midpoint of the next day's trading band. On May 18, 2007, the PBOC enlarged, effective on May 21, 2007, the floating band for the trading prices in the interbank spot exchange market of Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate. On June 19, 2010, the PBOC announced that in view of the recent economic situation and financial market developments in China and abroad, and the balance of payments situation in China, it has decided to proceed further with reform of the Renminbi exchange rate regime and to enhance the Renminbi exchange rate flexibility. According to the announcement, the exchange rate floating bands will remain the same as previously announced but the PBOC will place more emphasis on reflecting the market supply and demand with reference to a basket of currencies. The PRC government may in the future make further adjustments to the exchange rate system. In this regard, effective April 16, 2012, the PBOC further enlarged the floating band to 1%. This now allows the Renminbi to fluctuate against the U.S. dollar by up to 1% above or below the central parity rate published by the PBOC. The PRC government may make more specific policy changes or further adjustments to the exchange rate system in the future.

The following table sets forth information concerning exchange rates between the Renminbi and the U.S. dollar for each of the periods indicated.

	Noon Buying Rate			
	Period End	Low	Average[1]	High
	(RMB per US$)			
2007	7.2946	7.8127	7.5806	7.2946
2008	6.8225	7.2946	6.9193	6.7800
2009	6.8259	6.8470	6.8295	6.8176
2010	6.6000	6.6000	6.7696	6.8330
2011	6.2939	6.2939	6.4630	6.6364
2012				
January	6.3080	6.2940	6.3119	6.3330
February	6.2935	6.2935	6.2997	6.3120
March	6.2975	6.2975	6.3125	6.3315
April	6.2790	6.2790	6.3043	6.3150
May	6.3684	6.3052	6.3242	6.3684
June	6.3530	6.3530	6.3633	6.3703
July	6.3610	6.3487	6.3717	6.3879
August	6.3484	6.3484	6.3593	6.3738
September (through September 14)	6.3145	6.3145	6.3359	6.3489

Source: Federal Reserve Bank of New York for the periods through December 2008 and the Federal Reserve H.10 Statistical Release for the periods beginning on or after January 1, 2009.

(1) Annual average are calculated by averaging the rates on the last business day of each month during the annual period. Monthly averages are calculated by averaging the rates on each business day during the month.

On September 14, 2012, the noon buying rate for U.S. dollars in New York City for cable transfers in Renminbi was US$1.00 = RMB6.3145 as certified for customs purposes by the Federal Reserve Bank of New York.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our consolidated capitalization and indebtedness as of March 31, 2012 on an actual and as adjusted basis after giving effect to the issuance of the Notes and receipt of the net proceeds from this offering by us (but before the application of such net proceeds). The following table should be read in conjunction with our audited consolidated financial statements and related notes as of and for the year ended March 31, 2012 included elsewhere in this offering memorandum.

	As of March 31, 2012			
	Actual		As adjusted	
	HK$	US$	HK$	US$
	(in thousands)		(in thousands)	
Cash and cash equivalents and restricted cash	3,831,987	493,456	4,748,323	611,456
Short-term debt[1]				
Interest-bearing bank and other borrowings	2,740,273	352,873	2,740,273	352,873
Total short-term borrowings	2,740,273	352,873	2,740,273	352,873
Long-term debt [2]				
Interest-bearing bank and other borrowings	2,033,109	261,810	2,033,109	261,810
2011 Notes	1,844,984	237,584	1,844,984	237,584
Notes to be issued	—	—	970,700	125,000
Total long-term debt	3,878,093	499,394	4,848,793	624,394
Equity				
Equity attributable to equity holders of the parent				
Issued capital	59,876	7,710	59,876	7,710
Reserves	12,429,737	1,600,615	12,429,737	1,600,615
Proposed final dividends	449,067	57,828	449,067	57,828
	12,938,680	1,666,153	12,938,680	1,666,153
Minority interests	56,611	7,290	56,611	7,290
Total equity	12,995,291	1,673,443	12,995,291	1,673,443
Total capitalization[3]	16,873,384	2,172,837	17,844,084	2,297,837

(1) Includes the current portion of long-term debt.

(2) Excludes the current portion of long-term debt.

(3) Total long term debt plus total equity.

Subsequent to March 31, 2012, we have obtained new banking facilities and repaid some of our matured debts. As of June 30, 2012, the outstanding balance of our interest-bearing bank and other borrowings amounted to HK$5,193.3 million. Subsequently, our subsidiary, Grand City Hotel Investment Ltd., entered into a HK$400 million loan facility with The Hongkong and Shanghai Banking Corporation Limited. As of September 20, 2012, the entire amount of the facility had been drawn down. See "Description of Other Material Indebtedness — HIBOR Loan."

Except as disclosed above, there has been no material change in our consolidated capitalization or indebtedness since March 31, 2012.

SELECTED CONSOLIDATED FINANCIAL DATA

The following tables present our selected consolidated financial data. The selected consolidated financial data as of and for each of the years ended March 31, 2010, 2011 and 2012 (except for EBITDA data) have been derived from our audited consolidated financial statements as of such dates and for such years included elsewhere in this offering memorandum.

Our financial statements have been prepared and presented in accordance with HKFRS. The selected consolidated financial data below should be read in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," our consolidated financial statements and the notes to those statements included elsewhere in this offering memorandum.

	Fiscal Year Ended March 31,		
	2010	**2011**	**2012**
	(HK$'000)	**(HK$'000)**	**(HK$'000)**
Income Statement Data:			
Revenue	1,570,229	2,234,033	3,670,767
Cost of sales	(587,522)	(900,985)	(1,434,671)
Gross Profit	982,707	1,333,048	2,236,096
Other income and gains	150,434	39,499	547,191
Fair value gains on investment properties	1,308,543	1,464,168	1,117,696
Selling and distribution costs	(83,573)	(111,805)	(187,334)
Administrative expenses	(187,696)	(208,079)	(350,918)
Other expenses	(25,427)	(34,566)	477
Finance costs	(32,982)	(30,495)	(58,873)
Share of profits and losses of:			
A jointly-controlled entity	1,287	1,337	1,497
An associate/associates	(302)	(331)	(317)
Profit before tax	2,112,991	2,452,776	3,305,515
Income tax expense	(785,345)	(908,658)	(1,257,953)
Profit for the year	1,327,646	1,544,118	2,047,562
Attributable to:			
Owners of the parent	1,329,593	1,552,455	2,070,708
Non-controlling interests	(1,947)	(8,337)	(23,146)
	1,327,646	1,544,118	2,047,562
Other financial data			
EBITDA[(1)]	2,182,380	2,513,202	3,378,980
Adjusted EBITDA[(2)]	763,219	1,063,898	2,329,363
Net cash inflow from operating activities	885,339	1,325,317	935,720

	As of March 31,		
	2010	2011	2012
	(HK$'000)	(HK$'000)	(HK$'000)
Consolidated Statement of Financial Position Data:			
Non-current assets	11,379,165	15,398,215	17,421,439
Current assets:			
Cash and cash equivalents and restricted cash	3,702,977	4,564,491	3,831,987
Other current assets	1,217,626	1,421,191	9,412,917
Total current assets	4,920,603	5,985,682	13,244,904
Total assets	16,299,768	21,383,897	30,666,343
Current liabilities:			
Short-term interest-bearing bank and other borrowings(3)	1,558,417	1,696,394	2,740,273
Other current liabilities	1,295,291	2,224,554	8,154,227
Total current liabilities	2,853,708	3,920,948	10,894,500
Non-current liabilities:			
Long-term interest-bearing bank and other borrowings(3)	2,644,308	2,546,303	2,033,109
Other non-current liabilities	1,775,067	4,298,610	4,743,443
Total non-current liabilities	4,419,375	6,844,913	6,776,552
Total liabilities	7,273,083	10,765,861	17,671,052
Total equity	9,026,685	10,618,036	12,995,291
Total equity and liabilities	16,299,768	21,383,897	30,666,343

(1) EBITDA consists of profit before interest income, income tax expense, depreciation and amortization and finance costs (excluding capitalized interest). EBITDA is not a standard measure under HKFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures" for a reconciliation of our profit for the year or period under HKFRS to our definition of EBITDA. Investors should also note that EBITDA as presented above is calculated differently from Consolidated EBITDA as defined and used in the Indenture governing the Notes. See "Description of the Notes — Definitions" for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture governing the Notes.

(2) Adjusted EBITDA consists of profit before interest income, income tax expense, depreciation and amortization, finance costs (excluding capitalized interest) and non-operating income and expenses (including fair value gains and losses on investment properties).

(3) On November 29, 2010, the HKICPA issued HK Interpretation 5, which provides that amounts repayable under loan agreements that contain a repayment on demand clause should be classified as current liabilities in the borrower's statement of financial position. For further information, see "Management Discussion and Analysis of Financial Condition and Results of Operations – Recently Issued Accounting Pronouncements." The classification of our current and non-current interest-bearing bank and other borrowings contained in our Consolidated Statement of Financial Position as of March 31, 2011 and 2012 was done in accordance with HK Interpretation 5. However, we have not made any adjustments to reclassify amounts repayable under such loan agreements as current liabilities in our Consolidated Statement of Financial Position as of March 31, 2010 and no reconciliation of our Consolidated Statement of Financial Position as of these dates has been prepared. As such, our financial information as of and for the year ended March 31, 2010 is not directly comparable to our corresponding financial information as of and for the years ended March 31, 2011 and 2012 prepared in accordance with HK Interpretation 5.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the section entitled "Selected Consolidated Financial Data" and our consolidated financial statements, including the notes thereto, included elsewhere in this offering memorandum. Our consolidated financial statements were prepared in accordance with HKFRS.

Overview

We are one of the leading developers and operators of large-scale, integrated logistics and trade centers in the PRC, based on GFA, industry coverage and range of supporting services and facilities offered, according to Colliers International. Leveraging our experience and brand reputation, we currently have six projects in different stages of development located in regional economic hubs in Shenzhen, Nanning, Nanchang, Xi'an, Harbin and Zhengzhou, China, with a total planned GFA of 47.3 million sq.m.

Our business model is built on a premise of "One Body with Two Wings," with the "One Body" represented by our large-scale integrated logistics and trade centers, designed to serve as key commercial hubs to satisfy the economic and industrial needs of the regions in which we operate, and the "Two Wings" represented by the supporting residential and commercial facilities, designed to facilitate the operations of our trade center tenants and their customers. We complement our trade center operations by providing comprehensive supporting facilities including hotel, office, warehouse, exhibition and conference facilities and third-party banking services. Our residential facilities further complement our trade center operations by providing convenient, high-quality accommodations for our trade center tenants, as well as providing cash flows to cover a portion of project-related capital expenditures. Our business model is further augmented by the on-site presence of PRC government agencies, which offer a diverse range of services to trade center tenants and other customers.

We have been further building upon our "One Body with Two Wings" business model to include five pillars of ancillary services that complement our core business of developing and operating trade centers. We provide one-stop logistics services including warehousing, on-site delivery and freight forwarding. We provide an e-commerce platform through which our clients can promote their businesses and products, and plan to update our online platform to allow our trade center shops to promote online wholesale and retail trade. Following the success of the various industrial fairs at China South City Shenzhen and Nanning, we aim to provide a non-stop exhibition platform to organize convention and exhibition services, which we believe will also facilitate the traffic flow through our trade centers. We plan to further boost overall traffic by building upon our successful opening of our first outlet center at China South City Shenzhen, expanding and replicating this further in Shenzhen and at our other projects. Our property management services maintain a safe and comfortable business environment at our projects. We believe that this expansion of the scope of services provided will enable us to build a self-sustaining business strategy that will strengthen our overall business model.

We generate revenue at China South City Shenzhen primarily from sales of trade center units and rental income from our trade center units and supporting facilities. Accordingly, our results of operations tend to fluctuate from period to period depending upon the proportion and GFA of trade center units that are sold or leased, and when our projects in various stages of development are completed. We generally sell a portion of our trade center units, and thereby generate revenues and cash flows, in the initial stages following completion of a trade center development. Sales of trade center units in the initial stages following completion of a trade center development assist in financing the development of our projects. In addition, we have arrangements with certain purchasers of trade center units to allow us to lease their trade center units to third parties pursuant to which we receive rental income. The amount of our revenues from rental income has increased historically in line with the development of our projects, and we expect the amount and proportion of our revenues from rental income to increase in the future as we continue to complete additional properties under development.

With more projects launched to the market, we recorded significant growth in revenue during fiscal year ended March 31, 2012. Sales and leasing of China South City Shenzhen continued to deliver a sound performance. Meanwhile, the launch of properties in other projects for sale or pre-sale, namely China South City Nanchang, China South City Nanning and China South City Xi'an, have been met with strong responses among buyers. In the fiscal year ended March 31, 2012, we achieved total Contracted Sales of

HK$7.1 billion, exceeding our target of HK$7.0 billion. The table below sets forth our Contracted Sales for the fiscal year ended March 31, 2012:

	Contracted Area	Average Selling Price (before deduction of business tax)	Contracted Sales (before deduction of business tax)
	sq.m.	HK$/sq.m.	HK$ million
China South City Shenzhen	96,800	13,800	1,335
Trade center	51,300	17,300	889
Office	41,000	10,000	411
Residential property	4,500	7,700	35
China South City Nanchang	344,900	8,900	3,063
Trade center	174,300	11,900	2,076
Residential property	170,600	5,800	987
China South City Xi'an	98,200	11,500	1,133
China South City Nanning	35,300	14,400	507
China South City Heyuan(1)	16,700	10,500	169
China South City Heyuan(2)	N/A	N/A	894
Total			7,101

(1) Contracted Sales up to September 28, 2011 (date of disposal of the residential segment of China South City Heyuan).

(2) Balance represented the consideration for disposal of the residential segment of China South City Heyuan (RMB730 million).

For the fiscal year ended March 31, 2012, we achieved approximately HK$7,101 million of Contracted Sales. We expect to achieve HK$8.0 billion to HK$10.0 billion of Contracted Sales for the fiscal year ending March 31, 2013. For the period from April 1, 2012 to September 17, 2012, we had Contracted Sales of approximately HK$1,549.0 million, representing more than 190% of the HK$806.9 million of Contracted Sales achieved for the period from April 1, 2011 to September 30, 2011. We normally schedule our project launches in the second half of our financial year around major trade fairs and exhibitions.

Factors Affecting Our Results of Operations

We have identified the following important factors (as well as uncertainties associated with such factors) that could impact our future results of operations and financial condition.

The GFA, Sales Prices, Rental Rates and Occupancy Levels of Our Properties

Our business depends on the success of a small number of large-scale, multi-phase, mixed-used projects developed over the course of several years. Our policy is to maintain an optimal mix between trade center units for sale and trade center units held as investment properties. However, our results of operations and the sources and amount of our cash from operations may vary significantly from period to period depending upon the type and GFA of our completed trade center units that are sold or rented out to tenants, as well as when our projects in various stages of development are completed. Our revenues, and our mix of sales revenues versus rental incomes, vary significantly based upon the completion dates of our projects, among other factors. For instance, we had revenues from sales of properties from HK$1,408.1 million, HK$1,832.6 million and HK$3,010.8 million in the fiscal years ended March 31, 2010, 2011 and 2012.

The GFA of the trade center units we sell or lease depends on the progress we make on the construction of our development projects. Our results of operations and cash flows also vary depending on the market demand at the time we sell or rent our completed trade centers, the rental and occupancy rates of our investment properties and the sales prices for sold trade center units. The rental rates, sales prices and occupancy levels of our trade center developments are dependent on market prices in the local market, which depend on local demand and supply conditions, competitive conditions and general macroeconomic conditions in the PRC, including GDP growth rates, interest rates, inflation rates and unemployment rates.

We tend to experience sharp increases in revenues during periods when we complete a significant project or project phase and offer it for sale, followed by declines in revenue during periods when we offer less new saleable GFA. Historically, periods in which we had a larger percentage of trade center units sold to buyers generated greater revenues and cash flows than periods in which we had a larger percentage of trade center units completed and retained for investment and rented out to tenants. Such sale revenues also vary significantly based upon the GFA and quality of new saleable GFA, the proportion of GFA we allocate to sales versus rental properties, prevailing sales prices, market demand, interest rates, inflation, the availability of attractive mortgage terms to our buyers, the prevailing regulatory environment for property sales, regional economic growth, competition and other factors. Please see "Risk Factors — Risks Relating to our Business and our Industry — Our revenues and revenue mix vary significantly based upon the completion dates of our projects and prevailing market conditions."

Part of our strategy is to increase our rental income, as well as rental income as a proportion of total revenue, as we complete and lease out more rental properties over time. Rental income is subject to cyclical changes in market demand. Rental rates vary among projects according to market demand, date of completion and other factors. Tenants generally prefer to rent at a facility with a high occupancy rate, so we offer tenants in newly completed trade center units preferential rental rates and rent-free periods in order to boost initial occupancy rates. If we fail to achieve a sufficiently high occupancy rate at any of our projects, we may need to provide additional incentives (such as rental discount) to attract a core group of tenants. Our rental income for future periods may be negatively impacted by these and similar incentive plans.

Changes in Product Mix

The prices and gross profit margins of our products vary by the location and the classification and end use of certain facilities on the properties that we develop and sell or rent. Our trade center and commercial facilities usually afford us higher sales profit margins than residential and logistics facilities, because they typically have higher sales prices per sq.m. As a result, our gross profit margin is affected by the proportion of sales revenue attributable to trade centers, which have our higher gross margins compared to sales revenue attributable to residential properties, which have lower gross margins. In addition, properties in larger-scale projects will typically command a higher selling price as the overall development approaches completion due to the attractiveness of a more established development, thereby increasing our sales profit margin during the relevant period. Our product mix varies from period to period due to a number of reasons, including project locations, land size and cost, market conditions and our development planning. While trade centers remain our primary focus, we expect our properties under development in Nanchang and Nanning will include more residential facilities than China South City Shenzhen.

Valuation of Our Investment Properties

Our investment properties consist of trade centers and supporting commercial facilities that are held for rental income and capital appreciation. We state our investment properties at their fair value on our balance sheet as non-current assets as of each balance sheet date based on valuations by Savills Valuation and Professional Services Limited, a qualified independent professional valuer. With respect to newly completed properties, the properties are measured initially at cost and, subsequently, at fair value. The change in fair value of a newly completed project is calculated as the difference between the project's fair market value as of the first balance sheet date after completion and the project's construction costs. Thereafter, the fair market value of the project for the most recent balance sheet date is compared to the fair market value as of the previous balance sheet date. As we complete new projects in the future, we expect the addition of these new projects will positively contribute to changes in fair values of investment properties, especially in the years in which the projects are completed.

Net increases or decreases in the fair market value of investment properties are reflected as an income or expense item, as appropriate, in the income statement as "change in fair value of investment properties." In addition, the fair value gains on our investment properties include gains recognized when the fair value of applicable investment properties under development can be reliably measured. Revaluation of completed investment properties has in the past resulted in, and may in the future result in, significant fluctuations in our results of operations.

We had fair value gains on investment properties of HK$1,308.5 million, HK$1,464.2 million and HK$1,117.7 million in the fiscal years ended March 31, 2010, 2011 and 2012, respectively. During the fiscal years ended March 31, 2010, 2011 and 2012, changes in fair value of investment properties represented 69.2%, 65.1% and 37.1%, respectively, of our profit for the respective periods after taking into account related deferred tax expense.

Costs Associated with Land Acquisition and Construction

Land acquisition costs, construction costs and capitalized finance costs are the principal components of our cost of properties sold. Land acquisition costs, which primarily consist of land grant fees, have increased in recent years due to a greater demand for properties as a result of the PRC's economic growth. PRC governmental land supply policies and implementation measures may further intensify competition among developers for available land. For example, competition has significantly increased due to regulations introduced in July 2002 requiring departments and agencies to grant state-owned land use rights for residential or commercial property development through competitive processes, including public tenders, auctions or listings for sale at land exchanges administered by local governments. In addition, the PRC government recently set a minimum down payment for land grant fees of 50%, which is required to be paid within one month of signing the land grant contract. The remaining land grant fee is required to be fully paid within one year of signing the land grant contract, subject to limited exceptions.

Construction costs, which comprise all costs related to the design and construction of a project, can vary widely based on GFA, type of development, building design, types of construction materials, height of the buildings, and geology of the construction site. Changes in the market price for construction materials can cause fluctuations in construction costs. We experienced increases in construction costs during the fiscal years ended March 31, 2010, 2011 and 2012, primarily due to the variances in the design and architecture of our trade centers; and a general increase in the cost of construction materials and labor. In addition to our development of Phase Three of China South City Shenzhen, we will require substantial resources to develop our properties under development and planned for future development in China South City Nanning, Nanchang, Xi'an, Harbin and Zhengzhou. Each of these projects is a large-scale project consisting of multiple phases that: (1) will take several years to complete; (2) do not require full completion of all phases to be operational; (3) will be completed on a phase-by-phase basis; and (4) can be financed from a variety of funding sources, including project financing, other bank borrowings, pre-sales, rental income and other cash flow from operations. In this regard, as a result of the continued growth and development of the PRC economy and the property development industry, wages for construction workers and the prices of construction materials and building equipment, we have experienced a substantial increase in recent years, and we expect continued increases in the future.

Our capitalized expenses include all costs relating to the acquisition of land parcels, construction and development of our projects, including interest expense, to the extent that such costs are directly attributable to the costs of the construction and development of the projects. Finance costs we incur after we complete construction are not capitalized.

Land use rights costs and construction costs may fluctuate from period to period depending upon the timing of our acquisitions of land, our ability to fix our construction costs and the construction schedules of our properties under development.

Land Appreciation Tax

Under PRC laws and regulations, our PRC subsidiaries that engage in integrated logistics and trade center development activities are subject to land appreciation tax, or LAT, which is levied on us by local tax authorities. The Shenzhen municipal tax authority started to impose land appreciation tax in November 2005 in accordance with: (1) the Notice on the Levy of Land Appreciation Tax in Shenzhen Municipality; (2) the Notice on the Adjustment of Rates of Land Appreciation Tax in Shenzhen Municipality; and (3) the Announcement on the Adjustment of Rates of Land Appreciation Tax in Shenzhen Municipality, issued by the Shenzhen Local Taxation Bureau on November 9, 2005, July 1, 2008 and July 23, 2010, respectively. These regulations provide that all enterprises and individuals, domestic and foreign, who receive income as a result of a grant of land use rights are subject to prepayment of LAT at the rates of 2%, 4% and 3%, respectively. LAT is levied on the "appreciation value" of property, as defined in the relevant tax laws. All taxable gains from the sale or transfer of land use rights, buildings and related facilities in China are subject to LAT at progressive rates that range from 30% to 60%. On November 1, 2005, upon obtaining a real estate qualification certificate, we began to pay LAT at a fixed prepayment rate of 0.5% on the total sales amount of the contracts we entered into with purchasers of trade center units in Shenzhen for the fiscal year.

We are also required under local regulations to pay provisional land appreciation tax in other regions or cities when we start to pre-sell or sell our property developments in these regions or cities. Generally, the provisional land appreciation tax rates in these cities range from 0.5% to 5.0% of the pre-sale or sale proceeds, depending on the type and location of the pre-sold or sold properties. During the fiscal years ended March 31, 2010, 2011 and 2012, we made provisions for LAT in the amount of HK$269.6 million, HK$284.2 million and HK$403.2 million, respectively.

The method of calculating LAT liability may differ for a subsidiary from year to year depending on the application made by such subsidiary and approvals granted by the relevant government authorities. See "Risk Factors — Risks Relating to Our Business and Our Industry — Sales of our properties are subject to land appreciation tax and income tax."

Economic and Other Conditions in the PRC

The trade center market is sensitive to broader economic developments. The economic growth China has experienced over the past two decades has led to growth in both wholesale trade aimed at large-scale industrial and commercial purchasers and retail trade aimed at individual consumers, which has facilitated the development of trade centers where merchant wholesalers and retailers can sell goods to purchasers. Beginning in the second half of 2008, China's economy experienced a slowdown as a result of the global economic crisis, affecting consumer and business spending generally, including trade among domestic and international suppliers, manufacturers and distributors of raw materials and finished goods, which form our primary customer base, as well as the demand for, and prices of, real estate properties. Although China's economy has shown positive signs of recovery and demand for our trade centers has grown significantly since the economic downturn, demand for our trade centers may continue to be affected by future domestic and international macroeconomic developments.

Our continued growth will, to a certain extent, depend on the continued development of trade among industrial and commercial purchasers and the growth in size and purchasing power of the middle class in China. China South City Shenzhen is located in Guangdong Province and our other trade centers under development and planned for future development are located in the provinces of Jiangxi, Shaanxi, Heilongjiang and Henan and the autonomous region of Guangxi. The real estate and logistics markets in these regions are also affected by a number of other macroeconomic factors, including the level of interest rates, the exchange rate of the Renminbi and the PRC political, economic and regulatory environment.

Regulatory Environment

Our results of operations have been, and will continue to be, affected by the regulatory environment in the PRC, including:

- any changes in the PRC with respect to land acquisition, property development and property developer policies, tax policies, planning, zoning and land use rights policies and building design and construction regulations; and

- the availability of project and mortgage financing, interest rates and regulations affecting the transfer of completed properties.

For further information on the regulatory environment in the PRC, see "Regulation."

In response to concerns over the increase in property investment and the overheating of the property sector in the PRC, the PRC government has introduced policies to restrict development in the property sector. From time to time, the PRC government adjusts or introduces macroeconomic control policies to encourage or restrict development in the private property sector by regulating land grants, land utilization, pre-sales of properties, bank financing and taxation. Measures taken by the PRC government to control money supply and credit availability also have a direct impact on our business and results of operations. The PRC government may introduce initiatives which may affect our and our customers' access to capital and the means by which we may finance property development. See "Risk Factors — Risks Relating to Our Business and Our Industry — Our operations are subject to extensive governmental regulation, and we are susceptible to changes in policies related to the real estate and logistics markets in China."

Pre-sales

Proceeds from pre-sales of properties under development constitute a source of our operating cash inflow during our project development process. PRC law allows us to pre-sell properties before their completion upon satisfaction of certain conditions and requires us to use the specific pre-sale proceeds to develop the project that has been pre-sold. The amount and timing of cash received from pre-sales are affected by a number of factors, including any restrictions and conditions in our pre-sale permits issued by, and land use contracts entered into with, local government authorities, for example the Shenzhen Municipal Bureau of Land Resources and Housing Management. Pursuant to certain land grant contracts signed by China South City Shenzhen, the saleable GFA of China South City Shenzhen properties built on these parcels of land is limited to 30% of total buildable GFA. We build and hold the restricted portions of these properties for leasing and self-use. Pursuant to certain land grant contracts signed by China South City Nanchang and Nanning in 2009, the saleable GFA of trade centers and storage facilities built on these parcels of land is limited to 60% of total buildable GFA. This restriction does not apply to properties built for residential, commercial and other uses, and also does not apply to the land obtained by China South City Nanchang and Xi'an in 2011, nor to the land acquired by China South City Harbin in June 2012 and China South City Zhengzhou in August 2012. Other factors include the permitted timing and other restrictions on pre-sales imposed by relevant PRC laws and regulations, market demand, and the number of our properties that are available for pre-sale. Any modification of the relevant pre-sale permits and land use contracts, or any restriction on our ability to engage in the pre-sales of our properties, could result in a reduced cash inflow, which could increase our reliance on external financing and increase our finance costs, and accordingly, could have an adverse effect on our ability to finance our continuing property developments and our results of operations. See "Risk Factors — Risks Relating to Our Business and Our Industry — Our revenues and revenue mix vary significantly based upon the completion dates of our projects and prevailing market conditions."

Demand for Residential Properties in China

Domestic economic conditions and the volatility of residential property prices in the PRC may impact our business and results of operations, particularly with respect to our properties planned for future development, which are intended to include more residential units as compared to China South City Shenzhen. The residential property industry in the PRC is significantly dependent on the PRC's overall economic growth and consumer demand for residential properties. The development of the PRC economy and the resulting demand for residential properties in China are expected to have an increasing impact on our results of operations as our properties planned for future development begin operations.

Critical Accounting Policies

We have identified accounting policies which involve subjective assumptions and estimates as well as complex judgments relating to certain accounting items. We set forth below those accounting policies that we believe involve the most significant estimates and judgments used in the preparation of our financial statements.

Our significant accounting policies, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Note 2 to our audited consolidated financial statements and unaudited condensed consolidated interim financial statements included in this offering memorandum.

Revenue Recognition

We recognize revenue from the sale of properties in our income statement when the significant risks and rewards of ownership have been transferred to the buyer. We consider the significant risks and rewards of ownership to have been transferred when the construction of properties is completed, the properties are delivered to the buyers pursuant to the sales agreement and the collectibility of the related receivables is reasonably assured. We include deposits received on properties sold prior to the date of revenue recognition, including pre-sale proceeds, in the balance sheet as trade and other payables.

We recognize rental income in the period in which the properties are leased on a straight-line basis over the lease term. Any rent-free period offered as an incentive to our trade center tenants is amortized over the term of the related lease agreements.

Because the building ownership certificates granted to us for West Garden, the Global Logistic Center and China South Development Tower restrict the transfer of the underlying property, we have entered into lease agreements with tenants of these units. However, because the lease terms will last in duration for the major part of the economic life of the units and the lease agreements with tenants of these units transfer to the tenants substantially all the risks and rewards incidental to ownership, we treat the leases for accounting purposes as finance leases in accordance with the current accounting standards in Hong Kong. We commenced delivery of the residential units of West Garden and the office units of our Global Logistic Center and China South Development Centre in February 2008, April 2010 and March 2012, respectively. We recognize revenue from these units once the following criteria are satisfied: (1) construction is completed; (2) construction completion registration procedures are completed; (3) delivery is made to the tenants pursuant to the finance lease agreement; and (4) the collectibility of the related receivables is reasonably assured. See "Business — Purchaser and Tenant Financing."

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that taxable profit will be available against which these deductible temporary differences can be utilized. Deferred tax assets and liabilities are determined at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

Land Appreciation Tax

Under PRC tax laws and regulations, our properties developed for sale are subject to LAT. We have calculated and accrued all LAT payable on our property sales and transfers made since November 2005 in accordance with the progressive rates specified in relevant tax laws, including the LAT Notice. LAT provisions represent provisions for the estimated LAT payable in relation to our properties sold during a period. We estimate and make provisions for the amount of LAT payable based on our own calculations in accordance with our understanding of the relevant laws and regulations. Our estimate of LAT provisions requires us to exercise significant judgment with respect to the appreciation of land value, total proceeds derived from the sale or lease of projects and the allowability of deductible items for income tax purposes. Our profit in the relevant periods will be affected if the ultimate tax determination differs from the amounts that were initially recorded. In addition, any disagreements with the tax authorities could result in additional taxes, and possibly, penalties.

Valuation of Properties

In accordance with Hong Kong Accounting Standard 40 “Investment Properties” issued by the Hong Kong Institute of Certified Public Accountants, investment properties may be recognized by using either the fair value model or the cost model. We state our investment properties at their fair value as non-current assets in our balance sheet on the basis of valuations by a qualified independent professional valuer. We provide the independent professional valuer with various information including relevant data pertaining to the leases existing on our investment properties for the valuer to use as a basis for valuation purposes. See “— Factors Affecting Our Results of Operations — Valuation of Our Investment Properties” for more information on the valuation of our investment properties.

Properties held for sale and held for finance lease

Properties held for sale includes completed properties held for sale and properties under development expected to be completed within normal operating cycle. Properties held for sale and held for finance lease are stated at the lower of cost and net realisable value. Cost includes land cost, all development expenditure, applicable borrowing costs and other direct costs attributable to such properties. Net realisable value is determined by reference to the prevailing market prices, on an individual property basis.

Properties under development are stated at the lower of cost and net realisable value. Cost comprises the land costs, construction costs, capitalized borrowing costs and other cost directly attributed to such properties during the period of construction.

Properties under development are initially classified as non-current assets and transferred to current assets under the category of properties held for sale when the construction of the relevant properties commences and the construction period of the relevant property development project is expected to complete within normal operating cycle.

Description of Components of Results of Operations

Revenues

In the fiscal year ended March 31, 2011, we started to generate revenue from projects in addition to China South City Shenzhen. The following table sets forth a breakdown of our revenues between our Shenzhen projects and our non-Shenzhen projects for the periods indicated.

	Fiscal Year Ended March 31,		
	2010	2011	2012
		(HK$ in thousands)	
Shenzhen[(1)]	1,570,229	1,759,763	1,211,121
Non-Shenzhen[(2)]	–	474,270	2,459,646
Total	1,570,229	2,234,033	3,670,767

(1) Revenue of Shenzhen consists of revenue of China South City Shenzhen.

(2) Revenue of Non-Shenzhen consists of revenue of China South City Nanning, China South City Nanchang and China South City Heyuan.

We generate revenues from: (1) sales of our trade center units in China South City Shenzhen, Nanchang, Nanning and Heyuan; (2) leasing of residential units in West Garden, office units in our Global Logistic Center and the Phase Three office tower in China South City Shenzhen, which we characterize as finance lease income; (3) rental income from leases of trade center units, warehouses, supporting commercial facilities and, to a lesser extent, motor vehicles and other properties located in Shenzhen; (4) income from the operation of our Grand City Hotel in China South City Shenzhen; and (5) property management fees and other fees from providing management and other services to our tenants in China South City Shenzhen.

The following table sets forth a breakdown of our revenues for the periods indicated.

	Fiscal Year Ended March 31,					
	2010		2011		2012	
	HK$	%	HK$	%	HK$	%
	(in thousands, except for percentages)					
Sale of properties	1,408,108	89.7	1,832,580	82.0	3,010,808	82.0
Finance lease income	11,245	0.7	213,729	9.6	420,515	11.5
Rental income	101,277	6.4	133,453	6.0	166,393	4.5
Hotel income	22,930	1.5	21,670	1.0	26,946	0.7
Property management service income	24,523	1.6	30,695	1.3	41,500	1.2
Other fee income	2,146	0.1	1,906	0.1	4,605	0.1
Total	1,570,229	100.0	2,234,033	100.0	3,670,767	100.0

Sale of Properties

Sale of properties represents revenue from the sales of our trade center units in China South City Shenzhen, Nanchang and Nanning and, prior to our disposal of China South City Heyuan, sales of residential properties at this property. We present revenues from property sales net of sales tax levied on the relevant Contracted Sales value.

The following table sets forth a breakdown of our revenues from sale of properties by project for the fiscal years ended March 31, 2011 and 2012.

	Average Selling Price(1)		GFA sold		Sales Revenue(2)	
	2011	2012	2011	2012	2011	2012
	(HK$/sq.m.)		(sq.m.)		(HK$ in thousands)	
China South City Shenzhen	16,800	16,500	85,600	35,400	1,358,330	551,162
China South City Nanning	–	14,600	–	24,800	–	341,208
China South City Nanchang	–	11,900	–	174,300	–	1,959,160
China South City Heyuan	10,000	10,500	50,200	16,700	474,250	159,278
Total					1,832,580	3,010,808

(1) Prior to deduction of business tax

(2) Net of business tax

Finance Lease Income

Finance lease income represents revenue from the lease arrangements for our West Garden residential units and Global Logistic Center office units in Phase Two, and China South Development Tower office units in Phase Three, in China South City Shenzhen. Tenants make their rental payments for the West Garden residential units and office units at the beginning of the lease term, either in the form of a lump-sum payment or with an initial deposit followed by payment of the outstanding balance within two months of the payment of the initial deposit. We include the revenue from our residential and office units in the income statement and the related construction costs are accounted for as cost of properties under finance lease in the income statement.

Rental Income

Rental income represents revenue from the rental of our Phase One and Phase Two trade center units, warehouses and supporting commercial facilities. These properties also include trade center units sold and subsequently leased by us to third parties under agreements with the purchasers of these units. Under these arrangements, we provide purchase price discounts to buyers of trade center units who choose not to occupy their units but, instead, allow us to lease out their units to third parties for an agreed term, while we keep the rental income generated thereby. We calculate rental income based on the effective rental rate multiplied by leased GFA. We amortize rental income on a straight-line basis over the term of the lease. Our rental income and occupancy rates have generally increased since the completion of China South City Shenzhen's Phase One trade centers in December 2004.

Hotel Income

Hotel income revenue represents income from the operation of our Grand City Hotel (Shenzhen).

Property Management Service Income

Property management service income represents income from the provision of property management services, such as security, cleaning, repair and maintenance services, through our wholly owned subsidiary Shenzhen First Asia Pacific, to our tenants in China South City Shenzhen. We charge tenants a monthly property management fee for their lease term, which is currently fixed at RMB3.8 per sq.m. for our Phase One trade center units, RMB15.0 per sq.m. for our Phase Two trade center units, RMB2.5 per sq.m. for our West Garden residential facilities, and RMB8.0 per sq.m. and RMB10.0 per sq.m. for our office buildings and retail facilities, respectively, in the Global Logistic Center.

Other Fee Income

Other fee income represents income from the provision of exhibition services and other services.

Cost of Sales

Cost of sales primarily represents the costs of properties sold and costs of services provided, which includes rental expenses. The principal component of cost of sales is the cost of properties sold. The following table sets forth a breakdown of our cost of sales for the periods indicated.

	Fiscal Year Ended March 31,					
	2010		2011		2012	
	HK$	%	HK$	%	HK$	%
	(in thousands, except for percentages)					
Cost of properties sold[1]	422,031	71.8	610,004	67.7	1,044,147	72.8
Cost of properties held for finance lease	5,922	1.0	120,541	13.4	221,370	15.4
Cost of services provided	159,569	27.2	170,440	18.9	169,154	11.8
Total	587,522	100.0	900,985	100.0	1,434,671	100.0

(1) Includes construction costs and related costs, such as land use rights costs and capitalized expenses.

Cost of Properties Sold

Cost of properties sold includes costs we have incurred directly in the course of our property development activities. These consist primarily of: (1) construction costs; and (2) related costs, such as land use rights costs and capitalized expenses.

Construction Costs. We outsource the construction of all of our projects to third party contractors, whom we select through a competitive tender process. Our construction contracts provide for payments which cover substantially all labor, materials, fittings and equipment costs, subject to re-negotiation for design changes requested by our tenants during construction or changes in government-regulated steel prices. Our construction costs consist primarily of payments to our third party contractors, which are paid over the construction period based on specified milestones. Our construction costs also include land leveling expenses, surveying expenses and design fees.

Other Costs. Land use rights costs include the land grant fees we pay to acquire land use rights for our property development site. Land grant fees are the payments to the relevant land bureau or the relevant provincial or local government for the right to occupy, use and develop a particular parcel of land and to market the units or other projects developed on such land.

We acquired our land for China South City Shenzhen through negotiations with local government authorities in accordance with local regulations. Our land use rights costs for China South City Shenzhen are fixed under our master agreement and the corresponding supplementary agreements with the local government authorities. We have acquired a portion of the land for our properties under development and planned for future development in Nanchang, Nanning, Xi'an, Harbin and Zhengzhou. Our master agreements and the corresponding supplementary agreements with local government authorities for these projects provide that the land use right costs for these properties be determined through competitive bidding at public tender, auction or listing for sale.

Cost of Properties Held for Finance Lease

Cost of properties held for finance lease includes costs we have incurred directly in the course of our property development activities related to our West Garden residential units, Global Logistic Center and China South Development Tower office units at China South City Shenzhen. These consist of land use rights costs, construction costs and capitalized expenses.

Cost of Services Provided

Our cost of services provided includes costs associated with property management services, including security, cleaning and maintenance services, rental costs that we incurred in leasing trade center units and the operating expenses of Grand City Hotel (Shenzhen).

Other Income and Gains

Other income and gains consists primarily of interest income from banks, loan and finance lease receivables, and gains or losses on held for trading investments at fair value through profit or loss. For the fiscal year ended March 31, 2010, we also recognized fair value gains on held for trading investments and a one-off gain on the restructuring and buy back of US$125 million convertible notes, or the Convertible Notes, issued on July 11, 2007 and bearing interest at coupon rates ranging from 7% to 11% per annum. In addition, for the fiscal year ended March 31, 2012, we recognized gains of HK$545.7 million from the disposal of three wholly-owned subsidiaries and gains of HK$14.0 million on repurchase of senior notes.

Change in Fair Value of Investment Properties

We engage a qualified independent property valuer on an annual basis to conduct a valuation of our investment properties. See "— Factors Affecting Our Results of Operations — Valuation of Our Investment Properties."

Selling and Distribution Expenses

Our selling and distribution expenses include:

- staff salaries (including commissions), employee benefit expenses and office expenses for sales and marketing personnel;

- advertising fees associated with advertisements placed in various mass media outlets, and design and promotion expenses, which include print advertisement costs, marketing materials, billboard and other display advertising costs;

- depreciation and amortization of facilities used by marketing personnel; and

- miscellaneous expenses, including fees associated with sponsoring conferences, business related travel expenses, referral fees paid to tenants who introduce new tenants to our trade centers and organizational membership fees for our selling and marketing staff.

We expect our selling and distribution expenses, in particular costs related to wages, advertising, design, and office expenses, to increase as we develop Phase Three of China South City Shenzhen, our properties under development in Nanchang, Nanning and Xi'an, and our properties planned for future development in Harbin and Zhengzhou.

Administrative Expenses

Administrative expenses principally include:

- staff salaries and employee benefit expenses for our management, administrative, finance and accounting staff, employee share option benefits and directors fees;

- depreciation of fixed assets, including office buildings and self-use properties, but excluding investment properties and properties under development;

- consultancy fees paid in relation to corporate strategy, marketing and promotion, property management and property development and legal and professional fees;

- office expenses;

- water and electricity fees;

- business development expenses and promotional activities; and

- miscellaneous expenses, such as rental of residential quarters, motor vehicles and shuttle buses for administrative staff, utilities expenses, property insurance expenses and travel expenses.

We expect that our administrative expenses will increase as we grow our operations in Phase Two and Three of China South City Shenzhen, as well as our properties under development in Nanchang, Nanning and Xi'an, and our properties planned for future development in Harbin and Zhengzhou.

Other Expenses

Other expenses consist primarily of provisions for trade receivables, impairment of interests in jointly controlled entities and donations to charitable organizations.

Finance Costs

Our finance costs consist primarily of interest paid on bank borrowings. Interest rates on our bank borrowings, most of which are granted by PRC commercial banks and denominated in Renminbi, are typically linked to PBOC rates. Effective from July 6, 2012, the PBOC benchmark rate for one-year loans was 6.0% per annum and the benchmark rate for one-year to three-year loans was 6.15% per annum.

We capitalize certain of our interest expenses based on the purposes for which the underlying borrowings or proceeds from offerings of debt securities are used. Under HKFRS, we are permitted to capitalize interest expenses related to debt incurred for construction costs directly attributable to the acquisition, construction or production of qualifying assets, and we are required to cease capitalization of such costs when the assets are substantially ready for their intended use or sale. Because the proceeds from the Convertible Notes and the 2011 Notes, were used for the development and construction of our properties, we capitalized all related interest expenses. In fiscal years ended March 31, 2010, 2011 and 2012, bank borrowings used for general working capital purposes were recorded as interest expenses in the income statement.

Share of Results of Jointly Controlled Entities

Share of results of jointly controlled entities consists primarily of profit or loss, as applicable, from China South NEL and China South Royal Restaurant (Shenzhen), in which we hold a 51% and 50.5% interest, respectively.

Share of Results of Associates

Share of results of associates primarily includes profit or loss, as applicable, of China South Intimex and China South City Pico Exhibition, in each of which we hold a 30% interest. China South Intimex engages in website development, the maintenance and development of software, the provision of consultancy services and trading of e-commerce hardware and software. China South City Pico Exhibition provides exhibition services.

Taxation

We and our subsidiaries are incorporated in different jurisdictions, with different taxation requirements. The following table sets forth the major components of income taxes for the periods indicated.

	Fiscal Year Ended March 31,					
	2010		2011		2012	
	HK$	%	HK$	%	HK$	%
	(in thousands, except for percentages)					
Enterprise income tax	170,243	21.7	221,824	24.4	569,597	45.3
Land appreciation tax	269,619	34.3	284,174	31.3	403,171	32.0
Deferred PRC tax	345,483	44.0	402,660	44.3	285,185	22.7
Total income tax	785,345	100.0	908,658	100.0	1,257,953	100.0

Enterprise Income Tax

Our subsidiaries incorporated in the PRC are subject to PRC EIT on their taxable income as reported in the PRC statutory accounts adjusted in accordance with relevant PRC income tax laws. Prior to the effectiveness of the EIT law, on January 1, 2008, domestic companies were generally subject to EIT at a statutory rate of 33%.

The new EIT law imposes a uniform EIT rate of 25% on all domestic enterprises and foreign invested enterprises unless they qualify under certain exceptions. The new EIT law and related regulations provide a five-year transition period for certain entities which were established before March 16, 2007 and enjoyed a preferential EIT rate of less than 25% under the old EIT law to gradually increase their rates to 25%. Enterprises that were entitled to tax holidays for a fixed term may continue to enjoy such treatment until the tax holidays expire.

British Virgin Islands and Hong Kong

We are incorporated in Hong Kong, and we have four subsidiaries incorporated in the British Virgin Islands and three subsidiaries incorporated in Hong Kong as investment holding companies holding interests in our PRC operating entities. We are not subject to tax in the British Virgin Islands on income or capital gains, and dividend payments are not subject to withholding tax in the British Virgin Islands. Our subsidiaries incorporated in Hong Kong are not subject to Hong Kong corporate income tax because we have no assessable profits in Hong Kong.

Land Appreciation Tax

LAT in the amount of HK$269.6 million, HK$284.2 million and HK$403.2 million for the fiscal years ended March 31, 2010, 2011 and 2012, respectively, were charged to our consolidated income statements. See "— Factors Affecting Our Results of Operations — Land Appreciation Tax" and "— Critical Accounting Policies — Land Appreciation Tax."

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in our financial statements and the corresponding tax basis. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences, carry-forward of unused tax credits and unused tax losses. Deferred tax assets and liabilities are determined at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. A reconciliation of deferred tax liabilities and tax assets to deferred PRC EIT is provided in the table below for the periods indicated.

	Fiscal Year Ended March 31		
	2010	**2011**	**2012**
		(HK$ in thousands)	
Deferred PRC corporate income tax[1]	345,483	402,660	285,185
Deferred tax charged/(credited) to the income statement during the year/period[1]			
Deferred tax liabilities	410,920	481,969	403,220
Deferred tax assets	(65,437)	(79,309)	(118,035)
	345,483	402,660	285,185

(1) For more information, please refer to related notes in the audited consolidated financial statements for the fiscal year ended March 31, 2011 and March 31, 2012, respectively included in this offering memorandum.

Non-controlling Interests

Non-controlling interests represent our profit or loss after taxation that is attributable to the other shareholders of our non-wholly owned subsidiaries.

Consolidated Results of Operations

The following is a discussion of our consolidated results of operations for the fiscal years ended March 31, 2010, 2011 and 2012.

Fiscal Year Ended March 31, 2012 Compared with Fiscal Year Ended March 31, 2011

Revenue

Revenues increased by HK$1,436.8 million, or 64.3%, from HK$2,234.0 million in the fiscal year ended March 31, 2011 to HK$3,670.8 million in the fiscal year ended March 31, 2012. The increase was primarily due to the commencement of sales of trade center units in China South City Nanchang and Nanning.

Sale of properties. Revenue from sale of properties increased by HK$1,178.2 million, or 64.3%, from HK$1,832.6 million in the fiscal year ended March 31, 2011 to HK$3,010.8 million in the fiscal year ended March 31, 2012, due primarily to an increase in GFA sold. GFA sold increased from 135,800 sq.m. in the fiscal year ended March 31, 2011 to 251,200 sq.m. in fiscal year ended March 31, 2012. The increase in GFA sold was primarily due to the commencement of sales of trade center units in China South City Nanchang and Nanning, which generated revenue of HK$2,300.4 million, offset in part by a decrease in GFA sold in China South City Shenzhen and China South City Heyuan. Total GFA sold was approximately 251,200 sq.m, an increase of 85.0% from 135,800 sq.m. for the fiscal year ended March 31, 2011.

Finance lease income. Finance lease income increased by HK$206.8 million, or 96.8%, from HK$213.7 million in the fiscal year ended March 31, 2011 to HK$420.5 million in the fiscal year ended March 31, 2012, primarily attributable to finance lease contracts secured since the completion of our Phase Three office tower in China South City Shenzhen. We entered into finance lease arrangements with tenants for approximately 45,500 sq.m. at an average price of approximately HK$9,800 per sq.m.

Rental income. Rental income increased by HK$32.9 million, or 24.7%, from HK$133.5 million in the fiscal year ended March 31, 2011 to HK$166.4 million in the fiscal year ended March 31, 2012. The increase was primarily due to continued increase in rental income contribution from our Phase One and Two trade centers at China South City Shenzhen.

Property management service income. Property management service income increased by HK$10.8 million, or 35.2%, from HK$30.7 million in the fiscal year ended March 31, 2011 to HK$41.5 million in the fiscal year ended March 31, 2012. The increase was primarily due to the continued increase in occupancy at our Phase One and Two trade centers at China South City Shenzhen and their supporting facilities.

Cost of Sales

Cost of sales increased by HK$533.7 million, or 59.2%, from HK$901.0 million in the fiscal year ended March 31, 2011 to HK$1,434.7 million in the fiscal year ended March 31, 2012, in line with the increase in GFA of properties sold and the increase in cost of properties under finance leases.

Gross Profit

As a result of the foregoing, gross profit increased by HK$903.1 million, or 67.7%, from HK$1,333.0 million in the fiscal year ended March 31, 2011 to HK$2,236.1 million in the fiscal year ended March 31, 2012. Gross profit margin, or gross profit as a percentage of total revenue, increased slightly from 59.7% in the fiscal year ended March 31, 2011 to 60.9% in the fiscal year ended March 31, 2012.

Other Income and Gains

Other income and gains increased significantly by HK$507.7 million, or 1,285.3%, from HK$39.5 million in the fiscal year ended March 31, 2011 to HK$547.2 million in the fiscal year ended March 31,

2012. The increase was mainly due to the gains of HK$545.7 million generated from our disposal of three wholly-owned subsidiaries.

In September 2011, we disposed of the residential segment of China South City Heyuan for an aggregate consideration of RMB730 million for the equity interest in, and assignment of RMB237.8 million in loans due from, China South City Heyuan.

As of March 31, 2012, we had collected an aggregate of RMB350 million from the purchaser for the cash consideration of RMB730 million. The remaining cash consideration of RMB380 million was intended to be settled by June 15, 2012 and by July 31, 2012 with payment of RMB50 million and RMB330 million, respectively, as agreed by us and the purchaser under an agreement dated March 28, 2012 ("Heyuan Supplemental Agreement 1"). On July 27, 2012, we entered into another supplemental agreement with the purchaser ("Heyuan Supplemental Agreement 2"), which provided for the settlement of the remaining cash consideration by July 31, 2012, October 31, 2012, December 31, 2012 and March 31, 2013 with payment of RMB50 million, RMB50 million, RMB50 million and RMB180 million, respectively. We collected RMB50 million on June 14, 2012 and July 31, 2012, respectively, pursuant to the Heyuan Supplemental Agreement 1 and Heyuan Supplemental Agreement 2.

Under Heyuan Supplemental Agreement 2, it was agreed that the assignment of loans of approximately RMB237.8 million would be settled by March 31, 2013.

Change in Fair Value of Investment Properties

The change in fair value of investment properties was HK$1,464.2 million in the fiscal year ended March 31, 2011 compared to HK$1,117.7 million in the fiscal year ended March 31, 2012. The decrease was mainly attributable to our new properties in China South City Nanning, for which fair value was compared with the booked land and construction costs. The value of our properties in Shenzhen remained stable, because property prices in Nanning are generally lower than in Shenzhen, the addition of new properties in Nanning to our portfolio resulted in a decrease in the balance of fair value gain as compared to the previous year.

Selling and Distribution Costs

Selling and distribution costs increased by HK$75.5 million, or 67.6%, from HK$111.8 million in the fiscal year ended March 31, 2011 to HK$187.3 million in the fiscal year ended March 31, 2012. The increase was primarily due to advertising and promotion expenses related to our new projects in Nanning, Nanchang and Xi'an, for which we commenced sales and pre-sales during the year.

Administrative Expenses

Administrative expenses increased by HK$142.8 million, or 68.6%, from HK$208.1 million in the fiscal year ended March 31, 2011 to HK$350.9 million in the fiscal year ended March 31, 2012. The increase in administrative expenses was primarily due to an increase in business activities as a result of additional new projects in progress as well as the expansion of our management team and employee headcount. In addition, in the fiscal year ended March 31, 2012, we granted 226,900,000 share options to a director and certain of our employees, with respect to which expenses of HK$42.3 million were recorded.

Finance Costs

Finance costs increased by HK$28.4 million, or 93.1%, from HK$30.5 million in the fiscal year ended March 31, 2011 to HK$58.9 million in the fiscal year ended March 31, 2012, primarily due to an increase in new bank and other loans for general business purposes, with interest expenses recorded on our income statement, as well as the increase in PBOC interest rates during the year.

Profit Before Tax

As a result of the foregoing, profit before tax increased by HK$852.7 million, or 34.8%, from HK$2,452.8 million in the fiscal year ended March 31, 2011 to HK$3,305.5 million in the fiscal year ended March 31, 2012.

Taxation

Income taxes increased by HK$349.3 million, or 38.4%, from HK$908.7 million in the fiscal year ended March 31, 2011 to HK$1,258.0 million in the fiscal year ended March 31, 2012. This increase was primarily due to the increase in current income tax expenses and land appreciation tax as a result of income generated from China South City Nanchang and Nanning during the year.

Profit for the Year

As a result of the foregoing, profit for the year increased by HK$503.5 million, or 32.6%, from HK$1,544.1 million in the fiscal year ended March 31, 2011 to HK$2,047.6 million in the fiscal year ended March 31, 2012.

Fiscal Year Ended March 31, 2011 Compared with Fiscal Year Ended March 31, 2010

Revenue

Revenues increased by HK$663.8 million, or 42.3%, from HK$1,570.2 million in the fiscal year ended March 31, 2010 to HK$2,234.0 million in the fiscal year ended March 31, 2011. The increase was primarily due to the commencement of sales of residential properties located in China South City Heyuan, and the significant increase in finance lease income generated primarily from the leasing of office units in China South City Shenzhen.

Sale of properties. Revenue from sale of properties increased by HK$424.5 million, or 30.1%, from HK$1,408.1 million in the fiscal year ended March 31, 2010 to HK$1,832.6 million in the fiscal year ended March 31, 2011 due primarily to an increase in GFA sold. GFA sold increased from approximately 98,000 sq.m. in the fiscal year ended March 31, 2010 to approximately 135,800 sq.m. in the fiscal year ended March 31, 2011. The increase in GFA sold was primarily due to the commencement of sales of residential properties located in China South City Heyuan, which generated revenue of HK$474.3 million.

In the fiscal year ended March 31, 2011, we sold approximately 50,200 sq.m. of residential properties with an average sales price per sq.m. of HK$9,990, and approximately 85,600 sq.m. of trade center units at China South City Shenzhen, a decrease of 12.7% from approximately 98,000 sq.m. in the fiscal year ended March 31, 2010. The average sales price per sq.m. of the trade center units was HK$16,750, an increase of 11.7% from HK$15,000 per sq.m. in the fiscal year ended March 31, 2010.

Finance lease income. Finance lease income increased significantly by HK$202.5 million, or 1,808.0%, from HK$11.2 million in the fiscal year ended March 31, 2010 to HK$213.7 million in the fiscal year ended March 31, 2011, primarily due to the completion of our Global Logistic Center, with respect to which finance lease arrangements were entered into with tenants for approximately 24,000 sq.m. at an average price of approximately HK$8,760 per sq.m.

Rental income. Rental income increased by HK$32.2 million, or 31.8%, from HK$101.3 million in the fiscal year ended March 31, 2010 to HK$133.5 million in the fiscal year ended March 31, 2011. The increase was primarily due to rising rental income contribution from Phase Two at China South City Shenzhen.

Property management service income. Property management service income increased by HK$6.2 million, or 25.2%, from HK$24.5 million in the fiscal year ended March 31, 2010 to HK$30.7 million in the fiscal year ended March 31, 2011. The increase was primarily due to the increasing contribution in connection with the operations of the trade center and supporting facilities as the occupancy at these properties increased during the year.

Cost of Sales

Cost of sales increased by HK$313.5 million, or 53.4%, from HK$587.5 million in the fiscal year ended March 31, 2010 to HK$901.0 million in the fiscal year ended March 31, 2011, primarily as a result of the commencement of sales of residential properties located in China South City Heyuan and an increase in cost of properties under finance leases, primarily due to an increase in finance leases of office units in China South City Shenzhen.

Gross Profit

As a result of the foregoing, gross profit increased by HK$350.3 million, or 35.7%, from HK$982.7 million in the fiscal year ended March 31, 2010 to HK$1,333.0 million in the fiscal year ended March 31, 2011. Gross profit margin, or gross profit as a percentage of total revenue, decreased from 62.6% in the fiscal year ended March 31, 2010 to 59.7% in the fiscal year ended March 31, 2011. The decrease in gross profit margin was primarily due to the change of product mix to include the sales of residential properties and the finance lease of office units. Sales of trade center units typically generate a higher gross profit margin as compared to our other types of revenue.

Other Income and Gains

Other income and gains decreased by HK$110.9 million, or 73.7%, from HK$150.4 million in the fiscal year ended March 31, 2010 to HK$39.5 million in the fiscal year ended March 31, 2011. The decrease in other income and gains was primarily due to the previous year's one-off gain on the restructuring and buy back of the Convertible Notes.

Change in Fair Value of Investment Properties

The change in fair value of investment properties was HK$1,308.5 million in the fiscal year ended March 31, 2010 compared to HK$1,464.2 million in the fiscal year ended March 31, 2011. The increase was mainly due to a continued rise in property prices in Shenzhen and the addition of new investment properties during the year.

Selling and Distribution Costs

Selling and distribution costs increased by HK$28.2 million, or 33.8%, from HK$83.6 million in the fiscal year ended March 31, 2010 to HK$111.8 million in the fiscal year ended March 31, 2011. The increase in selling and distribution costs was primarily due to advertising and promotion expenses in the fiscal year ended March 31, 2011 related to our new projects during the year, including China South City Heyuan, which commenced sales of residential properties, and China South City Nanning, which held the China-ASEAN Light Industrial Products Fair in October 2010.

Administrative Expenses

Administrative expenses increased by HK$20.4 million, or 10.9%, from HK$187.7 million in the fiscal year ended March 31, 2010 to HK$208.1 million in the fiscal year ended March 31, 2011. The increase in administrative expenses was primarily due to an increase in business activities as a result of additional new projects in progress as well as the expansion of our management team.

Finance Costs

Finance costs decreased by HK$2.5 million, or 7.5%, from HK$33.0 million in the fiscal year ended March 31, 2010 to HK$30.5 million in the fiscal year ended March 31, 2011, primarily due to an increase in new bank and other loans for construction purposes, with interest expenses capitalized to properties under development.

Profit Before Tax

As a result of the foregoing, profit before tax increased by HK$339.8 million, or 16.1%, from HK$2,113.0 million in the fiscal year ended March 31, 2010 to HK$2,452.8 million in the fiscal year ended March 31, 2011.

Taxation

Income taxes increased by HK$123.4 million, or 15.7%, from HK$785.3 million in the fiscal year ended March 31, 2010 to HK$908.7 million in the fiscal year ended March 31, 2011. This increase was primarily due to the increase in both current and deferred tax expenses during the year, which was in line in the increase in revenue and gains.

Profit for the Year

As a result of the foregoing, profit for the year increased by HK$216.5 million, or 16.3%, from HK$1,327.6 million in the fiscal year ended March 31, 2010 to HK$1,544.1 million in the fiscal year ended March 31, 2011.

Liquidity and Capital Resources

Our primary uses of cash are to pay for construction costs, land costs (principally the payment of land grant fees), infrastructure costs, and consulting fees paid to architects and designers, as well as to service our indebtedness and fund working capital and normal recurring expenses. For the fiscal years ended March 31, 2010, 2011 and 2012, we financed our operations primarily through internally generated funds, bank borrowings, the offering of the 2011 Notes and proceeds from our 2009 initial public offering.

As of March 31, 2012, we had HK$3,315.7 million in cash and cash equivalents and had unused bank facilities available in the amount of HK$2,200.3 million. We believe that our current levels of cash and cash equivalents, cash flows from operations and available bank facilities, combined with the net proceeds from this offering, will be sufficient to meet our anticipated cash needs for at least the next 12 months. However, we may need additional resources in the future if we experience changed business conditions or other developments. We may also need additional cash resources in the future if we find and wish to pursue opportunities for investment, acquisition, strategic cooperation or other similar actions, beyond our currently budgeted intentions with respect to the continued development of our projects. If we determine that our cash requirements exceed our amounts of cash and cash equivalents on hand, we may seek to issue additional debt or equity securities or obtain a bank facility. It is possible that, when we need additional cash resources, financing will only be available to us in amounts or on terms that would not be acceptable to us or financing will not be available at all.

Cash Flows

The following table sets forth selected cash flow data from our consolidated cash flow statements for the periods indicated.

	Fiscal Year Ended March 31,		
	2010	2011	2012
	(HK$ in thousands)		
Cash flows provided by operating activities	885,339	1,325,317	935,720
Cash flows used in investing activities	(2,223,078)	(1,961,680)	(2,050,220)
Cash flows provided by (used in) financing activities	4,784,450	1,401,871	(141,974)
Net increase (decrease) in cash and cash equivalents	3,446,711	765,508	(1,256,474)
Effect of foreign exchange rate changes on cash and cash equivalents	1,331	61,676	50,821
Cash and cash equivalents at beginning of year	246,084	3,694,126	4,521,310
Cash and cash equivalents at end of year	3,694.126	4,521,310	3,315,657

Restriction on Cash Transfers from our Subsidiaries

We conduct all of our business through our subsidiaries, as well as our jointly controlled entities and associates, incorporated in the PRC. We rely on dividends paid by our subsidiaries and our jointly controlled entities and associates for our liquidity requirements, including the funds necessary to service any debt we may incur, including the 2011 Notes, and to pay our operating expenses. PRC law restricts the ability of our subsidiaries, jointly controlled entities and associates to transfer funds to us in the form of cash dividends, loans or advances.

Certain of our loan agreements for our bank borrowings have certain restrictions on the ability of our subsidiaries to transfer funds to us in the form of cash dividends, loans or advances. For more information on our bank borrowings and other indebtedness, see "Description of Other Material Indebtedness." For a discussion of legal restrictions on the ability of our subsidiaries, jointly controlled entities and associates to transfer funds to us in the form of cash dividends, loans or advances, see "Regulation — Regulation of Foreign Currency Exchange and Dividend Distribution" and "Description of Other Material Indebtedness."

Furthermore, under regulations of the SAFE, the Renminbi is not convertible into foreign currencies for capital account items, such as loans, repatriation of investments and investment outside of the PRC, unless the prior approval of the SAFE is obtained and prior registration with the SAFE is made. These restrictions have not historically had, and are not expected in the future to have, a material adverse impact on our ability to meet our financial requirements.

Cash Flows Provided By Operating Activities

We derive cash from operating activities principally from the sale of trade center units, finance lease income of leasing residential and commercial properties, and rental income received from trade center units, office units and residential properties retained as investment properties. We also receive rental income from the rental of warehouses and supporting commercial facilities. We use cash generated from operating activities principally for investments in properties under development.

In the fiscal year ended March 31, 2012, net cash provided by operating activities was HK$935.7 million, which consisted of operating cash inflow before working capital of HK$1,782.5 million and working capital cash outflow of HK$846.8 million. Working capital decreased due to an increase in properties held for sale of HK$3,380.0 million and an increase in trade receivables of HK$113.7 million, partially offset by an increase in trade and other payables of HK$3,636.7 million and an increase in prepayments, deposits and other receivables of HK$388.9 million.

In the fiscal year ended March 31, 2011, net cash provided by operating activities was HK$1,325.3 million, which consisted of operating cash inflow before working capital of HK$1,066.1 million and working capital cash inflow of HK$259.2 million. Working capital improved due to a decrease in properties held for sale of HK$619.8 million, a decrease in properties held for finance lease of HK$121.6 million, a decrease in prepayments, deposits and other receivables of HK$17.6 million and an increase in trade and other payables of HK$9.4 million, partially offset by an increase in trade receivables of HK$380.4 million.

In the fiscal year ended March 31, 2010, net cash provided by operating activities was HK$885.3 million, which consisted of operating cash inflow before working capital of HK$762.6 million and working capital cash inflow of HK$122.7 million. Working capital improved due to a decrease in properties held for sale of HK$311.0 million, a decrease in prepayments, deposits and other receivables of HK$48.5 million and an increase in trade and other payables, HK$31.3 million, partially offset by an increase in trade receivables of HK$234.0 million.

Cash Flow Used in Investing Activities

In the fiscal year ended March 31, 2012, net cash used in investing activities was HK$2,050.2 million, which primarily consisted of a cash outflow of HK$2,315.7 million for the development of Phase Three of China South City Shenzhen, and Phase One of China South City Nanchang, Nanning and Xi'an.

In the fiscal year ended March 31, 2011, net cash used in investing activities was HK$1,961.7 million, which primarily consisted of a cash outflow of HK$1,826.7 million for the development of Phase Two of China South City Shenzhen, and Phase One of China South City Nanchang, Nanning and Xi'an.

In the fiscal year ended March 31, 2010, net cash used in investing activities was HK$2,223.1 million, which primarily consisted of a cash outflow of HK$2,199.4 million for the development of Phase Two of China South City Shenzhen, and China South City Nanchang and Nanning.

Cash Flow From Financing Activities

Our cash from financing activities since April 1, 2009 have primarily consisted of the proceeds of our initial public offering, our offering of the 2011 Notes and bank and other borrowings. Our cash used in financing activities has historically been used primarily for repayment of principal of and interest on our bank and other borrowings.

In the fiscal year ended March 31, 2012, net cash used in financing activities was HK$142.0 million, which consisted of repayment of bank loans of HK$1,588.2 million, payment of interest on our 2011 Notes of HK$262.2 million, interest paid of HK$259.4 million, dividend distributions of HK$150.0 million and payment for repurchase of our 2011 Notes of HK$54.1 million, partially offset by new bank borrowings of HK$2,171.5 million.

In the fiscal year ended March 31, 2011, net cash provided by financing activities was HK$1,401.9 million, which primarily consisted of new bank loans of HK$2,050.1 million and proceeds from the issue of our 2011 Notes of HK$1,842.9 million, partially offset by repayment of bank loans of HK$2,196.0 million, interest paid of HK$210.5 million, dividend distributions of HK$120.0 million and payment for repurchase of shares of HK$24.6 million.

In the fiscal year ended March 31, 2010, net cash provided by financing activities was HK$4,784.5 million, which consisted primarily of new bank loans of HK$3,997.2 million and proceeds from the issue of shares of HK$2,996.0 million, partially offset by repayment of bank loans of HK$1,168.0 million, the buy back of Convertible Notes of HK$851.7 million and interest paid of HK$189.0 million.

Indebtedness and Contingent Liabilities

Overview

As of March 31, 2012, the total outstanding balance of our 2011 Notes and consolidated interest-bearing bank and other borrowings amounted to HK$6,618.4 million.

We also have certain commitments and contingent liabilities, consisting of commitments in respect of properties under development, commitments to purchase land and guarantees provided to banks in respect of mortgage loans entered into by purchasers of our trade center units and residential properties, and bank loans entered into by tenants of our residential and commercial properties. The aggregate amount of these capital commitments and contingent liabilities was HK$6,213.9 million as of March 31, 2012. We also provided guarantees for a bank facility granted to Heyuan Enterprises of HK$78.9 million as of March 31, 2012.

2011 Notes

On January 14, 2011, we issued 13.5% senior notes due 2016 in an aggregate principal amount of US$250.0 million (HK$1,950 million) pursuant to an indenture. As of March 31, 2012, we had a principal amount of US$241 million (HK$1,871.5 million) of the 2011 Notes outstanding. We used the net proceeds for the development of our projects in Shenzhen, Nanchang, Nanning and Xi'an. On September 30, 2011 and February 2, 2012, we repurchased from the market US$9.0 million aggregate principal amount of the 2011 Notes for total consideration of US$6.9 million, and recorded a gain of HK$14.0 million. For a detailed description of the 2011 Notes, see "Description of Other Material Indebtedness."

Bank and Other Borrowings

Bank and other borrowings are important sources of funding for our operations. As of March 31, 2012, we had aggregate loan facilities of HK$6,973.7 million available, of which HK$4,773.4 million had been drawn down. These loan facilities included both short-term working capital loans and long-term project construction loans. The following table sets forth a breakdown of our short-term loans and long-term bank and other loans as of the dates indicated.

	As of March 31,		
	2010	2011	2012
		(HK$ in thousands)	
Short-term bank and other borrowings	1,558,417	1,696,394	2,740,273
Long-term bank and other borrowings	2,644,308	2,546,303	2,033,109
Total	4,202,725	4,242,697	4,773,382

As of March 31, 2012, all of our bank and other borrowings bore interest at floating rates ranging from 5.98% to 7.87% per year.

The following table sets forth a breakdown of our secured and unsecured bank and other borrowings as of the dates indicated.

	As of March 31,		
	2010	2011	2012
	(HK$ in thousands)		
Unsecured bank and other borrowings	1,370,687	1,346,570	1,814,706
Secured bank and other borrowings	2,832,038	2,896,127	2,958,676
Total	4,202,725	4,242,697	4,773,382

Most of our secured loans are project construction loans, which are generally secured by mortgages over a portion of our land use rights and a portion of our properties.

The following table sets forth the maturity profile of our interest-bearing bank and other borrowings as of the dates indicated.

	As of March 31,		
	2010	2011	2012
	(HK$ in thousands)		
Within one year	1,558,417	1,696,394	2,740,273
Between 1–5 years	2,160,871	1,889,378	1,562,511
Over 5 years	483,437	656,925	470,598
Total	4,202,725	4,242,697	4,773,382

The agreements under our banking facilities contain certain customary covenants, including to maintain certain financial ratios and to abide by certain restrictive and affirmative covenants. We were in compliance with all relevant covenants and financial ratios in our loan agreements as of March 31, 2012. Several of our loan agreements for our bank and other borrowings have certain restrictions on the ability of our subsidiaries to transfer funds to us in the form of cash dividends, loans or advances until the loans are repaid, or unless certain net income thresholds applicable to the subsidiary borrowers are satisfied, or, in certain cases, limit their ability to pay dividends to us if the amount of the dividends exceed 30% of their after-tax profits. For a description of our material indebtedness, see "Description of Other Material Indebtedness."

Commitments and Contingent Liabilities

Capital Commitments

The following table sets forth our capital commitments as of the dates indicated.

	As of March 31,		
	2010	2011	2012
	(HK$ in thousands)		
Properties under development			
Authorized but not contracted for	5,641,374	6,408,729	2,731,722
Contracted but not provided for	48,411	966,079	3,129,592
Total	5,689,785	7,374,808	5,861,314

Guarantees

We guarantee mortgage and bank loans entered into by certain of our purchasers, including purchasers of trade center units and residential properties, and bank loans entered into by tenants of our residential and commercial properties. Although the mortgages we guarantee typically finance no more than 50% to 70% of the purchase price of our trade center units and residential properties or no more than 50% of the finance lease price of our residential and supporting commercial units, if a purchaser or tenant defaults on its mortgage or bank loan, we may be required to repay the outstanding amount together with accrued interest thereon and any penalty owed by the defaulting purchaser or tenant to the relevant bank. We are then entitled to take over the legal title and usage rights of the related properties. As of March 31, 2012, our outstanding guarantees in respect of mortgage and bank loans amounted to HK$352.6 million.

In addition, we make entrusted loans in connection with the sales and finance leases of certain units by advancing an amount, typically no more than one-half of the purchase price or the finance lease price, to the purchaser's lending bank. These advances appear as loan receivables and finance lease receivables on our consolidated balance sheet. In the event of a purchaser default, we write off the receivable and are entitled to take over the legal title and usage rights of the related properties.

In the fiscal years ended March 31, 2010, 2011 and 2012, we provided guarantees for mortgage loans for purchasers of and residential properties in the amount of HK$217.9 million, HK$152.6 million and HK$352.6 million, respectively.

The Group provided guarantees for a bank facility granted to Heyuan Enterprises before its disposal. The guarantee balance was HK$78.9 million as at March 31, 2012.

Capital Expenditures

In the fiscal years ended March 31, 2010, 2011 and 2012, we incurred capital expenditures in the amounts of HK$2,323.1 million, HK$2,307.0 million and HK$9,317.9 million, respectively. Our capital expenditures were mainly used for property development.

The following table sets forth our capital expenditures for the periods indicated.

	Fiscal Year Ended March 31,		
	2010	**2011**	**2012**
		(HK$ in thousands)	
Property, plant and equipment	8,736	22,417	11,273
Property under development	2,314,326	2,284,603	9,306,603
Total	2,323,062	2,307,020	9,317,876

We cannot assure you that our capital expenditures can be financed on commercially acceptable terms, or at all. Our ability to obtain adequate financing to satisfy our capital expenditures, contractual obligations and debt service requirements may be limited by our financial condition and results of operations and the liquidity of domestic and international financial markets.

Off-Balance Sheet Arrangements

As of March 31, 2012, we did not have any off-balance sheet arrangements with unconsolidated entities. However, from time to time we do guarantee mortgage and bank loans entered into by purchasers of our trade center, residential and supporting commercial units. For further information on these arrangements, see "— Indebtedness and Contingent Liabilities — Commitments and Contingent Liabilities."

Qualitative and Quantitative Disclosures About Market Risk

We are exposed to various types of market risks in the normal course of business, including foreign exchange risk and interest rate risk. We have not in the past used derivatives to manage our exposure to interest rate risk or foreign exchange risk. The following discussion and analysis, which constitute "forward-looking statements" that involve risk and uncertainties, summarizes our exposure to different market risks.

Foreign Exchange Risk

We conduct our business primarily in Renminbi. In addition, our expenses are also primarily denominated in Renminbi, although a small portion of expenses are denominated in foreign currencies, such as salaries in Hong Kong dollars paid to staff in Hong Kong, advertising expenses for advertising in Hong Kong and overseas media, rental expenses for our office space in Hong Kong and other general office expenses. However, our reporting currency is the Hong Kong dollar because we are incorporated in Hong Kong and the reporting currency of our major shareholders is also the Hong Kong dollar. During the fiscal year ended March 31, 2012, substantially all of our revenues were denominated in Renminbi. During the same period, substantially all of our expenses were denominated in Renminbi. As of March 31, 2012, all of our indebtedness was denominated in Renminbi except for our 2011 Notes. The Notes which are the subject of this offering will also be denominated in U.S. dollars. Our cash and bank balances are mainly held in bank deposits and primarily denominated in Renminbi and Hong Kong dollars. We believe the impact of foreign currency risk is not material to our operations and we have not hedged our foreign currency exposures or entered into any other derivative financial instruments.

Interest Rate Risk

We are exposed to interest rate risk due to fluctuations in interest rates on our debt and deposits. Our indebtedness consists primarily of bank and other borrowings. As of March 31, 2012, we had HK$4,773.4 million in total bank and other borrowings, all of which bore interest at floating rates ranging from 5.98% to 7.87%.

Increases in interest rates could potentially result in an increase in our cost of borrowing, which could negatively affect our business and results of operations. Increases in interest rates could also adversely affect the ability of prospective purchasers to obtain financing for the purchase of units in our trade centers. The PBOC regulates the interest rates of our Renminbi-denominated borrowings. The PBOC-published benchmark one-year lending rates in China as of March 31, 2010, 2011 and 2012 were 5.31%, 6.06% and 6.56%, respectively.

We also make entrusted loans to purchasers of trade center, residential and office units. All of our entrusted loans bear interest at fixed rates, and are denominated in Renminbi. Our entrusted loans are long-term loans, which increases our interest rate risk exposure relating to these loans. Changes in market interest rates could affect the interest rates we charge and receive on our entrusted loans differently from the interest rates that we may be required to pay in relation to our external financings. Any adjustments to benchmark rates or changes in market interest rates may result in an increase in interest expense relative to interest income.

Inflation

In recent years, China has not experienced significant inflation, and thus inflation has not had a material impact on our results of operations. According to the National Bureau of Statistics of China, the change in Consumer Price Index in China was 4.8%, 5.9%, -0.7%, 3.3% and 5.4% in 2007, 2008, 2009, 2010 and 2011 respectively.

Non-GAAP Financial Measures

We use EBITDA to provide additional information about our operating performance. EBITDA refers to our earnings before the following items:

- interest income;
- income tax expense;
- depreciation and amortization; and
- finance costs.

EBITDA is not a standard measure under either U.S. GAAP or HKFRS. As our market sector is capital intensive, capital expenditure requirements and levels of debt and interest expenses may have a significant impact on the profit for the year of companies with similar operating results. Therefore, we believe this type of financial measure may be useful to assess the operating performance of companies in our market sector.

As measure of our operating performance, we believe that the most directly comparable HKFRS and U.S. GAAP measure to EBITDA is profit for the year or period. We use EBITDA in addition to profit for the year or period because profit for the year includes many accounting items associated with capital expenditures, such as depreciation, as well as non-operating items, such as amortization of intangible assets and interest income and interest expense. These accounting items may vary between companies depending on the method of accounting adopted by the company. By minimizing differences in capital expenditures and the associated depreciation expenses as well as reported tax positions, intangible assets amortization and interest income and expense, EBITDA provides further information about our operating performance and an additional measure for comparing our operating performance with other companies' results. Funds depicted by this measure may not be available for debt service due to covenant restrictions, capital expenditure requirements and other commitments.

The table below reconciles our profit for the year under HKFRS to our definition of EBITDA for the periods indicated.

	Fiscal Year Ended March 31,		
	2010	**2011**	**2012**
		(HK$ in thousands)	
Profit before taxation	2,112,991	2,452,776	3,305,515
Adjustments for			
Interest income	(1,049)	(5,700)	(8,770)
Depreciation and amortization	37,456	35,631	23,362
Finance costs	32,982	30,495	58,873
EBITDA	**2,182,380**	**2,513,202**	**3,378,980**
Adjustments for			
Fair value gains on investment properties	(1,308,543)	(1,464,168)	(1,117,696)
Gain on restructure and buying back of interest-bearing notes	(136,709)	–	(14,018)
Fair value (gains)/losses on held for trading investments at fair value through profit or loss	(2,630)	(20,098)	40,260
Equity settled share option expense	3,294	396	42,314
Provision for impairment of trade receivables	25,468	34,959	–
Impairment of interests in jointly-controlled entities	(41)	(393)	(477)
Adjusted EBITDA	**763,219**	**1,063,898**	**2,329,363**

You should not consider our definition of EBITDA in isolation or construe it as an alternative to profit for the year or period or any other standard measure under HKFRS or U.S. GAAP or as an indicator of operating performance. Our definition of EBITDA does not account for taxes, interest income, depreciation and amortization and finance costs. Our EBITDA measures may not be comparable to similarly titled measures used by other companies.

Recently Issued Accounting Pronouncements

On November 29, 2010, the Hong Kong Institute of Certified Public Accountants ("HKICPA"), issued HK Interpretation 5: Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK Interpretation 5"). HK Interpretation 5 addresses the issue of whether a term loan that contains a repayment on demand clause should be classified as a current or non-current liability in the borrower's statement of financial position. HK Interpretation 5 also addresses the issue of whether a borrower should classify cash flows associated with such term loans based on the contractual repayment dates or the earliest date on which the lender could demand repayment. HK Interpretation 5 concludes that (i) the classification of a term loan as a current or non-current liability should be determined by reference to the rights and obligations of the lender and the borrower, as contractually agreed between the two parties and in force as of the reporting date, irrespective of the probability of the lender choosing to exercise its rights within the next twelve months after the reporting date; (ii) amounts repayable under a loan agreement which includes a clause that gives the lender the unconditional right to call the loan at any time should be classified by the borrower as current in its statement of financial position; and (iii) amounts repayable under a loan agreement that includes a clause that gives the lender the unconditional right to call the loan at any time should be classified in the earliest time bracket. HK Interpretation 5 is a clarification of Hong Kong Accounting Standard 1: Presentation of Financial Statements and is effective as of the date of issue. The HKICPA considers the conclusions set forth in HK Interpretation 5 to be consistent with IFRS.

Based on HK Interpretation 5, where the application of HK Interpretation 5 constitutes a change in accounting policy, it should be accounted for retrospectively. Under HK Interpretation 5, amounts repayable under loan agreements which contain a repayment on demand clause and are recorded under non-current liabilities should be classified as current liabilities in a borrower's statement of financial position. We have not made adjustments to reclassify amounts repayable under such loan agreements as current liabilities in our Consolidated Statement of Financial Position as of March 31, 2010 because HK Interpretation 5 was issued after the issuance of these financial statements. However, the classification of our current and non-current interest-bearing bank and other borrowings contained in our Consolidated Statement of Financial Position as of March 31, 2011 and 2012 was done in accordance with HK Interpretation 5. As such, our financial information as of and for the year ended March 31, 2010 is not directly comparable to our corresponding financial information as of and for the years ended March 31, 2011 and 2012 prepared in accordance with HK Interpretation 5. As of March 31, 2012, we had term loans in the amount of HK$225.6 million which contained a repayment on demand clause and were recorded under non-current liabilities in our Consolidated Statement of Financial Position as of March 31, 2012. We have not received any indication from our lenders that they will demand early repayment pursuant to the on demand clause in any of these term loans. Furthermore, we do not believe HK Interpretation 5 has or will materially affect our business, results of operations or liquidity position.

The information in the section below has been derived, in part, from official government sources unless otherwise indicated. This information has not been independently verified by us or the Initial Purchasers or any of our or their respective affiliates or advisors. The information may not be consistent with other information complied within or outside the PRC.

Overview of the PRC Economy

Over the last decade, China has experienced significant economic growth, largely as a result of the government's post-1978 economic reforms. China's accession to the World Trade Organization (the "WTO"), in 2001 has further accelerated the reform of the PRC economy. In the past five years, China's GDP has increased from approximately RMB26,581.0 billion in 2007 to approximately RMB47,156.4 billion in 2011 at a compound average growth rate, or CAGR, of approximately 15.4%. In 2011, China's real GDP grew by 9.2%.

The table below sets forth selected annual data relating to the PRC economy for the years indicated.

	2007	2008	2009	2010	2011
Nominal GDP (RMB in billions)	26,581.0	31,404.5	34,090.3	40,151.3	47,156.4
Real GDP growth rate	14.2%	9.6%	9.2%	10.4%	9.2%
Per capita GDP (RMB)	20,169	23,708	25,608	30,015	35,083
Foreign direct investment (US$ in billions)	74.8	92.4	90.0	105.7	116.0
Fixed asset investment (RMB in billions)	13,732.4	17,282.8	22,459.9	27,812.2	31.102.2
Consumer price index	104.8	105.9	99.3	103.3	105.4
Unemployment rate	4.0%	4.2%	4.3%	4.1%	4.1%

Source: China Statistical Yearbook, National Bureau of Statistics of China.

Since 2004, with a view to preventing China's economy from overheating and to achieving more balanced and sustainable economic growth, the PRC government has taken various measures to control money supply, credit availability and fixed assets investment. In particular, the PRC government has taken measures to discourage speculation in the residential property market and has increased the supply of affordable housing. For additional information, see the section headed "Regulation."

Regional Growth in the PRC Economy

Guangdong Province

Guangdong Province is located in the heart of the Pearl River Delta, adjacent to Hong Kong to its south. It covers a total area of approximately 179,813 sq.km., and had a population of approximately 105.1 million as of December 31, 2011. The Pearl River Delta has been an important economic region in China with significant development and growth over the past decades. In line with the economic growth in Guangdong Province, the purchasing power of Guangdong residents has increased significantly over the years, which has supported the growth of the real estate market in Guangdong Province. In 2011, the per capita GDP of Guangdong Province increased by approximately 7.4% as compared to 2010. The table below sets forth selected economic statistics for Guangdong Province for the years indicated.

	2007	2008	2009	2010	2011
Nominal GDP (RMB in billions)	3,067.4	3,569.6	3,908.2	4,601.3	5,267.4
As % of PRC GDP	12.5%	11.9%	11.6%	11.5%	11.2%
Per capita GDP (RMB)	32,713	37,588	40,748	46,821	50,295
Per capita GDP growth rate	16.6%	13.1%	4.8%	13.4%	12.4%
Consumer price index	103.7	105.6	97.7	103.1	105.3
Unemployment rate	2.5%	2.6%	2.6%	2.5%	2.5%

Source: Statistics Bureau of Guangdong Province.

Jiangxi Province

Jiangxi Province, located in the southern part of China with the Yangtze River as its northern border, comprises approximately 166,900 sq.km. in area. According to the Statistics Bureau of Jiangxi Province, as of December 31, 2011, Jiangxi Province had a population of approximately 44.9 million. In 2011, the per capita GDP of Jiangxi Province increased by approximately 11.8% as compared to 2010. The table below sets forth selected economic statistics of Jiangxi Province for the years indicated.

	2007	2008	2009	2010	2011
Nominal GDP (RMB in billions)	546.9	648.0	758.9	945.1	1,158.4
As % of PRC GDP	2.2%	2.2%	2.3%	2.4%	2.4%
Per capita GDP (RMB)	12,562	15,900	17,335	21,253	25,884
Per capita GDP growth rate	19.5%	19.4%	9.0%	22.6%	21.8%
Consumer price index	104.8	106.0	99.3	103.0	105.2
Unemployment rate	3.4%	3.4%	3.4%	3.3%	3.0%

Source: Statistics Bureau of Jiangxi Province.

Guangxi Zhuang Autonomous Region

Guangxi Zhuang Autonomous Region, located in Southwest China, comprises approximately 236,700 sq.km. in area. Because of its shared border with Vietnam and its proximity to Guangzhou and Hong Kong, Guangxi Zhuang Autonomous Region is an important commercial center that provides China strategic access to Southeast Asia. According to the Statistics Bureau of Guangxi Zhuang Autonomous Region, as of December 31, 2011, Guangxi Zhuang Autonomous Region had a population of approximately 52.0 million. In 2011, the per capita GDP of Guangxi Zhuang Autonomous Region increased by approximately 19.1%. The table below sets forth selected economic statistics of Guangxi Zhuang Autonomous Region for the years indicated.

	2007	2008	2009	2010	2011
Nominal GDP (RMB in billions)	588.6	717.2	770.0	950.2	1,171.4
As % of PRC GDP	2.2%	2.2%	2.3%	2.4%	2.4%
Per capita GDP (RMB)	12,408	14,966	15,923	20.219	25,315
Per capita GDP growth rate	21.3%	19.3%	9.5%	26.0%	25.2%
Consumer price index	106.1	107.8	97.9	103.0	105.9
Unemployment rate	3.8%	3.8%	3.7%	3.7%	3.5%

Source: Statistics Bureau of Guangxi Province.

Shaanxi Province

Shaanxi Province, located at the east side of Northwest China, comprises approximately 205,800 sq.km. in area. According to the Statistics Bureau of Shaanxi Province, as of December 31, 2011, Shaanxi Province had a population of approximately 37.4 million. In 2011, the per capita GDP of Shaanxi Province increased by approximately 13.7% as compared to 2010. The table below sets forth selected economic statistics of Shaanxi Province for the years indicated.

	2007	2008	2009	2010	2011
Nominal GDP (RMB in billions)	537.0	685.1	818.7	1,002.1	1,239.1
As % of PRC GDP	2.2%	2.3%	2.4%	2.5%	2.6%
Per capita GDP (RMB)	14,350	18,246	21,732	27,133	33,142
Per capita GDP growth rate	21.1%	26.7%	11.4%	23.6%	22.1%
Consumer price index	105.1	106.4	100.5	104.0	105.7
Unemployment rate	4.0%	3.9%	3.9%	3.9%	3.6%

Source: Statistics Bureau of Shaanxi Province.

Henan Province

Henan Province, located in the central part of China, comprises approximately 167,000 sq.km. in area. According to the Statistics Bureau of Henan Province, as of December 31, 2011, Henan Province had a population of approximately 104.9 million. In 2011, the per capita GDP of Henan Province increased by approximately 6.2% as compared to 2010. The table below sets forth selected economic statistics of Henan Province for the years indicated.

	2007	2008	2009	2010	2011
Nominal GDP (RMB in billions).	1,501.2	1,801.9	1,948.0	2,309.2	2,723.2
As % of PRC GDP	5.6%	5.7%	5.7%	5.8%	5.8%
Per capita GDP (RMB).	16,012	19,181	20,597	24,446	25,960
Per capita GDP growth rate	21.6%	19.8%	7.4%	18.7%	18.6%
Consumer price index	109.1	114.3	112.4	114.1	105.6
Unemployment rate.	3.4%	3.4%	3.5%	3.4%	N/A(1)

Source: Henan Statistical Yearbook 2011, Statistics Bureau of Henan Province.

(1) Not available.

Heilongjiang Province

Heilongjiang Province, located in the northeastern part of China, comprises approximately 460,000 sq.km. in area. According to the Statistics Bureau of Heilongjiang Province, as of December 31, 2011, Heilongjiang Province had a population of approximately 38.3 million. In 2011, the per capita GDP growth rate of Heilongjiang Province increased by approximately 20.5% as compared to 2010. The table below sets forth selected economic statistics of Heilongjiang Province for the years indicated.

	2007	2008	2009	2010	2011
Nominal GDP (RMB inbillions).	707.7	831.0	828.9	1,023.5	1,250.3
As % of PRC GDP	2.7%	2.6%	2.4%	2.5%	2.7%
Per capita GDP (RMB).	18,580	21,740	22,447	27,076	32,637
Per capita GDP growth rate	14.3%	17.0%	3.3%	20.6%	20.5%
Consumer price index	105.4	100.2	100.2	103.9	105.8
Unemployment rate.	4.26%	4.23%	4.27%	4.27%	4.38%

Source: China Statistical Yearbook, Statistics Bureau of Heilongjiang Province.

The Trade Center Market in the PRC

Overview

Trade centers are wholesale markets in which groups of merchants can display and sell their goods. The trade center market within China is highly fragmented, with a large number of trade centers that vary widely in GFA and on industry focus. Many trade centers in China tend to specialize in one industry sector, such as textile and clothing, leather and accessories, electronics, printing and metals products and hardware. There are a limited number of trade centers in China with a GFA in excess of 400,000 sq.m. that offer products in more than one industry sector and have a comprehensive range of supporting services and facilities. In the last five years, many wholesale trade centers have been built in China. Most of these trade centers are clustered in industrial centers such as the Pearl River Delta, the Yangtze River Delta and the Bohai-Ring surrounding the Beijing region, as well as in regional transportation hubs throughout the country, for easy access to transportation systems. As a developer and operator of large integrated logistics and trade centers, we sell and lease units in our trade centers, which is consistent with the industry practice of other trade center developers and operators.

According to Colliers International, there is growing demand in China for trade centers that are owned and operated by a single entity and are well-managed, integrated, large-scale and specialize in a certain industry or industries. Due to reduced efficiencies and competition that could arise in trade centers operated by several operators, trade centers with one operator tend to achieve relatively better operational results and higher occupancy rates, leading to higher rental rates in the market. Trade centers in China are also expected to increase in size and scope and may expand to include upstream and/or downstream facilities and supporting services. In addition, due to increased competition in the market with many trade centers planned for development in the near future, small, randomly scattered specialized markets in downtown areas are combining and moving to suburban areas with good transportation networks and opportunities for expansion. Specialized trade centers, or trade centers focused on a particular industry or limited industries, play an important role in driving economic growth as many city governments are increasingly developing urban planning schemes for the development of retail facilities, which include specialized trade centers. Moreover, the growth in large-scale specialized trade centers, in conjunction with China's increasing presence as a global manufacturing and export center, has increased the demand for trade centers with logistics services, as logistics services increase efficiency in, and decrease transportation and logistical costs for, business transactions.

The table below sets forth the total output and annual growth in output in 2010 compared to 2009 for selected industries in China.

Type of Industry	Total Output of Industry in 2010	Growth in Total Output of Industry from 2009 to 2010
	(RMB in billions)	(%)
Electronics[(1)]	5,497.0	23.4
Chemicals[(2)]	5,287.3	29.8
Textile and clothing[(3)]	4,083.9	22.2
Metal products	2,013.5	25.2
Printing and paper products[(4)]	1,399.7	24.6
Plastics	1,387.2	26.5
Leather and accessories	789.8	22.9
Transport equipment	5,545.2	32.9
Construction and decoration products [(5)]	1,180.8	25.7
Manufacture of food and agricultural products [(6)]	4,627.9	24.5
Total	31,812.3	26.4

Source: China Statistical Yearbook.

(1) Includes communication equipment, computers and other electronic equipment.

(2) Includes raw chemical materials, chemical products and chemical fibers.

(3) Includes textiles and apparel, footwear and headgear.

(4) Includes paper and paper products and printing, reproduction of recording media.

(5) Includes timber, manufacture of wood, bamboo, rattan, palm and straw products, and furniture.

(6) Includes manufacture of food and processing of food from agricultural products.

Trade centers are organized in a variety of configurations, generally according to industry sector. This often depends on local market demands and proximity to certain manufacturing industries. The table below sets forth some of the major trade centers in China that operate in the same industries covered by our existing trade centers in the regions where we operate.

Trade Center	Province	Commencement Date	Industry	Approximate GFA
				(in sq.m.)
Huaqiangbei	Guangdong	1988	Electronics	280,000
Keqiao Textile Cities	Zhejiang	1993	Textile	800,000
Shishi Clothing Base	Fujian	1995	Textile	550,000
Zhongda Textile Market	Guangdong	1982	Textile	500,000
Humen Clothing Market	Guangdong	1995	Textile	450,000
Qianqing Light Textile Raw Material Market	Zhejiang	1993	Textile	300,000
Zhanqian Road Clothing Wholesale Center	Guangdong	1985	Textile	260,000
Shenyang International Textile and Clothing City (ITCC)	Liaoning	2010	Textile	640,000
Guangdong Hardware City	Guangdong	2003	Metal	900,000
Yongkang Hardware City Zhejiang	Zhejiang	1992	Metal	600,000
Zhongshan Hardware and Electrical Center	Guangdong	2006	Metal	200,000
Guangdong International Packaging & Printing City	Guangdong	2005	Printing	200,000
China Printing City	Zhejiang	2002	Printing	200,000
Huadu Shiling	Guangdong	1983	Leather	500,000
Zhejiang Haining Leather Clothing Center	Zhejiang	1993	Leather	160,000
Wuxi Dongfang International Leather City	Jiangsu	2008	Leather	300,000
Tongerbao Haining Leather Center	Liaoning	2010	Leather	170,000
Optics Valley of Guangzhou	Guangdong	2011	Electronics & LED	266,000

Source: Colliers International.

The Trade Center Industry in Guangdong Province

Guangdong Province has become a major center of manufacturing in China. According to China Statistical Yearbook, in 2011, Guangdong Province had a GDP of approximately RMB5,267.4 billion and exports with a value of US$531.9 billion, which accounted for 11.1% and 28.0%, respectively, of China's total GDP and exports, respectively.

Many industries, including the textile and clothing, leather manufacturing, hardware and construction materials, home appliances, electronics and furniture industries are located in the Greater Pearl River Delta. Within Guangdong Province, Dongguan, Shenzhen and Huizhou are centers of electronics and telecommunications equipment manufacturing. Zhuhai, Zhongshan, Shunde and Jiangmen are centers for home appliances and other household consumer durables, non-durable products and hardware products. Guangzhou, Foshan, Nanhai and Zhaoqing are centers for electricity, machinery, steel, shipbuilding, textiles and construction materials. In addition, Guangzhou is an emerging area for automobile manufacturing, software development and chemical manufacturing.

The table below sets forth the total output in 2009 and annual growth in output in 2009 compared to 2008 for selected industries in Guangdong Province covered by our existing trade centers.

Type of Industry	Total Output of Industry in 2009	Growth in Total Output of Industry from 2008 to 2009
	(RMB in billions)	(%)
Electronics[1]	1,572.2	2.3
Textiles and clothing[2]	386.6	11.4
Chemicals[3]	334.6	2.1
Metal products	325.6	5.2
Plastics	264.0	9.0
Printing and paper products[4]	197.6	–0.1
Leather and accessories	122.7	4.5
Total	3,203.3	4.0

Source: China City Statistical Yearbook.

(1) Includes communication equipment, computers and other electronic equipment.

(2) Includes textiles and apparel, footwear and headgear.

(3) Includes raw chemical materials, chemical products and chemical fibers.

(4) Includes paper, paper products, printing and reproduction of recording media.

In Shenzhen, there are several trade centers, each of which cater to a specific industry, such as electronics, clothing, furniture, leather or hardware.

According to Colliers International, there are eight trade center projects in Shenzhen, each of which specialize in one industry sector, and with GFA ranging from 45,000 sq.m. to over 300,000 sq.m. The majority of these trade center projects had rental occupancy rates of over 90% as of December 31, 2011.

The Trade Center Industry in Jiangxi Province

In 2011, Jiangxi Province had a GDP of RMB1,158.4 billion, which accounted for approximately 2.4% of China's total GDP.

The table below sets forth the total output in 2009 and annual growth in output in 2009 compared to 2008 for selected industries in Jiangxi Province that we may focus on in our planned trade center project in Nanchang.

Type of Industry	Total Output of Industry in 2009	Growth in Total Output of Industry from 2008 to 2009
	(RMB in billions)	(%)
Processing of metals and minerals[1]	305.2	1.7
Chemicals[2]	73.9	43.8
Textile and clothing[3]	58.8	31.1
Manufacture of food and agricultural products [4]	65.5	35.7
Electrical machinery and equipment	66.8	33.0
Medical and pharmaceutical products.	34.9	22.9
Leather	13.4	41.4
Plastics	12.8	40.8
Construction and decoration products[5]	20.3	37.1
Total	651.5	17.1

Source: China City Statistical Yearbook.

(1) Includes smelting and pressing of ferrous and non-ferrous metals and manufacture of non-metallic mineral products.

(2) Includes raw chemical materials, chemical products and chemical fibers.

(3) Includes textiles and apparel, footwear and headgear.

(4) Includes manufacture of food and processing of food from agricultural products.

(5) Includes timbers, manufacture of wood, bamboo, rattan, palm and straw products, and furniture.

There are a variety of small trade centers located in Nanchang, the capital city of Jiangxi Province. Currently, the majority of trade centers in Nanchang are specialized, rather than comprehensive, in their industry focus, and most of the trade centers focus on selling finished goods. According to the Nanchang Municipal Statistical Bureau, as of the end of 2011, there were 34 centers in Nanchang with a total annual transaction volume of RMB100 million.

The Nanchang trade center market is fragmented, with numerous small trade centers and, as of the end of 2011, seven larger trade centers with total GFA of over 100,000 sq.m. and a rental occupancy rate of approximately 90%. Several trade centers also provide logistics services. Many of the trade centers in Nanchang are often limited to one industry sector. There are currently no large-scale integrated trade centers in Nanchang.

The Trade Center Industry in Guangxi Zhuang Autonomous Region

Guangxi Zhuang Autonomous Region is developing into a regional trade center due to its proximity to ASEAN countries, such as Vietnam, Laos and Myanmar. In 2011, Guangxi Zhuang Autonomous Region had a GDP of RMB1,171.4 billion and exports with a value of US$12.5 billion, which accounted for 2.4% and 0.6%, respectively, of China's total GDP and exports.

According to Colliers International, the manufacturing industries in Guangxi are focused on light finished goods, such as clothing, footwear, furniture, and household appliances while the heavy manufacturing and raw materials industries are less developed in the region. The automobile parts and the decoration materials industries in Guangxi are also growing due to increased rates of real estate development and urbanization.

The table below sets forth the total output in 2009 and annual growth in output in 2009 compared to 2008 for selected industries in Guangxi that we may focus on in our planned trade center project in Nanning.

Type of Industry	Total Output of Industry in 2009	Growth in Total Output of Industry from 2008 to 2009
	(RMB in billions)	(%)
Automobile and transport equipment	197.3	52.9
Plastics and chemicals(1)	46.9	26.2
Electrical machinery and equipment	20.1	65.4
Medical and pharmaceutical products	13.2	34.8
Textile and clothing(2)	10.2	15.7
Electronics	11.7	61.3
Leather	4.8	15.9
Metal products	8.0	64.6
Construction and decoration products(3)	21.2	29.4
Total	333.4	56.4

Source: Guangxi Statistical Yearbook.

(1) Includes raw chemical materials, chemical products, chemical fibers, plastics and rubber.

(2) Includes textiles and garments, shoes and accessories.

(3) Includes timbers, manufacture of wood, bamboo, rattan, palm and straw products, and furniture.

Nanning, the capital of Guangxi Zhuang Autonomous Region, has traditionally not been a manufacturing center but has instead focused on the service industry as a result of the rapid economic development of the region. Although other industries are also present, they are limited in scope and are relatively small in scale.

The existing trade centers in Nanning mostly cover the souvenirs, construction materials and automobile markets. However, as the permanent host of the annual China-ASEAN Expo, the city is exposed to greater economic opportunities, and has started to develop and promote other industry sectors such as textiles and Chinese medicine, according to Colliers International.

The Nanning trade center market is currently fragmented with a range of trade centers varying in size and type of industries represented. The 34 largest trade centers with a total transaction volume of RMB100 million each have total GFA of over 10,000 sq.m. According to Colliers International, of the seven more established trade centers in Nanning, the average occupancy rate was approximately 90% as of the end of 2011 and total GFA of the trade centers range from 18,200 sq.m. to over 100,000 sq.m. Logistics services are also available on-site at many of the trade centers. Most of the trade centers in Nanning are focused on one industry, with a lack of integrated, multi-industry trade centers with supporting logistics and auxiliary services.

The Trade Center Industry in Shaanxi Province

In 2011, Shaanxi Province had a GDP of RMB1,239.1 billion, which accounted for approximately 2.6% of China's total GDP.

The table below sets forth the total output in 2009 and annual growth in output in 2009 compared to 2008 for selected industries in Shaanxi Province that we may focus on in our planned trade center project in Xi'an.

Type of Industry	**Total Output of Industry in 2009**	**Growth in Total Output of Industry from 2008 to 2009**
	(RMB in billions)	**(%)**
Metal products	7.3	42.1
Construction materials[1]	10.5	73.8
Textile and clothing[2]	10.9	16.6
Beverage	17.3	15.6
Processing of food from Agricultural Products	31.2	34.4
Automobile and transport equipment	94.9	32.9
Electrical machinery and equipment	34.7	27.3
Total	206.8	31.4

Source: China City Statistical Yearbook.

(1) Includes bricks, stone, other construction materials; glass and glass related products; pottery products; processing of timbers; manufacture of wood, bamboo, rattan, palm and straw products and furniture; and ink material; and related products.

(2) Includes textiles and apparel, footwear and headgear.

There are five major trade centers located in Xi'an, the capital city of Shaanxi Province. Currently, most of the trade centers focus on selling finished goods.

The Xi'an trade center market is fragmented, with numerous small trade centers and, as of October 2010, five larger trade centers with total GFA of over 100,000 sq.m. and a rental occupancy rate of approximately 90%. Several trade centers also provide logistics services. Many of the trade centers in Xi'an are often limited to one industry sector. There are currently no large-scale integrated trade centers in Xi'an.

The Trade Center Industry in Heilongjiang Province

In 2011, Heilongjiang Province had a GDP of RMB1,250.3 billion, which accounted for approximately 2.7% of China's total GDP.

The table below sets forth the total output in 2010 and annual growth in output in 2010 compared to 2009 for selected industries in Heilongjiang Province that we may focus on in our planned trade center project in Harbin.

Type of Industry	Total Output of Industry in 2010	Growth in Total Output of Industry from 2009 to 2010
	(RMB in billions)	(%)
Metal products	7.4	45.5
Construction materials(1)	26.0	56.4
Textile and clothing(2)	1.0	22.9
Manufacture of food	41.2	20.2
Processing of food from Agricultural Products	120.1	46.1
Transport equipment	38.5	2.7
Electrical machinery and equipment	17.2	-1.0
Total	251.4	29.7

Source: China City Statistical Yearbook.

(1) Includes processing of timbers; manufacture of wood, bamboo, rattan, palm and straw products and furniture.

(2) Includes textiles and apparel, footwear and headgear.

According to Harbin Municipal Statistical Bureau, as of the end of 2011, there were 53 centers in Harbin with a total annual transaction volume of RMB100 million.

The Logistics Industry in China

Overview

The logistics industry comprises the procurement, purchasing, inventory, warehousing, distribution and transportation of goods and services from point of origin to point of consumption by the ultimate consumer. Third-party logistics is a relatively new industry in China. Traditionally, independent trucking companies, warehouse operators, railway agencies, freight forwarders and carriers have provided logistics services to enterprises in China. Of the enterprises registered as logistics services providers in China in 2006, the majority were confined to a segment of the supply chain, such as warehousing or point-to-point transportation, without the capability of providing comprehensive logistics services encompassing all segments of their customers' supply chain.

As foreign trade is more concentrated in China's coastal regions, the main locations in China for transportation and logistics services, including warehousing and distribution of goods, have traditionally been the Greater Pearl River Delta and the Yangtze River Delta. These regions are in proximity to the primary ports in China of Hong Kong, Shenzhen and Shanghai. However, as domestic trade in China continues to grow and the number of trade centers increase at regional hubs of transportation to cater to local markets, the need for transportation and logistics services will also increase in areas away from China's coastal regions.

Since its accession to the WTO in 2001, the PRC has adopted new liberalization policies in the logistics industry, which is expected to have a significant positive impact on China's transportation and logistics industry. Foreign logistics providers are now permitted to operate transportation and logistics services in China without geographic restrictions. The activities in China permitted of foreign logistics providers include: (1) freight forwarding operations; (2) storage and warehousing operations; (3) road freight transportation; (4) maritime transportation (subject to a limitation of 49% foreign equity ownership for certain types of activities); (5) air transportation (subject to a maximum 35% foreign equity ownership); and (6) wholesale and retail distribution of general goods.

Drivers for Growth

The major factors contributing to the growth in the logistics industry in China have been China's growing importance as a manufacturing and export center, as well as the overall growth in global trade, which has been driven by growth in both domestic and foreign trade of the PRC.

China has taken advantage of its lower production costs and a plentiful supply of inexpensive labor compared with more developed countries, and an increasingly sophisticated transportation infrastructure, to become a manufacturing and export center. As exports from China grow as a result of increased outsourcing of manufacturing to China, the number of manufacturing facilities in China and the amount of foreign direct investment, particularly in the manufacturing industry, in China will continue to grow. In 2011, the PRC was one of the major foreign trading nations in terms of trade volume, with total foreign trade volume of approximately US$3,642.1 billion, representing a 22.5% increase compared to 2010. According to the National Bureau of Statistics of China, in 2011, China ranked second in the world in terms of the aggregate amount of exports and imports. Between 2007 and 2011, China's exports and imports volumes grew at compounded annual growth rates of 11.7% and 16.2%, respectively. China's exports and imports in 2011 increased to US$1,898.6 billion and US$1,743.5 billion, respectively, representing increases of 20.3% and 25.0%, respectively, compared to 2010. As exports and imports from and into China continue to grow, we expect logistics throughput in China to increase.

The table below presents information relating to China's foreign trade for the years indicated.

	2007	2008	2009	2010	2011
	(in billions of US$, except for percentages)				
Exports	1,217.8	1,430.7	1,201.6	1,577.9	1,898.6
Imports	956.0	1,132.6	1,005.9	1,394.8	1,743.5
Balance of trade	261.8	298.1	195.7	183.1	155.1
Exports as percentage of imports	127.4%	126.3%	119.5%	113.1%	108.9%
Exports as percentage of GDP	30.7%	30.5%	23.6%	26.2%	25.3%

Source: China Statistical Yearbook, National Bureau of Statistics of China.

The trend towards outsourcing logistics is another growth factor in the logistics industry in China. The major factor for increased outsourced logistics activity is a desire to reduce logistics costs. Although labor costs are low in China, processes are not streamlined, and information systems and automated processes are undeveloped. The PRC government is taking steps to improve the logistics infrastructure. Since 2007, the PRC spent a substantial amount on logistics assets and infrastructure. A substantial portion of the expenses was for transportation improvements, particularly for the rail and roadway infrastructure.

Furthermore, the recent WTO accession agreement has allowed the logistics industry in the PRC to be fully opened to foreign companies, which should increase demand for warehouses and logistics facilities throughout China. Also driving demand for warehouses and logistics facilities is the increase in trade and exports between China and Hong Kong resulting from the Closer Economic Partnership Arrangement, or CEPA, signed in 2003. Under CEPA, all goods made in Hong Kong (except certain prohibited articles) can be exported to China and enjoy zero tariffs, and all goods made in China can be exported to Hong Kong and enjoy zero tariffs. According to the China Statistical Yearbook, exports from Hong Kong to China decreased 32.6% in 2009 compared to 2008, and exports from China to Hong Kong decreased 13.8% in 2009 compared to 2008.

Real Estate Market in the PRC

Overview

In 1990, the State Council issued the Provisional Regulations of the PRC Concerning the Grant and Assignment of the Right to Use State Land in Urban Areas (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 "Urban Land Regulations"). These rules, together with other land regulations and general economic growth in the PRC, have contributed to the significant growth experienced by the PRC property market since 1995.

The PRC property market continues to grow as evidenced by the increase in prices for property in China from 2007 to 2011. The average price per sq.m. for the overall property market, including residential and commercial property, was approximately RMB5,377 in 2011, compared to approximately RMB5,032 in 2010. The increase in land prices in the PRC is due to a number of factors, including the limited supply of land in favorable locations and competition among developers for the land. The transaction price indices of land decreased slightly in 2008 from 2007 because of the macroeconomic measures introduced by the PRC government to control perceived overinvestment in the property market. In response to the global economic downturn since 2009, the PRC government has adopted increasingly flexible macroeconomic policies to ease the economic downturn pressure.

The table below sets forth selected data relating to the PRC real estate market for the years indicated.

Supply indicators:	**2007**	**2008**	**2009**	**2010**	**2011**
Investment in real estate (RMB in billions)	2,528.9	3,120.3	3,624.2	4,826.7	6,174.0
GFA of commercial properties sold (sq.m. in millions)	773.5	659.7	947.6	1,043.5	1,099.5
GFA of properties under construction (sq.m. in millions)	2,363.2	2,832.7	3,203.7	4,055.4	5,079.6
GFA of new developments (sq.m. in millions)	954.0	1,025.5	1,164.2	1,637.8	1,900.8
Demand indicators:					
Average sales price of residential commodity properties (RMB per sq.m.)	3,645	3,576	4,459	4,725	N/A[(1)]
Average sales price of all properties, including residential, commercial, office and other properties (RMB per sq.m.)	3,864	3,800	4,681	5,032	5,377
Transaction price indices of land	112.3	109.5	105.4	165.9	98.1

Source: China Statistical Yearbook, National Bureau of Statistics of China.

(1) Not available.

The PRC government has implemented a series of measures to tighten control of the property market since 2003. In March 2005, the PRC government instituted eight measures to rein in speculation in the residential property market, slow the growth of residential property prices and regulate the real estate industry. These measures included increasing the minimum required down payment to 30% of the total purchase price, eliminating the preferential mortgage interest rate for residential housing, imposing a business tax of 5% for sales within two years of purchase, and prohibiting reselling unfinished properties before they are completed. In 2006, the PRC government implemented additional land supply, bank financing and other measures to curtail fast increases in property prices, to encourage the development of middle- to low-end housing and promote healthy development of the PRC real estate industry. In 2007, the PRC government continued to institute measures to manage the rapid growth of the property market and provide a further regulatory framework to the property market. These measures included limiting access to capital by foreign-invested enterprises in various aspects, such as, limitations on the ability of foreign-invested enterprises to raise funds offshore and restrictions on the conversion and sale of foreign exchange into the capital account. In addition, the PRC government also imposed new requirements which must be satisfied prior to commencing the development of real estate investment projects and created further restrictions on obtaining loans from commercial banks. For further information on these measures, see "Regulation — Regulations on Foreign-Invested Real Estate Enterprises."

During 2007 to 2008, in response to the current global economic downturn and corresponding decline in the rate of growth of the PRC economy, the PRC government reversed certain policies with respect to the domestic property market, including the announcement and adoption of new measures specifically designed to encourage development of the domestic property market.

From 2009 to 2010, on the basis of global economic recovery and steady increase in the rate of growth of the PRC economy, the PRC government instituted several policies in attempt to curb overheating land and housing prices. Policies and measures instituted include adjustments to the rate of the savings deposit reserve fund, interest rate, taxes related to real estate, land supply and affordable housing construction. Furthermore, several first-tier cities in China have promulgated policies to further curb increasing housing prices and restrain speculation in the real estate market.

Real Estate Market in Guangdong Province and Shenzhen

Guangdong Province

According to the Statistics Bureau of Guangdong Province, a total GFA of approximately 58.0 million sq.m. of commercial properties was completed in Guangdong Province in 2011, representing an increase of approximately 10.8% compared to 2010, and a total GFA of approximately 77.6 million sq.m. of commercial properties was sold in Guangdong Province in 2011, an increase of approximately 6.0% from 73.2 million sq.m. sold in 2010. In 2011, the average price of commercial property in Guangdong Province was RMB7,987 per sq.m., compared to RMB7,486 in 2010, and total sales revenue from commercial properties was RMB617.6 billion in 2011, compared to RMB548.1 billion in 2010. The table below sets forth certain information relating to the property market in Guangdong Province for the years indicated.

	2007	2008	2009	2010	2011
GFA completed (sq.m. in millions)	42.6	43.6	50.6	52.3	58.0
GFA sold (sq.m. in millions)	61.7	48.2	70.6	73.2	77.6
% of total GFA sold in the PRC	8.0	7.8	7.5	7.0	7.1

Source: Statistics Bureau of Guangdong Province.

Shenzhen

Shenzhen, which is the second largest city in Guangdong Province by developed land area, is located in the southern region of Guangdong Province. Highways, railways and waterways connect Shenzhen to nearby Hong Kong and Macau. According to the Statistics Bureau of Shenzhen, as of December 31, 2011, Shenzhen had a population of approximately 10.5 million. In 2011, Shenzhen's GDP reached approximately RMB1,150.2 billion, representing a per capita GDP of approximately RMB110,387. The table below sets forth selected economic statistics of Shenzhen for the years indicated.

	2007	**2008**	**2009**	**2010**	**2011**
Nominal GDP (RMB in billions)	680.2	778.7	820.1	951.1	1,150.2
Per capita GDP (in RMB) . . .	79,645	89,587	92,772	94,296	110,387
Consumer price index	104.1	105.9	98.7	103.5	105.4
Unemployment rate	2.3%	2.3%	2.6%	2.5%	2.2%

Source: Statistics Bureau of Shenzhen.

According to Colliers International, as of December 31, 2010, there was a GFA of approximately 129.9 million sq.m. of industrial factories and a GFA of approximately 2.3 million sq.m. of warehouses under management in Shenzhen. Demand for land from manufacturing enterprises, trade enterprises and other exporters have resulted in a shortage of available supply of land for industrial factories and warehouses. According to Colliers International, rental rates are expected to continue to remain at current levels in the short-term and to increase in the medium- to long-term for both factories and warehouses in the near future.

The table below sets forth certain information relating to the property market in Shenzhen for the years indicated.

	2007	**2008**	**2009**	**2010**	**2011**
Investment in real estate (RMB in billions)	46.1	44.0	43.7	45.8	59.0
GFA of new developments (sq.m. in millions)	8.8	7.5	4.9	4.7	6.3
Average sales price of commercial properties (RMB per sq.m.)	14,050	12,665	15,214	19,170	21,185

Source: China Statistics Yearbook, Statistics Bureau of Shenzhen, National Bureau of Statistics.

Real Estate Market in Other Provinces

Jiangxi Province

According to China Statistical Yearbook, a total GFA of approximately 17.8 million sq.m. of commercial properties was completed in Jiangxi Province in 2011, and a total GFA of approximately 23.4 million sq.m. of commercial properties was sold in Jiangxi Province in 2011, a decrease of approximately 5.4% from 24.7 million sq.m. sold in 2010. The table below sets forth certain information relating to the property market in Jiangxi Province for the years indicated.

	2007	2008	2009	2010	2011
GFA completed (sq.m. in millions)	16.3	15.8	16.5	18.2	17.8
GFA sold (sq.m. in millions)	21.8	17.3	22.8	24.7	23.4
% of total GFA sold in the PRC	2.8	2.6	2.4	2.4	2.1

Source: Statistics Bureau of Jiangxi Province.

Nanchang

Nanchang, the capital of Jiangxi Province, is located in the northern region of Jiangxi Province. Located on the Gan River and near the intersection of the Jingjiu and Zhegan Railways, Nanchang serves as an important transportation hub for Southern China. According to the Statistics Bureau of Nanchang, as of December 31, 2011, Nanchang had a population of approximately 5.0 million. In 2011, Nanchang's GDP reached approximately RMB268.9 billion, representing a per capita GDP of approximately RMB53,023. The table below sets forth selected economic statistics of Nanchang for the years indicated.

	2007	2008	2009	2010	2011
Nominal GDP (RMB in billions)	139.0	166.1	183.8	220.7	268.9
Per capita (in RMB)	30,464	36,117	39,669	47,174	53,023
Consumer price index	104.4	106.1	99.7	103.2	105.0

Source: Statistics Bureau of Nanchang.

The table below sets forth certain information relating to the property market in Nanchang for the years indicated.

	2007	2008	2009	2010	2011
Investment in real estate (RMB in billions)	12.6	16.3	19.8	23.0	28.0
GFA of new developments (sq.m. in millions)	6.4	5.2	3.6	5.1	8.6
Average sales price of commercial properties (RMB per sq.m.)	3,558	3,461	3,775	4,566	5,903

Source: China Statistics Yearbook, Statistics Bureau of Nanchang, National Bureau of Statistics.

Guangxi Zhuang Autonomous Region

According to the Statistics of Guangxi Zhuang Autonomous Region, a total GFA of approximately 21.8 million sq.m. of commercial properties was completed in Guangxi Zhuang Autonomous Region in 2011, and a total GFA of approximately 29.3 million sq.m. of commercial properties was sold in Guangxi Zhuang Autonomous Region in 2010, an increase of approximately 5.0% from 27.9 million sq.m. sold in 2010. The table below sets forth certain information relating to the property market in Guangxi Zhuang Autonomous Region for the years indicated.

	2007	2008	2009	2010	2011
GFA completed (sq.m. in millions)	13.1	12.5	14.4	15.6	21.8
GFA sold (sq.m. in millions)	20.2	17.7	23.8	27.9	29.3
% of total GFA sold in the PRC	2.6	2.7	2.5	2.7	2.7

Source: Statistics of Guangxi Zhuang Autonomous Region.

Nanning

Nanning, the capital of Guangxi Zhuang Autonomous Region, is located in the southern region of Guangxi Zhuang Autonomous Region. According to the Nanning Municipal Bureau of Statistics, as of December 31, 2011, Nanning had a population of approximately 7.1 million. In 2011, Nanning's GDP reached approximately RMB221.1 billion, representing a per capita GDP of RMB31,173. The table below sets forth selected economic statistics of Nanning for the years indicated.

	2007	2008	2009	2010	2011
Nominal GDP (RMB in billions)	106.9	131.6	152.5	180.0	221.1
Per capita (in RMB)	15,774	19,142	21,829	25,624	31,173
Consumer price index	104.4	108.4	98.2	102.5	105.7
Unemployment rate	3.7%	3.6%	3.9%	3.7%	3.5%

Source: Nanning Municipal Bureau of Statistics.

The table below sets forth certain information relating to the property market in Nanning for the years indicated.

	2007	2008	2009	2010	2011
Investment in real estate (RMB in billions)	18.7	20.2	22.7	31.8	37.7
GFA of new developments (sq.m. in millions)	6.7	5.6	7.0	9.9	8.6
Average sales price of commercial properties (RMB per sq.m.)	3,404	3,952	4,557	5,135	5,321

Source: China Statistics Yearbook, Nanning Municipal Bureau of Statistics, National Bureau of Statistics.

Shaanxi Province

According to the Statistics Bureau of Shaanxi Province, a total GFA of approximately 11.4 million sq.m. of commercial properties was completed in Shaanxi Province in 2011, and a total GFA of approximately 30.7 million sq.m. of commercial properties was sold in Shaanxi Province in 2011, an increase of approximately 18.5% from 25.9 million sq.m. sold in 2010. The table below sets forth certain information relating to the property market in Jiangxi Province for the periods indicated.

	2007	2008	2009	2010	2011
GFA completed (sq.m. in millions)	8.9	8.8	9.2	9.0	11.4
GFA sold (sq.m.in millions) .	14.6	15.1	20.9	25.9	30.7
% of total GFA sold in the PRC	1.9	2.3	2.2	2.5	2.8

Source: Statistics Bureau of Shaanxi Province, National Bureau of Statistics.

Xi'an

Xi'an, the capital of Shaanxi Province, is located in the central region of Shaanxi Province. Located in the center of Northwest China, Xi'an is the key area of the West Development and the key stop for Eurasia Land Bridge with a long history. According to the Statistics Bureau of Xi'an, as of December 31, 2011, Xi'an had a population of approximately 85.1 million. In 2011, Xi'an 's GDP reached approximately RMB386.4 billion, compared to approximately RMB324.1 billion in 2010. The table below sets forth selected economic statistics of Xi'an for the periods indicated.

	2007	2008	2009	2010	2011
Nominal GDP (RMB in billions)	185.7	231.8	272.4	324.1	386.4
Per capita (in RMB)	22,463	27,794	32,411	38,341	N/A(1)
Consumer price index	104.7	106.0	99.7	103.5	105.6
Unemployment rate	4.3%	4.2%	4.2%	4.2%	3.9%

Source: Statistics Bureau of Xi'an, National Bureau of Statistics

(1) Not available.

The table below sets forth certain information relating to the property market in Xi'an for the periods indicated.

	2007	2008	2009	2010	2011
Investment in real estate (RMB in billions)	38.7	54.6	69.6	84.2	100.2
GFA of new developments (sq.m. in millions)	7.3	10.8	16.7	19.8	22.8
Average sales price of commercial properties (RMB per sq.m.)	3,379	3,906	3,890	4,453	6,128

Source: China Statistics Yearbook, Statistics Bureau of Xi'an, National Bureau of Statistics.

Henan Province

According to the Statistics Bureau of Henan Province, a total GFA of approximately 53.1 million sq.m. of commercial properties was completed in Henan Province in 2011, and a total GFA of approximately 63.0 million sq.m. of commercial properties was sold in Henan Province in 2011, an increase of approximately 15.6% from 54.5 million sq.m. sold in 2010. The table below sets forth certain information relating to the property market in Henan Province for the periods indicated.

	2007	2008	2009	2010	2011
GFA completed (sq.m. in millions)	27.9	30.3	34.0	44.3	53.1
GFA sold (sq.m. in millions)	39.3	31.9	43.4	54.5	63.0
% of total GFA sold in the PRC	5.2%	5.1%	4.6%	5.2%	5.7%

Source: Henan Statistical Yearbook 2011, Statistics Bureau of Henan Province.

Zhengzhou

Zhengzhou, the capital of Henan Province, is located in the central region of Henan Province. According to the Statistics Bureau of Zhengzhou, as of December 31, 2011, Zhengzhou had a population of approximately 8.9 million. In 2011, Zhengzhou's GDP reached approximately RMB491.3 billion, representing a per capita GDP of RMB56,086. The table below sets forth selected economic statistics of Zhengzhou for the years indicated.

	2007	2008	2009	2010	2011
Nominal GDP (RMB in billions)	242.1	300.4	330.0	400.0	491.3
Per capita (in RMB)	33,169	40,617	44,000	49,000	56,086
Consumer price index	105.6	106.1	99.8	103.0	104.9
Unemployment rate	3.0%	3.1%	2.1%	2.8%	2.0%

Source: Henan Statistical Yearbook 2011, Statistics Bureau of Zhengzhou.

The table below sets forth certain information relating to the property market in Zhengzhou for the years indicated.

	2007	2008	2009	2010	2011
Investment in real estate (RMB in billions)	30.0	43.0	51.4	77.5	92.4
GFA of new developments (sq.m. in millions)	14.0	13.7	14.4	18.1	17.9
Average sales price of commercial properties (RMB per sq.m.)	3,574	3,928	4,298	4,957	5,704

Source: Henan Statistical Yearbook 2011, National Bureau of Statistics.

Heilongjiang Province

According to China Statistical Yearbook, a total GFA of approximately 64.4 million sq.m. of commercial properties was completed in Heilongjiang Province in 2011, and a total GFA of approximately 34.0 million sq.m. of commercial properties was sold in Heilongjiang Province in 2011, an increase of approximately 25.0% from 27.2 million sq.m. sold in 2010. The table below sets forth certain information relating to the property market in Heilongjiang Province for the periods indicated.

	2007	2008	2009	2010	2011
GFA completed (sq.m. in millions)	38.2	38.0	56.0	74.5	64.4
GFA sold (sq.m. in millions)	17.1	14.9	20.2	27.2	34.0
% of total GFA sold in the PRC	2.2%	2.4%	2.2%	2.6%	3.1%

Source: Statistics Bureau of Heilongjiang Province.

Harbin

Harbin, the capital of Heilongjiang Province, is located in the southwest region of Heilongjiang Province. According to the Statistics Bureau of Harbin, as of December 31, 2011, Harbin had a population of approximately 10.0 million. In 2011, Harbin's GDP reached approximately RMB424.3 billion, representing a per capita GDP of RMB42,700. The table below sets forth selected economic statistics of Harbin for the years indicated.

	2007	2008	2009	2010	2011
Nominal GDP (RMB in billions)	243.7	286.8	325.8	366.6	424.3
Per capita (in RMB)	24,768	29,012	32,886	36,961	42,700
Consumer price index	104.1	104,7	100.2	103.7	105.6
Unemployment rate	3.2%	3.0%	N/A(1)	N/A(1)	3.0%

Source: Statistics Bureau of Harbin.

(1) Not available.

The table below sets forth certain information relating to the property market in Harbin for the years indicated.

	2007	2008	2009	2010	2011
Investment in real estate (RMB in billions)	18.7	21.6	27.9	36.1	56.2
GFA of new developments (sq.m. in millions)	6.8	8.3	11.5	16.0	24.7
Average sales price of commercial properties (RMB per sq.m.)	3,053	3,793	4,226	5,333	5,554

Source: China Statistics Yearbook, Harbin Statistical Yearbook, National Bureau of Statistics.

History

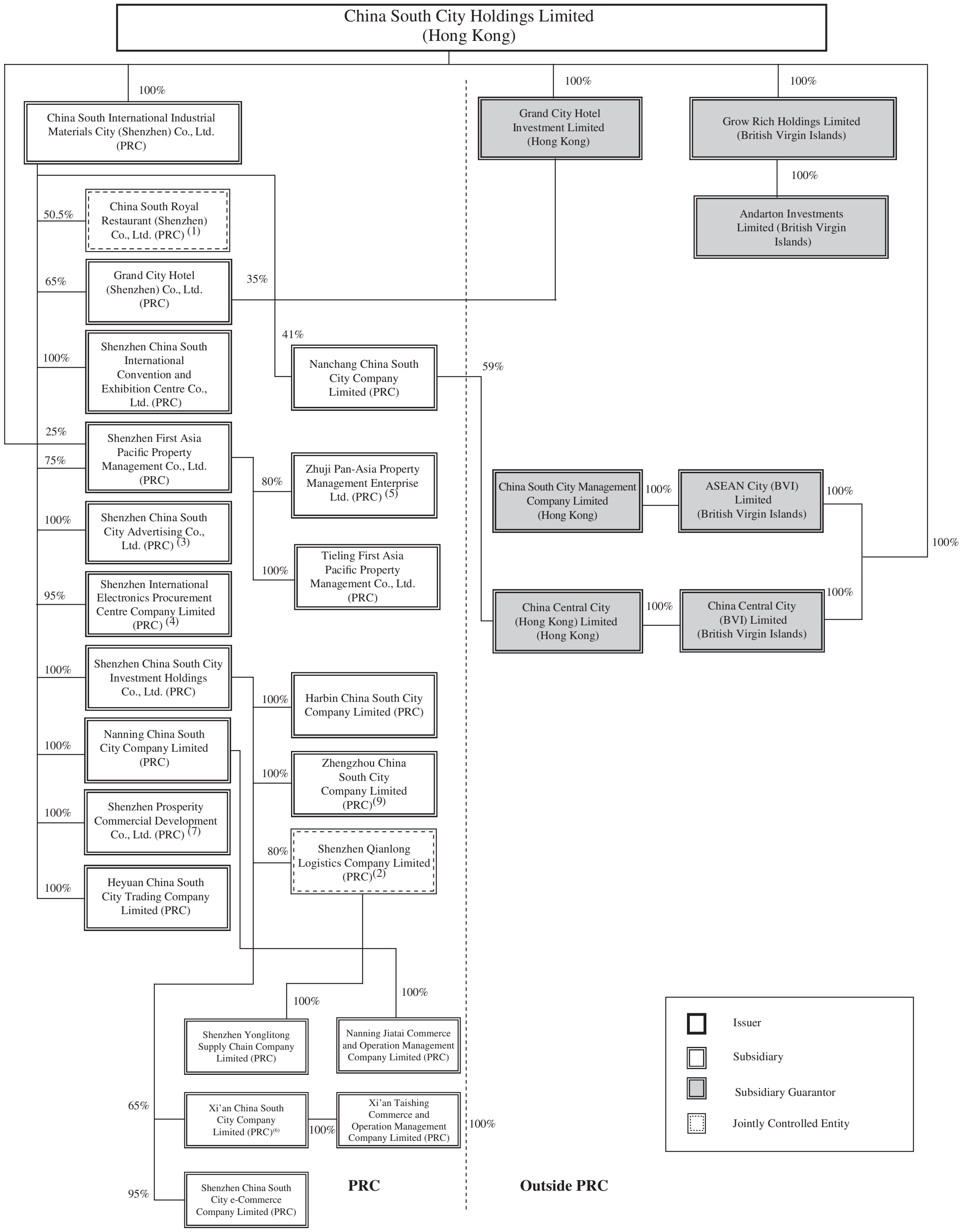
Our business model and concept was initially developed by Cheng Chung Hing and Leung Moon Lam. Following various discussions among Cheng Chung Hing, Ma Kai Cheung, Leung Moon Lam, Sun Kai Lit, Cliff and Ma Wai Mo (who we collectively refer to as our founding shareholders), our founding shareholders formalized and carried out our business plan. Our five founding shareholders are either chairmen or executive directors of leading manufacturing and industrial companies based in Hong Kong with operations in the Greater China Pearl River Delta region, and have extensive experience and a well-developed network of contacts in their respective industries.

Our Company was incorporated on May 8, 2002. We listed on the Hong Kong Stock Exchange and completed our initial public offering in September 2009.

We conduct our business primarily through China South International and its subsidiaries, jointly controlled entities and associated entities established in the PRC.

Corporate Structure

The following chart sets forth our corporate structure for each subsidiary and jointly controlled entity, with the jurisdiction of each entity in parenthesis, as of the date of this offering memorandum:



(1) The remaining 49.5% interest is held by Globe Honest International Ltd., which is an independent third party. The primary business operations of China South Royal Restaurant (Shenzhen) include the operation of the China South Royal Restaurant in Shenzhen.

(2) The remaining 20% interest are held by an independent third party, Xu Yan. The primary business operations of Shenzhen Qianlong Logistics Company Limited include the leasing of warehouses at China South City Shenzhen.

(3) The primary business operations of Shenzhen China South Advertising include the provision of advertising services, through an agent, Shenzhen Xiangbo Digital Technology Company Limited, to trade center tenants, pursuant to a cooperation agreement made between this agent and China South International dated March 24, 2008.

(4) The remaining 5% interest is held by Shenzhen Electronics Chamber of Commerce, which is an independent third party. Shenzhen International Electronics Procurement Centre Company Limited is currently a dormant company.

(5) The remaining 20% interest is held by China Pearls and Jewellery PRC, which is wholly owned by China Pearls and Jewellery HK, which in turn is a 55% owned subsidiary of Man Sang International. The primary business operations of China Pearls and Jewellery PRC is to develop trade centers for trading of pearls and jewelry. The company is currently a dormant company.

(6) The remaining 35% interest is held by Xin Hao Da (Hong Kong) Holding Co., Ltd.

(7) The primary business operations of Shenzhen Prosperity Commercial Development Co., Ltd. include investing in enterprises, leasing and managing properties, and trading different products.

(8) The company is currently a dormant company.

(9) Zhengzhou China South City Company Limited also has the following wholly-owned subsidiaries in the PRC: (a) Zhengzhou Baolitong Market Development Management Co., Ltd., (b) Zhengzhou Pufeite Commercial Property Co., Ltd., (c) Zhengzhou Xingmao Industrial Development Co., Ltd., (d) Zhengzhou Yinhu Property Co., Ltd. and (e) Zhengzhou Zhenzhong Real Estate Development Management Company Limited.

Overview

We are one of the leading developers and operators of large-scale, integrated logistics and trade centers in the PRC, based on GFA, industry coverage and range of supporting services and facilities offered, according to Colliers International. Leveraging our experience and brand reputation, we currently have six projects in different stages of development located in regional economic hubs in Shenzhen, Nanning, Nanchang, Xi'an, Harbin and Zhengzhou, China, with a total planned GFA of 47.3 million sq.m.

Our business model is built on a premise of "One Body with Two Wings," with the "One Body" represented by our large-scale integrated logistics and trade centers, designed to serve as key commercial hubs to satisfy the economic and industrial needs of the regions in which we operate, and the "Two Wings" represented by the supporting residential and commercial facilities, designed to facilitate the operations of our trade center tenants and their customers. We complement our trade center operations by providing comprehensive supporting facilities including hotel, office, warehouse, exhibition and conference facilities and third-party banking services. Our residential facilities further complement our trade center operations by providing convenient, high-quality accommodations for our trade center tenants, as well as providing cash flows to cover a portion of project-related capital expenditures. Our business model is further augmented by the on-site presence of PRC government agencies, which offer a diverse range of services to trade center tenants and other customers.

We have been further building upon our "One Body with Two Wings" business model to include five pillars of ancillary services that complement our core business of developing and operating trade centers. We provide one-stop logistics services including warehousing, on-site delivery and freight forwarding. We provide an e-commerce platform through which our clients can promote their businesses and products, and plan to update our online platform to allow our trade center shops to promote online wholesale and retail trade. Following the success of the various industrial fairs at China South City Shenzhen and Nanning, we aim to provide a non-stop exhibition platform to organize convention and exhibition services, which we believe will also facilitate the traffic flow through our trade centers. We plan to further boost overall traffic by building upon our successful opening of our first outlet center at China South City Shenzhen, expanding and replicating this further in Shenzhen and at our other projects. Our property management services maintain a safe and comfortable business environment at our projects. We believe that this expansion of the scope of services provided will enable us to build a self-sustaining business strategy that will strengthen our overall business model.

Our first project, China South City Shenzhen, with a planned GFA of approximately 2.6 million sq.m., is strategically located in the Pearl River Delta and centered within an extensive transportation network of airports, railways, port facilities and highways that facilitate trade in the region. As of March 31, 2012, it had 1.5 million sq.m. of GFA completed and 1.1 million sq.m. of GFA under development. As of March 31, 2012, approximately 1.5 million sq.m. of trade center units and ancillary facilities in Phase One and Phase Two of China South City Shenzhen were in operation. Upon completion of Phase Three, currently planned for 2015, we expect that China South City Shenzhen will have a total GFA of 1.6 million sq.m. of trade centers as well as 1.0 million sq.m. of supporting facilities.

Leveraging our success and experience from, and brand recognition built upon, our China South City Shenzhen project, we have added five additional projects:

- China South City Nanchang, with a planned GFA of approximately 4.3 million sq.m., is currently under Phase One development in Nanchang, the capital of Jiangxi Province. As of March 31, 2012, it had 0.4 million sq.m. of GFA completed and 0.7 million sq.m. of GFA under development. As it is strategically located to serve both the Pearl River Delta and Yangtze River Delta regions, we believe that China South City Nanchang is well situated to develop along with increasing trade within and among these regions.

- China South City Nanning, with a planned GFA of approximately 4.9 million sq.m., is currently under Phase One development in Nanning, the capital of Guangxi Zhuang Autonomous Region. As of March 31, 2012, it had 0.3 million sq.m. of GFA completed and 1.0 million sq.m. of GFA under development. Strategically located in close proximity to Southeast Asia, we believe China South City Nanning will serve as a key hub for large-scale finished and unfinished goods and commodity trade with Southeast Asia.

- China South City Xi'an, with a planned GFA of approximately 17.5 million sq.m., is under Phase One development in Xi'an, the capital city of Shaanxi Province, at the Xi'an International Trade and Logistics Park with access to a railway container terminal. As of March 31, 2012, it had 0.6 million sq.m. of GFA under development. We are positioning China South City Xi'an to capitalize on the opportunities arising from China's strategic development of its western regions, catering to the growing development needs in the region.

- China South City Harbin, with a planned GFA of approximately 6.0 million sq.m., acquired a parcel of land in Harbin, the capital city of Heilongjiang Province, in June 2012 and is currently in the planning stage. We believe that the site's location in Northeast China makes it a premier hub for cross-border trade, and intend to capitalize on opportunities arising from the area's emerging development potential due to its proximity to the China-Russia border.

- China South City Zhengzhou, with a planned GFA of approximately 12.0 million sq.m., acquired a parcel of land in Zhengzhou, the capital city of Henan Province, in August 2012 and is currently in the planning stage. Zhengzhou is highly accessible as a primary passenger and freight hub and we believe that China South City Zhengzhou will be able to cater to the strong demand for integrated logistics and trade centers in China's interior regions, providing a convenient trading platform to promote trade among cities in central China.

We expect the aggregate GFA of these six projects, totaling approximately 47.3 million sq.m., will be sufficient to support over ten years of development.

Our Competitive Strengths

We believe that we are well-positioned to take advantage of continuing strong growth in the trade of finished and unfinished goods as a result of China's growing position as a global manufacturing and export center and China's increasing domestic consumption. We believe that we have the following competitive strengths:

Our unique "One Body with Two Wings" business model provides an integrated platform for our trade center tenants and their customers to receive a comprehensive range of trade, logistics and supporting services

Our business model is built on a premise of "One Body with Two Wings," with the "One Body" represented by our large-scale integrated logistics and trade centers, designed to serve as key commercial hubs to satisfy the economic and industrial needs of the regions in which we operate, and the "Two Wings" represented by the supporting residential and commercial facilities, designed to facilitate the operations and accommodation of our trade center tenants and their customers. The scale and scope of our projects attracts buyers and sellers seeking to take advantage of the synergies present within our integrated logistics and trade centers. Buyers are able to meet their purchasing needs for a wide range of finished and unfinished goods as well as effectively diversify and tailor their sourcing needs. Sellers are able to streamline their business operations by taking advantage of the full range of on-site logistics and trade solutions available at our integrated logistics and trade centers.

We believe the comprehensive range of trade, logistics and supporting residential and commercial services offered at our trade center projects provides us with diverse revenue streams and differentiates our business model from that of traditional property developers. Furthermore, we expect sales of our residential properties to provide us with an effective means to generate cash flows to cover a portion of the capital expenditures of our projects. We believe that we can replicate the success of our business model as we expand into other markets in China, including in Nanchang, Nanning, Xi'an, Harbin and Zhengzhou.

The provision of ancillary services to complement our trade centers further strengthens our business model

We have been implementing our strategy to extend our "One Body with Two Wings" business model to include five pillars of ancillary services that complement our core business of developing and operating trade centers. We provide one-stop logistics services including warehousing, on-site delivery and freight forwarding. We provide an e-commerce platform through which our clients can promote their businesses and products, and plan to update our online platform to allow our trade center shops to promote online wholesale and retail trade. Following the success of the various industrial fairs at China South City Nanning, we aim to provide a non-stop exhibition platform to organize convention and exhibition services, which we believe will also facilitate the traffic flow through our trade centers. We plan to further boost overall traffic by building upon our successful opening of our first outlet center at China South City Shenzhen, expanding and replicating this further in Shenzhen and at our other projects. Our property management services maintain a safe and comfortable business environment at our projects. With this expansion of the scope of services provided, we will build a self-sustaining business strategy that will strengthen our overall business model.

We enjoy strong municipal and regional government support in the locations in which we currently operate and plan to operate

In selecting new sites for our projects, we strategically seek out locations in which local and regional governments have actively expressed a desire to develop integrated logistics and trade centers in their long-term plans. In so doing, we are able to better align our business operations with the long-term economic development plans of the regions in which we develop and operate our projects. With respect to China South City Shenzhen and our trade center projects in Nanchang, Nanning, Xi'an, Harbin and Zhengzhou, with local administrative support, we have been able to secure large plots of land efficiently and in accordance with relevant master agreements and the corresponding supplementary agreements. Pursuant to the terms of our master agreements and corresponding supplementary agreements, representatives of the local governments undertake responsibility for relocating all prior occupants of the land as well as improving roads and infrastructure within the project area. In Shenzhen, as part of a broader effort to improve local transportation infrastructure, government authorities have also undertaken construction of new roads and other supporting infrastructure surrounding China South City Shenzhen. Several PRC government agencies also maintain an on-site presence at China South City Shenzhen to assist trade center tenants and other visitors to China South City Shenzhen.

With respect to our projects in Nanchang, Nanning, Xi'an, Harbin and Zhengzhou, we believe that the local government officials will relocate the original residents on the land designated for these projects. In addition, local government officials have agreed to actively assist us in completing government administrative application and approval procedures necessary to commence operations.

We continue to cooperate with the China Council for Promotion of International Trade, China Chamber of International Commerce and Shenzhen Municipal People's Government to hold the China (Shenzhen) International Industrial Fair, most recently in April 2012. In addition, since 2011, we have cooperated with the Nanning Municipal Bureau of Commerce and Nanning Jiangnan District People's Government to hold the China-ASEAN Light Industrial Products Fair in October every year.

Our land costs are significantly lower than other property developers, allowing us to minimize downside risk and providing us with high potential for appreciation in our targeted markets

Our trade center projects are strategically located in fast growing manufacturing and economic regions. Due to the nature of our business, whereby we build our trade center projects to become primary hubs for trade of raw materials and finished goods, we are able to acquire large parcels of land for relatively low cost. The low cost of land provides us with significant potential for profitability, allows us to minimize downside risk, helps increase the appreciation potential of our land reserves and allows us to offer more attractive sales and leasing terms than those offered by our competitors. We were able to maintain a high gross profit margin of 62.6%, 59.7% and 60.9%, and net profit margin (excluding fair value gains on investment properties, related tax and extraordinary income) of 26.2%, 24.3% and 25.1%, respectively, in the fiscal years ended March 31, 2010, 2011 and 2012, respectively. We believe we were able to accomplish this partly due to our stringent control of costs and, more importantly, the low cost of land for our projects. The following table sets forth the cost of our land acquired by project as at the date of this offering memorandum.

Project	Land Cost (per GFA)
	(RMB/sq.m.)
China South City Shenzhen	120
China South City Nanning	147
China South City Nancheng	346
China South City Xi'an	369
China South City Harbin	286
China South City Zhengzhou	90
Weighted average	250

Our current and planned integrated logistics and trade centers are strategically located in fast growing manufacturing and economic centers near well-developed transportation networks

Our current and planned integrated logistics and trade centers are situated at prime locations in fast-growing manufacturing and economic centers near well-developed transportation networks. The Pearl River Delta, where China South City Shenzhen is located, represents one of the largest manufacturing and export regions in China. Within the Pearl River Delta, China South City Shenzhen is situated within 35 to 180 kilometers of four international airports as well as five container ports, including Kwai Chung Container Terminal in Hong Kong and Yantian Port in Shenzhen. In addition, China South City Shenzhen is connected to each of the major railway arteries in Southern China as well as at least 10 major highways linking each of the major cities in the Greater Pearl River Delta region. China South City Nanchang, which is currently under development, is located in Nanchang, which is one of China's important transportation hubs, and is situated at the intersection of two of China's major railway arteries, the Jingjiu and Zhegan Railways, with ready access to major highways, airports and the largest port on the Gan River. There is a complete freight network including a cargo marshall yard, a container terminus and an international airport, together with a principal high speed rail station currently under construction near our project site. China South City Nanning, which is also under development, will be located in Nanning. Nanning is located in close proximately to the Fangchenggang heavy port facility as well as other Southern Chinese sea ports and is emerging as a core regional trade center between Southeast and Southwest China and neighboring countries in Southeast Asia. China South City Xi'an is located in the Xi'an International Trade and Logistics Park in Shaanxi Province, which is well-equipped with a railway container terminal and the largest bonded area in the northwestern regions of China. Two subway lines are planned to pass through this area with one of the subway stations next to our planned Phase One buildings. China South City Harbin is strategically located in Harbin, the capital city of Heilongjiang Province, a premier hub for cross-border trade with countries in Northeast Asia, and China South City Zhengzhou is located in Zhengzhou, the capital city of Henan Province, which is highly accessible with extensive land and air networks as it is a main passenger and freight hub via the extensive highway and railway networks in China and its international airport.

Our track record demonstrates our development and operational abilities and has helped us to achieve brand name recognition

From October 2003 to December 2004, we developed China South City Shenzhen from an undeveloped land site to a large-scale integrated logistics and trade center. As of March 31, 2012, the trade centers and shops in Phase One achieved a total occupancy rate of approximately 95%, while those in Phase Two achieved approximately 48%. Our rental income increased from HK$133.5 million in fiscal year 2011 to HK$166.4 million in the fiscal year ended March 31, 2012. Meanwhile, the average sales price per sq.m. at our trade centers reached HK$16,500 per sq.m. in the fiscal year ended March 31, 2012. We generated Contracted Sales of approximately HK$7.1 billion in the fiscal year ended March 31, 2012, more than triple the Contracted Sales of approximately HK$2.2 billion in the fiscal year ended March 31, 2011, mainly due to the launch of China South City Nanchang, China South City Nanning and China South City Xi'an, which reflects the capability of our management. We emphasize the design and quality of construction of our trade centers by adopting international practices and applying stringent quality procedures for our integrated logistics and trade center projects. We believe our track record for high-quality design and construction has allowed us to secure a strong position in the development of integrated logistics and trade centers. As a result, we believe we have achieved a high degree of brand name recognition that has helped us to obtain the support of local governments as well as leverage in negotiating the key contractual terms applicable to our projects. We believe that our participation in the China (Shenzhen) International Industrial Fair, as well as the China-ASEAN Light Industrial Products Fair, has helped us in our efforts to solidify our brand as the leading developer and operator of large-scale, integrated logistics and trade centers in the PRC. We have been invited by local governments in other PRC markets to develop and operate additional trade center properties.

We have a strong, experienced management team with a demonstrated record of success

We consider the strength of our senior management team to be fundamental to the success of our integrated logistics and trade center development projects. We rely on our senior management's experience and insight on important factors that contribute to the success of our projects, such as careful site selection, detailed project management, stringent cost control and effective quality control. Our senior management team also has extensive experience in operational and financial management, which we believe provides us with a key competitive advantage. Our team of executive directors has extensive experience in the wholesale and manufacturing management business as well as having a strong representative presence in various Hong Kong and PRC industrial and commercial associations and PRC consultative bodies, including both national and local Committees of the Chinese People's Political Consultative Conference. The members of our financial team are all qualified accountants with experience in financial management, mergers and acquisitions, capital markets financing and corporate restructuring. Furthermore, we have developed a strong construction and sales team with specialized experience in each of the different trade and logistics services industries represented at China South City Shenzhen. We believe our management team's comprehensive industry background has helped us to achieve our past success and will enable us to successfully implement our growth strategies in the future.

Our founding shareholders possess in-depth experience and extensive networks of contacts within their respective industries

Our five founding shareholders, each of whom are either chairmen or executive directors of leading manufacturing and industrial companies based in Hong Kong with operations in the Greater Pearl River Delta region, have extensive experience and a well-developed network of contacts in their respective industries and have provided a firm foundation for our operations and future development. Industries represented by our founding shareholders include the textile and clothing, metals and plastics and paper and printing industries, corresponding to three of the five industrial trade centers found at Phase One of China South City Shenzhen. Two of our founding shareholders are our executive directors and three of our founding shareholders are our non-executive directors. Furthermore, our founding shareholders have worked together successfully for over eight years and each has between 20 and 40 years of experience in their respective industries.

Our Strategies

Our objective is to strengthen our position as one of the leading developers and operators of large-scale, integrated logistics and trade centers in the PRC. We intend to implement the following strategies:

Replicate the success of our existing business model in other cities in China

We intend to leverage our experience with China South City Shenzhen to develop similar integrated logistics and trade centers in other regions. We have and will continue to focus our expansion on cities meeting our strategic criteria, including: (1) demonstrated public demand for large-scale trade centers; (2) prime locations close to well-developed transportation networks; (3) promising local and regional economic growth potential, particularly with respect to those industries represented at our trade centers; and (4) strong government support for the development of integrated logistics and trade centers.

We intend to replicate the business model we have developed at China South City Shenzhen as we expand into other markets in China, including in Nanchang, Nanning and Xi'an, where we have commenced construction, and Harbin and Zhengzhou, where we have acquired parcels of land for development. We will continue to focus on maintaining diverse revenue streams by offering a comprehensive range of trade, logistics and supporting residential and commercial services at our new trade center projects. We intend to generate cash flows to cover a portion of the capital expenditures of our projects from sales of residential properties. In addition, we will continue to implement our strategy of acquiring large parcels of land for relatively low cost, offering protection against downside risk, providing us with significant potential for profitability and appreciation of our land reserves and allowing us to offer more attractive sales and leasing terms than these offered by our competitors.

Develop each of our projects in phases and optimize property mix to enable timely cost recovery

We intend to achieve an optimal mix of properties generating long-term recurring income and capital appreciation with properties generating profit from sales. In view of the large scale of our projects, we intend to continue to develop our projects in phases, and to vary our property mix, so as to cater to local market conditions and demand as well as to enable sufficient cash flows for project development. We expect to sell no more than half of our trade center units, and all of our residential facilities, the sale of which will enhance working capital and provide stable cash flows to support future development, while we will hold the remaining trade center units to generate a recurring rental income stream. Our operation and management of our commercial facilities will also provide a source of recurring rental income and diversify our income sources to include property management. In addition, our strategy is to sell portions of each development phase such that we are able to recover the capital expenditures with respect to such phase within four years. For example, we recovered the capital expenditures incurred for our Phase One development in China South City Shenzhen through revenue generated from selling a portion of these properties in the fiscal years ended March 31, 2005, 2006 and 2007.

Maximize occupancy rates, rental rates and traffic flow in our existing and planned trade centers

We plan on maximizing occupancy rates, rental rates and traffic flow in our existing and planned integrated logistics and trade centers by implementing the following initiatives:

- *Provide preferential rental terms to maximize occupancy rates and increase rental rates as occupancy rates increase.* Our operating strategy at our integrated logistics and trade centers is to achieve high occupancy rates and attract a high-quality tenant base first and then increase rental rates steadily as occupancy rates increase. We attract quality tenants to our trade centers by offering preferential rental rates and other more attractive leasing terms than those offered by our competitors, such as rent-free periods based on advance rental payments made by tenants. We generally increase rental rates after the expiration of the initial lease agreement, by which time we believe our tenants who have established their business in our trade centers and are benefiting from the full range of integrated logistics, trade and supporting facilities will have strong incentives to renew their leases. We anticipate favorable upward trends in rental rates and sales prices for our trade center units, driven by (1) continuing growth in the manufacturing and export industries in China, which we expect to generate additional demand for space in integrated logistics and trade centers and (2) higher quality features in our trade centers.

- *Continue to offer integrated logistics services to increase customers' access to the global supply chain.* We intend to optimize our offerings of integrated logistics services, including warehouse, liaison and on-site logistics services and transportation providers, in order to facilitate the individual needs and order requirements of trade center tenants and their customers. By integrating logistics and trade functions and providing ready access to necessary services for trade center tenants and their customers, we believe we are able to outperform our competitors in advancing and expediting the business interests of trade center tenants.

- *Attract and secure high quality long-term tenants.* We plan to continue to use our strong relationships with industry trade associations and manufacturers, as well as our own in-depth knowledge of the industries represented at our trade centers, to secure high-quality, domestic and international suppliers of finished and unfinished goods as part of our tenant base. We believe that securing such high-quality tenants will increase the stability of our tenant base and help raise the profile and reputation of our trade centers, as well as increase the flow of trade within these centers, thereby enhancing our projects' status as centers of trade and ultimately allowing us to augment rental rates and sales prices for our trade center units.

- *Leverage and improve supporting infrastructure and services.* We will seek to enhance the market demand for our trade center units by leveraging and improving the auxiliary services available to our trade center tenants and their customers. In developing supporting infrastructure and services at China South City Shenzhen, we have entered into strategic alliances and arrangements with a variety of third-party service providers, including leading banks, providers of integrated logistics services and telecommunications companies. In addition, we offer conference and exhibition facilities, which are frequently utilized by industry participants for industry exhibitions and seminars. We offer residential, hotel and office facilities for the convenience of trade center tenants and their customers. Under the terms of our master agreement and the corresponding supplementary agreements for the development of China South City Shenzhen, the Shenzhen Longgang Pinghu Logistics Base Development Services Center has committed to assist in the development of the transportation infrastructure surrounding China South City Shenzhen. We will continue to request that the local government improve the transportation infrastructure surrounding China South City Shenzhen. Local governments have agreed to arrange for the improvement of similar supporting infrastructure and services at our properties planned for development in Nanchang and Nanning.

Continue to expand our operations by broadening our scope of industries that we serve

We have expanded our operations in China South City Shenzhen by broadening our scope of industries that we serve, which range from raw materials such as textiles to finished goods such as leather goods and clothing and themed products. In addition, we also operate factory outlets and are developing regionally themed and other themed trade centers to further enhance the scope and diversity of trade represented at our trade centers. By expanding our operations in this way, we believe that we have further expanded the scope of industries and variety of products beyond those offered by our competitors. We intend to replicate this strategy in our new trade center projects in Nanchang, Nanning, Xi'an, Harbin and Zhengzhou. We will continue to offer a wide range of industrial and commercial products to meet regional demand.

Build our market position and enhance our brand recognition

We intend to augment our sales and marketing program to further strengthen our market position and enhance brand recognition by using a variety of promotional, advertising, public relations and customer service campaigns, both in China and Hong Kong. In our marketing efforts, we will emphasize the competitive strengths of our trade centers, including strategic location, integration into the global logistics supply chain, strong supporting infrastructure and services and high-quality management. Our marketing promotions and advertising campaigns target domestic and multinational companies active in the industries represented at our trade centers. We believe that our marketing activities will better enable us to promote our trade centers, attract quality trade center tenants and enhance our brand recognition among domestic and international buyers and suppliers of finished and unfinished goods, allowing us to realize higher demand for our trade center units.

Our Projects

We currently have six large-scale integrated logistics and trade center projects in various stages of development located in Shenzhen, Nanchang, Nanning, Xi'an, Harbin and Zhengzhou. China South City Shenzhen has commenced its Phase Three construction whereas China South City Nanchang, China South City Nanning and China South City Xi'an are at their Phase One development, China South City Harbin and China South City Zhengzhou each acquired its first plot of land in June 2012 and August 2012, respectively, and will begin Phase One construction.

The following table summarizes GFA information for our projects as a whole, including trade center, residential and other supporting facilities as of the date of this offering memorandum.

	Completed Properties[(1)]		Properties Under Development[(2)]	Properties Planned for Future Development[(3)]	Total planned GFA	Total Land Bank[(4)]
	Sold	Unsold	Total	Estimated		
	(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)		(in sq.m.)
China South City Shenzhen	548,600	967,400	327,000	801,000	2,644,000	2,095,400
China South City Nanchang	174,300	202,700	713,000	3,190,000	4,280,000	4,105,700
China South City Nanning	24,800	304,200	1,031,000	3,520,000	4,880,000	4,855,200
China South City Xi'an	—	—	607,000	16,893,000	17,500,000	17,500,000
China South City Harbin	—	—	—	6,000,000[(5)]	6,000,000	6,000,000
China South City Zhengzhou[(6)] . .	—	—	—	12,000,000[(5)]	12,000,000	12,000,000
Total	747,700	1,474,300	2,678,000	42,404,000	47,304,000	46,556,300

(1) Represents properties for which construction of all constituent buildings has been completed and which have been sold, leased, or are available for lease or sale.

(2) Represents properties for which we have obtained land use rights certificates and have planned or commenced construction.

(3) Represents properties with respect to which we have entered into a master agreement or similar agreement with, or have been awarded a competitive bid by, relevant regulatory authorities and which have been approved in accordance with our internal procedures.

(4) Constitutes the sum of unsold properties, properties under development and properties planned for future development. The total land bank in the fiscal years ended March 31, 2010 and 2011 are 11.8 million sq.m. and 29.3 million sq.m., respectively.

(5) Based on management estimates and is subject to the terms of land grant certificates upon acquisition of the land.

(6) The project agreement for China South City Zhengzhou was signed in April 2012. The properties planned for future development are based on management estimates, and are subject to the terms of its land grant certificates.

With more projects launched to the market, we recorded growth in revenue during the fiscal year ended March 31, 2012. Sales and leasing of China South City Shenzhen continued to contribute a significant portion of our income. Meanwhile, we have received a positive response from the market with respect to our launch of properties in other projects for sale or pre-sale, namely China South City

Nanchang, China South City Nanning and China South City Xi'an. In the fiscal year ended March 31, 2012 the Group achieved total Contracted Sales of HK$7.1 billion, exceeding our target of HK$7.0 billion. The table below sets forth our Contracted Sales for fiscal year ended March 31, 2012:

	Contracted Area	Average Selling Price (before deduction of business tax)	Contracted Sales (before deduction of business tax)
	sq.m.	HK$/sq.m.	HK$ million
China South City Shenzhen	96,800	13,800	1,335
Trade center	51,300	17,300	889
Office	41,000	10,000	411
Residential property	4,500	7,700	35
China South City Nanchang	344,900	8,900	3,063
Trade center	174,300	11,900	2,076
Residential property	170,600	5,800	987
China South City Xi'an	98,200	11,500	1,133
China South City Nanning	35,300	14,400	507
China South City Heyuan(1)	16,700	10,500	169
China South City Heyuan(2)	N/A	N/A	894
Total			7,101

(1) Contracted Sales up to September 28, 2011 (date of disposing residential segment of China South City Heyuan).

(2) Balance represented the consideration for disposal of the residential segment of China South City Heyuan (RMB730 million).

China South City Shenzhen

China South City Shenzhen is a large-scale, integrated logistics and trade center for domestic and international suppliers, manufacturers and distributors in a comprehensive range of manufacturing industries. China South City Shenzhen is located in the Longgang District, approximately 20 kilometers outside of the city center of Shenzhen in Guangdong Province. When fully completed, China South City Shenzhen is expected to occupy approximately 1.06 million sq.m. of land, comprising a GFA of approximately 2.6 million sq.m.

The following table sets forth the mix of the properties of Phase One and Phase Two properties of China South City Shenzhen as of March 31, 2012, the expected mix of the properties of Phase Three of China South City Shenzhen upon its completion, and the expected mix of the properties of China South City Shenzhen as a whole when fully completed.

	Phase One Approximate Completed GFA		Phase Two Approximate Completed GFA		Phase Three Planned GFA to be Completed		Total Planned GFA of Project	
	(sq.m.)	(%)	(sq.m.)	(%)	(sq.m.)	(%)	(sq.m.)	(%)
Trade centers	359,500	77.5	560,400	55.8	710,900	60.4	1,630,800	61.7
Other commercial facilities(1)	44,900(2)	9.7	258,000(4)	25.7	102,600	8.7	405,500	15.3
Residential facilities	—	—	141,200(5)	14.1	62,700	5.3	203,900	7.7
Warehouse facilities	26,500(3)	5.7	43,900(6)	4.4	300,700	25.6	371,100	14.1
Hotel facilities	32,700	7.1	—	—	—	—	32,700	1.2
Total	463,600	100.0	1,003,500	100.0	1,176,900	100.0	2,644,000	100.0

(1) Other commercial facilities include (a) offices, shops and other commercial facilities for third-party service providers; (b) restaurant facilities; (c) sales and leasing and administrative facilities; (d) exhibition and conference facilities; and (e) underground car parking.

(2) A portion of the Phase One exhibition facilities, representing a GFA of approximately 9,300 square meters, will be demolished during Phase Three construction.

(3) Phase One warehouse facilities have been demolished for construction of Phase Three warehouse facilities since March 31, 2012.

(4) Comprises leasable GFA of approximately 68,000 sq.m. and underground car parking and ancillary GFA of approximately 190,000 sq.m.

(5) Comprises leaseable GFA of approximately 114,700 sq.m. and underground car parking and ancillary GFA of approximately 26,500 sq.m.

(6) Comprises leaseable GFA of approximately 43,200 sq.m. and underground GFA of approximately 700 sq.m.

In the fiscal year ended March 31, 2012, China South City Shenzhen generated revenue totalling HK$1,211.1 million, of which HK$971.7 million was from sales and finance lease income and HK$239.4 million from recurring income.

Completed Property Developments at China South City Shenzhen

The following projects represent completed property developments at China South City Shenzhen for which construction of all constituent buildings has been completed and which are available for lease or sale.

China South City Shenzhen Phase One Trade Center

Phase One of China South City Shenzhen commenced operations in December 2004. Phase One of China South City Shenzhen primarily serves five complementary light manufacturing industries: (1) textile and clothing; (2) leather and accessories; (3) electronic accessories; (4) printing, paper and packaging; and (5) metals, chemicals and plastics. As of March 31, 2012, Phase One of China South City Shenzhen had five trade centers covering a total GFA of approximately 359,500 sq.m.

Our Phase One leaseable area consists of trade center units retained by us for rental income and capital appreciation and Phase One trade center units that have been sold subject to separate lease agreements with the purchasers of these units.

Phase One trade centers are focused on unfinished goods. However, in an effort to further expand our scope of services and enhance the comprehensiveness of our trade centers, we intend to extend the scope of products represented in Phase One to include finished goods and small commodities, themed and regional goods, as well as entertainment facilities. This strategy is designed to meet the demands of our customers and increase public awareness of the China South City brand.

Occupant Mix

Phase One occupants include an array of domestic and international manufacturers, suppliers and dealers seeking to display, trade and promote their raw material products in our Phase One trade centers. Phase One trade center occupants include both domestic companies with long-term experience in China's industrial trade market and new market entrants, including international companies seeking to gain a share of the domestic industrial trade market.

Occupancy Rates

Total occupancy rates in the Phase One trade centers increased to 95% as of March 31, 2012 compared to 86% as of March 31, 2011. We believe the increase was due to the continued enhancement of our brand recognition as a result of the successful implementation of our promotional and marketing strategies and an increase in market demand for the comprehensive range of trade, logistics and supporting services offered at China South City Shenzhen.

Rental Rates

The monthly average effective rent per sq.m. for our Phase One trade centers increased to HK$35 as of March 31, 2012, as compared to HK$32 as of March 31, 2011.

Property Sales

Pursuant to land grant contracts entered into between the Shenzhen Municipal Bureau of Land Resources and Housing Management and China South International, the combined saleable GFA of our Phase One, Phase Two and Phase Three trade center units is limited to 528,000 sq.m. We had allocated approximately 192,000 sq.m. of this saleable area to our Phase One trade centers, of which we had sold Phase One trade center units representing a GFA of approximately 185,000 sq.m. as of March 31, 2012.

China South City Shenzhen Phase Two Trade Center

Phase Two of China South City Shenzhen commenced operations in 2009. Phase Two of China South City Shenzhen primarily houses manufacturers and distributors of finished goods and small commodities, themed products, regional goods including branded undergarments and goods originating in Hong Kong and Taiwan.

As of March 31, 2012, Phase Two of China South City Shenzhen had two trade centers that covered a total GFA of approximately 560,400 sq.m. Our Phase Two leaseable area consists of Phase Two trade center units retained by us for rental income and capital appreciation and Phase Two trade center units that have been sold but which we are still able to lease pursuant to sales agreements.

Occupant Mix

Phase Two of China South City Shenzhen occupants include an array of domestic and international manufacturers, suppliers and dealers seeking to display, trade and promote their raw material and finished good products in our Phase Two trade centers. The outlet center in Phase Two opened in April 2011. It includes major international brands such as Nike, Adidas, Puma, Li Ning, Kappa, Fila and Lotto. It has also expanded to include fashion and leather goods and accessories for brands such as Daniel Hechter, Le Saunda, Sanrio, Lids, Walker Shop and Baleno.

Occupancy Rates

Total occupancy rates in the Phase Two trade centers was approximately 48% of the GFA launched for lease and sale as of March 31, 2012 compared to 36% as of March 31, 2011. We continue to promote our unleased Phase Two trade center units and target high-quality tenants to maximize our occupancy rates.

Rental Rates

The monthly average effective rent per sq.m. for our Phase Two trade centers was approximately HK$35 per sq.m. as of March 31, 2012, as compared to HK$34 per sq.m. as of March 31, 2011.

Property Sales

Pursuant to land grant contracts entered into between the Shenzhen Municipal Bureau of Land Resources and Housing Management and China South International, the combined saleable GFA of our Phase One, Phase Two and Phase Three trade center units is limited to 528,000 sq.m. We have allocated approximately 208,000 sq.m. of this saleable area to our Phase Two trade centers, of which we had sold Phase Two trade center units representing a GFA of approximately 207,000 sq.m. as of March 31, 2012.

Property Under Development at China South City Shenzhen

Phase Three of China South City Shenzhen, which commenced construction in December 2010, will consist of three new trade centers, which are expected to focus on furniture, motor vehicle and electronics industries as well as housing entertainment facilities. The office tower in Phase Three, which has a GFA of approximately 52,000 sq.m., was completed in March 2012. Phase Three of China South City Shenzhen as a whole, including all trade centers, offices, warehouse and other supporting facilities, is expected to cover a GFA of approximately 1.2 million sq.m. upon expected completion by 2015.

The office tower, China South Development Tower, which has a GFA of 52,000 sq.m. was completed in March 2012. Currently, a trade center with a planned GFA of 327,000 sq.m. is under construction.

Supporting Facilities and Services

Overview

China South City Shenzhen has a comprehensive range of supporting infrastructure and services, including on-site warehouse and logistics services as well as liaison services with third-party logistics providers, in order to facilitate access and integration into the global supply chain. Although much of this supporting infrastructure is already in place for the benefit of tenants of Phase One and Phase Two of China South City Shenzhen, we plan to expand the supporting infrastructure to further support the needs of our tenants.

Logistics Services and Facilities

China South City Shenzhen logistics services and facilities consist of a network of warehouses and one-stop integrated inbound and outbound logistics facilities. There are three types of warehouses, including bonded, unbonded and export supervised warehouses. These warehouses are utilized by trade center tenants and other customers prior to delivering their goods to international or domestic customers. China South NEL, our jointly controlled entity, manages and operates the unbonded warehouses, while China South International manages and operates the export supervised warehouses and bonded warehouses. Customs officials are located on-site at the bonded warehouse to complete the required customs procedures. China South NEL also provides logistics liaison services to our trade center tenants and customers of the five industries represented at China South City Shenzhen, assisting them to liaise with third-party logistics services providers located on-site.

As of March 31, 2012, we had a warehouse facility with a GFA of approximately 43,900 sq.m.

Exhibition and Conference Facilities

China South City Shenzhen has two temporary exhibition centers, comprising a GFA of approximately 9,300 sq.m., along with exhibition facilities in our Phase Two trade centers which we, along with third-party event organizers and planners, utilize for industry exhibitions, conferences, conventions, meetings and banquets. Third-party event organizers and planners include trade associations for those industries represented within our trade centers. These exhibition centers are used to showcase the products offered for sale by trade center tenants to potential customers and to attract potential tenants and customers of tenants to visit China South City Shenzhen. We organize exhibitions through our subsidiary, Shenzhen China South City Convention and Exhibition.

Hotel Services

We own and operate a four-star hotel in China South City Shenzhen offering accommodation, food and beverage and general recreational services. The hotel, named the "Grand City Hotel," consists of two buildings, each 10 stories, and has a total of 367 guest rooms covering a GFA of approximately 32,700 sq.m. The Grand City Hotel has two western restaurants and one Chinese restaurant, and also has entertainment facilities.

Other Facilities

In addition, we leverage our strong brand recognition to bring various chain stores such as China Mobile and China Telecom, food and beverage outlets such as McDonald's and KFC and various PRC banks, including Bank of China, Industrial and Commercial Bank of China, Agricultural Bank of China, Ping An Bank and Postal Savings Bank of China, to our trade centers to better serve our tenants and their customers.

Commercial Facilities for Third-Party Services

China South City Shenzhen also features: (1) other logistics services, which are provided by third-party logistics companies and other transportation providers located primarily in our warehouse facilities; (2) office and other commercial facilities for third-party service providers, consisting of government agencies, restaurants, banks, telecommunications companies, a quality control services center for the textile industry, industry associations and other providers of professional services, such as tax consultants and insurance companies and (3) advertising services provided by third-party advertising companies.

Construction of the Global Logistic Center, our Phase Two office tower at China South City Shenzhen, was completed in April 2010. The Global Logistic Center is a modern, integrated office tower comprising office, retail and underground car park facilities. As of March 31, 2012, the total occupancy rate with respect to the office area of approximately 37,700 sq.m. was 99%. We completed construction of the China South Development Tower in Phase Three with a GFA of 52,000 sq.m. in March 2012, of which 31,500 sq.m. is subject to a finance lease arrangement at an ASP of HK$10,200 per sq.m.

Residential Services

The West Garden residential facility is located near the Pinghu Ecotypic Garden, an area of natural greenery and natural reservoir, on a site area of approximately 40,000 sq.m. The West Garden is a 1,628-unit residential apartment complex consisting of three residential towers and covering a leaseable GFA of approximately 114,000 sq.m. and underground car parking and ancillary area of approximately 26,500 sq.m. As of March 31, 2012, we had entered into lease agreements with tenants for units in West Garden having a GFA of approximately 91,000 sq.m., or 79.8% of the total leaseable GFA.

Pursuant to land grant contracts entered into between the Shenzhen Municipal Bureau of Land Resources and Housing Management and China South International, the building ownership certificate granted to us for West Garden is a green-cover building ownership certificate which: (1) restricts the transfer of West Garden units; and (2) requires approval by the relevant authority of mortgages of the underlying property. Due to restrictions on the transfer of units in the building ownership certificates of West Garden, we are unable to sell the residential units and instead have entered into lease agreements with tenants of West Garden. All West Garden lease agreements consist of two 20-year terms, which are automatically renewed unless both parties agree otherwise. Upon the expiration of the second 20-year term, the agreement is automatically extended again to May 15, 2055, which is when our land use rights certificate for West Garden expires.

Our agreements with some tenants require them to pay approximately 50% of the total consideration for the West Garden units upon execution of the agreement, with the balance generally payable within one to two months thereafter. Our agreements with other tenants require them to pay the total consideration to us upon execution of the agreement. To facilitate the bank loan application process for certain tenants, we provide guarantees to bank lenders on behalf of the tenants. We also extend entrusted loans with interest through intermediary banks to certain tenants who are unable to obtain mortgage loans on their own. For further information with respect to guarantees and entrusted loans extended to our tenants, see "— Purchaser and Tenant Financing."

Transportation Network

China South City Shenzhen is located within the Greater Pearl River Delta's integrated and extensive transportation network of airports, railways, port facilities for ocean shipping and highways.

Airports. There are four airports in the Greater Pearl River Delta, including the Hong Kong International Airport, the Guangzhou Baiyun International Airport, which serves as the center for domestic freight in the PRC, the Shenzhen Baoan International Airport and the Zhuhai International Airport. China South City Shenzhen is located within 35 kilometers of the nearest of these airports and no more than 180 kilometers from the farthest of these airports.

Railways. There are several railway lines in the Greater Pearl River Delta that connect to key railway arteries in China, including the Beijing-Guangzhou Railway and the Beijing-Kowloon Railway. There are also railways that connect cities within the Greater Pearl River Delta, including the Ping Nan Railway, which connects Pinghu and Nanshan, and the Ping Yan Railway, which connects Pinghu and Yantian. China South City Shenzhen is located within 20 kilometers of the Pinghu Railway Station, which connects to each of these railway lines.

Ocean Shipping Facilities. Some of the world's largest, busiest and most efficient container ports are located in the Greater Pearl River Delta, including the Kwai Chung Container Terminal in Hong Kong, which is the second busiest port in the world in terms of volume, the Yantian Port in Shenzhen, the Shekou Port in Shenzhen, the Huangpu Port in Guangzhou and the Nansha Port in Guangzhou. China South City Shenzhen is located within 30 kilometers of these ports.

Highways. All major cities in the Greater Pearl River Delta are linked by major highways, and the highway network is rapidly expanding. Projects in progress, such as the Shenzhen Bay Bridge, a 5.5 kilometer bridge between Shekou and Hong Kong, the Hong Kong-Zhuhai-Macau Link, a 35 kilometer bridge connecting Hong Kong, Zhuhai and Macau, and the Pearl River Bridge project, a 29 kilometer bridge between Hong Kong and Macau, should further connect Hong Kong, Macau, Zhuhai and Shenzhen. In addition, construction of a new exit of the Jihe expressway within 800 meters of China South City Shenzhen was completed in 2009 with the support of the Shenzhen municipal government.

Future Developments. We have made requests to the Shenzhen Metro Company and local government authorities in Shenzhen to further improve surrounding transportation infrastructure, including extending the local subway network to reach China South City Shenzhen. In addition, the Shenzhen Longgang Pinghu Government has approved a five-year plan, beginning in 2008, to either construct or expand 12 roads, or sections of roads and/or highways, to improve traffic to and from Pinghu, where China South City Shenzhen is located.

China South City Nanchang

We entered into a master agreement with the municipality of Nanchang in Jiangxi Province in February 2007 and several supplementary agreements thereto to develop integrated logistics and trade centers in that region. China South City Nanchang will be located in the Honggutan New District, Nanchang, Jiangxi. Located at the intersection of the Jingjiu and Zhegan Railways, Nanchang is easily accessible via highway and airport and maintains the largest port on the Gan River. As a result of its location, Nanchang today represents one of China's important transportation hubs. In addition, we expect the office relocation plan of the Jiangxi provincial government to the vicinity of China South City Nanchang will shift the provincial administration accordingly and increase the business potential of our trade centers and supporting facilities in Nanchang.

The following table sets forth the intended mix of the properties of China South City Nanchang upon its completion.

	Total Estimated GFA[1]	
	(sq.m.)	(%)
Trade centers	1,430,000	33.4
Other commercial facilities	531,000	12.4
Residential facilities	1,419,000	33.2
Warehouse facilities	900,000	21.0
Total	4,280,000	100.0

(1) Represents current management estimates, subject to change.

With a site area of approximately 1.54 million sq.m., we expect China South City Nanchang to provide a total GFA of approximately 4.28 million sq.m. upon completion. We have acquired the land use rights for the entire site area. We expect China South City Nanchang to be completed in phases, with Phase One currently under development. In the fiscal year ended March 31, 2012, we completed the construction of trade center units with a GFA of approximately 377,000 sq.m. in Phase One. These trade center units were launched for sale, and certain Phase One residential facilities with approximately 385,000 sq.m. of GFA were launched for pre-sale. We generated Contracted Sales of HK$3,063 million from pre-sales, of which HK$2,076 million was from trade centers with a GFA of 174,300 sq.m. and HK$987 million was from residential facilities with a GFA of 174,300 sq.m. China South City Nanchang contributed sales revenue of HK$1,959 million in the fiscal year ended March 31, 2012.

The following table sets forth the intended mix of the properties of China South City Nanchang through the fiscal year ended March 31, 2013.

	Total Estimated GFA	
	(sq.m.)	(%)
Trade centers	328,000	46.0
Residential facilities	385,000	54.0
Total	713,000	100.0

Pursuant to land grant contracts governing the use of land at China South City Nanchang, our sales of trade centers and warehouse facilities is limited to 60% of the GFA of the properties located on the parcels of land on which these trade centers and warehouse facilities are located. This restriction does not apply to the properties acquired in 2009 for residential, commercial and other uses, and does not apply to the land we acquired in 2011. We intend to retain not less than 50% of the aggregate GFA of our trade centers for investment purposes. We intend to sell substantially all of the residential units and retain, sell or partner with strategic partners with respect to the supporting commercial facilities of these projects.

Transportation Network

China South City Nanchang is expected to be located within Nanchang's Honggutan New District, with access to a network of airports, railways, port facilities for ocean shipping and highways.

Airports. The Changbei Airport, which provides access to over 25 destinations including Beijing, Hong Kong, and Guangzhou, is located approximately 30 minutes from the expected site of China South City Nanchang.

Railways. Nanchang is located at the vital intersection of the Jingjiu and Zhegan Railways. Currently, Nanchang is the only capital city situated on the Jingjiu Railway line. The Nanchang West Railway Station, a principal high speed railway station currently under construction, is located near our project.

Ocean shipping facilities. Nanchang is the largest port on the Gan River. With access to the Gan River, Fu River, Xiang Lake, Qingshan Lake and Aixi Lake, Nanchang is also connected to areas such as Poyang, Duchang, Ruihong, Zhouxi, and Lianhu.

Highways. China South City Nanchang is expected to be easily accessible via highway and to be located next to the Waihuan Way, Changzhang Express Way and 320 National Road.

China South City Nanning

We entered into a master agreement and several supplementary agreements thereto with the Nanning City Jiangnan District People's Government in Guangxi Zhuang Autonomous Region in December 2007 to develop integrated logistics and trade centers in that region. Located in Nanning, Guangxi Zhuang Autonomous Region, we expect China South City Nanning to offer a comprehensive logistics trade center project for various industries of daily life of the region, an exhibition center, offices and a hotel upon completion. The project site will have easy access to railway, highway, marine transportation, and air transportation. Nanning is situated in the south of Guangxi Zhuang Autonomous Region, adjacent to Guangdong Province and Macau, facing Southwest China and Southeast Asia. Nanning's position as a coastal city located between Southeast and Southwest China has fueled its development as a core logistics trade center in the region and its proximity to the Vietnam border has allowed Nanning to develop strong business networks with the Southeast Asian markets.

The following table sets forth the intended mix of the properties of China South City Nanning upon its completion.

	Total Estimated GFA[1]	
	(sq.m.)	(%)
Logistics trade centers	3,030,000	62.1
Other commercial facilities	940,000	19.3
Residential facilities	910,000	18.6
Total	4,880,000	100.0

(1) Represents current management estimates, subject to change.

China South City Nanning has a planned total site area of approximately 1.83 million sq.m. and a planned total GFA of approximately 4.88 million sq.m. upon completion. We have acquired land use rights for a site area of approximately 890,000 sq.m., or approximately 48.6% of the total planned GFA. As currently planned, China South City Nanning will serve as a hub for large-scale finished and unfinished goods and commodity trade with Southeast Asia.

We expect China South City Nanning to be completed in phases, with Phase One currently under development. In the fiscal year ended March 31, 2012, we completed the construction of logistics trade centers for Phase One with 329,000 sq.m. of GFA and launched the logistics trade center in March 2012. We made total Contracted Sales of HK$507 million from GFA of 35,300 sq.m. Total revenue of China South City Nanning amounted to HK$341 million. It was recorded at our launch for sales for GFA of 24,800 sq.m. at an average selling price of approximately HK$14,600 per sq.m.

The following table sets forth the intended mix of the properties of China South City Nanning through the fiscal year ended March 31, 2013.

	Total Estimated GFA	
	(sq.m.)	(%)
Logistics trade centers	566,000	54.9
Residential facilities	465,000	45.1
Total	1,031,000	100.0

Pursuant to land grant contracts governing the use of land at China South City Nanning, our sales of logistics trade centers and warehouse facilities is limited to 60% of the GFA of the properties located on the parcels of land on which these logistics trade centers and warehouse facilities are located. This restriction does not apply to the properties that are built for residential, commercial and other uses. We intend to retain not less than 50% of the aggregate GFA of our trade centers for investment purposes. We intend to sell substantially all of the residential units and retain, sell or partner with strategic partners with respect to the supporting commercial facilities of these projects.

Transportation Network

China South City Nanning is expected to be located within the Beibu Gulf Economic Cooperation Zone, with access to a network of airports, railways, port facilities for ocean shipping and highways.

Airports. The Nanning Wu Xu International Airport, with flights from more than 30 local and international airlines, is located approximately 20 kilometers away from the expected site of China South City Nanning.

Railways. Nanning is connected by several railways, including the Nakun Line, the Xianggui Line and the Qiangui Line and serves as an important hub for access to international railways connecting Vietnam, Cambodia, Malaysia and Singapore. In addition, the Nanning Railway Station is among the largest railway distribution stations in Southwest China and is approximately two kilometers south of the expected site of China South City Nanning.

Ocean shipping facilities. Nanning is located next to the ports of Xijiang, Tingzi and Jinji from which goods are shipped regularly to and from Guangzhou, Zhuhai, Macau and Hong Kong.

Highways. The network of highways and other thorough fares within Nanning are linked to the major highways of Southeast China, and also connect to Guangzhou and Hong Kong. In addition, Jiangnan County is the starting point of a number of national roads, including National Roads 320, 105 and 316, as well as major highways, including the Changjiu, Changgan and Xiwaihuan Highways.

China South City Xi'an

In June 2009, we entered into a non-binding memorandum of understanding with the Xi'an International Trade and Logistics Park Management Committee for the development of a large-scale integrated logistics center in the Xi'an International Trade and Logistics Park. Pursuant to the memorandum of understanding, the Xi'an International Trade and Logistics Park Management Committee has agreed to promote this project as one of Xi'an's major projects. We intend to develop and position China South City Xi'an as a major integrated logistics and trade center in northwest China.

In November 2009, the Xi'an International Trade and Logistics Park Management Committee, China South International, Xin Hao Da and Xi'an Government entered into a project agreement for the Xi'an project. Pursuant to the project agreement, China South International and Xin Hao Da have formed a joint venture company, owned 65% and 35% by them, respectively. According to the signed project agreement, China South City Xi'an will cover a planned total site area of approximately 10 million sq.m. We plan to undertake the construction of the total planned GFA of approximately 17.5 million sq.m. in phases, half of which will be used for trade centers and half of which will be used for ancillary facilities.

In the fiscal year ended March 31, 2012, we began construction on the total planned GFA of approximately 607,000 sq.m. of the Phase One trade centers for China South City Xi'an, These trade centers are intended to serve the machinery and hardware and fashion, clothing and textile industries. Pre-sales were launched in fiscal year ended March 31, 2012 which generated a total Contracted Sales of HK$1,133 million for trade centers with GFA of 98,200 sq.m.

The following table sets forth the intended mix of the properties of China South City Xi'an upon its completion.

	Total Estimated GFA[1]	
	(sq.m.)	(%)
Trade centers	8,750,000	50.0
Ancillary facilities	8,750,000	50.0
Total	17,500,000	100.0

(1) Represents current management estimates, subject to change.

Other Projects

China South City Harbin

In October 2011, China South International entered into an agreement with Harbin Daowai District People's Government for the development of an integrated project comprising logistics and trade centers and commercial and residential facilities. In June 2012, Harbin China South City Company Limited bid for and successfully acquired the land use rights to approximately 263,000 sq.m. of land in Harbin for approximately RMB239 million from Harbin Land and Property Exchange Center, acting on behalf of the Harbin Bureau of Land Resources, Extensive preparation work has commenced on site and the overall construction plan for our China South City Harbin is under planning. We intend to retain a portion of the acquired land for rental purposes and to offer another portion for sale.

China South City Zhengzhou

In April 2012, the Xin Zheng City Government and Shenzhen China South City Investment Holdings Co., Ltd. entered into a cooperative agreement for the Zhengzhou project for a total net land area of 7,000,000 sq.m. Pursuant to the agreement, Shenzhen China South City Investment Holdings Co., Ltd. will undertake the construction and development of a large-scale integrated logistics and trade center. In August 2012, we acquired the land use rights to a total site area of approximately 103,000 sq.m. in Zhengzhou for approximately RMB23.3 million. Whereas the overall construction plan is still under planning, extensive preparation work has begun on site.

Master Agreements

We have signed master agreements and corresponding supplementary agreements with local government agencies in Shenzhen, Nanchang, Nanning, Xi'an, Harbin and Zhengzhou that set out each party's commitments and expectations and a proposed framework for the development of our projects. Under these master agreements and corresponding supplementary agreements, our primary obligations generally include purchasing land and developing certain infrastructure in the amount and manner set forth in the master agreements and commencing and completing project-related construction according to the timeframe set forth in the master agreements and corresponding supplementary agreements. The primary obligations of the local government agencies with whom we enter into master agreements and corresponding supplementary agreements generally include improving the infrastructure surrounding the project development site, obtaining land to be granted under the master agreements and corresponding supplementary agreements as well as relocating the existing residents on the land, compensating us for certain infrastructure costs assumed by us in construction of our projects, bearing certain costs for basic facilities associated with our projects, including facilities for the discharge of pollutants, water and electricity supply, communications lines and piping, and assisting us to obtain favorable treatment and necessary approvals from government authorities.

Master Agreement for the Development of China South City Shenzhen

On December 24, 2002, the Shenzhen Longgang Pinghu Logistics Base Development Services Center, an administrative entity representing the Shenzhen Longgang District Government to attract investment and carry out planning, management and development of the Shenzhen Longgang Pinghu Logistics Base, entered into a master agreement with China South International, a subsidiary of our Company, outlining the understanding of both parties in relation to the development of China South City Shenzhen, a specialized wholesale market for industrial raw materials.

The agreement was supplemented by an agreement dated the same date as the master agreement and another agreement dated September 25, 2003 and several supplementary agreements thereto among the same parties as in the master agreement.

Under the master agreement, as supplemented, the Shenzhen Longgang Pinghu Logistics Base Development Services Center agreed in principle to provide parcels of land having an aggregate area of 1.5 million sq.m. (including roads having an area of 107,000 sq.m.) within the Pinghu logistics base for a logistics development project, subject to final determination under land use contracts entered into with the local land bureau.

The master agreement provides that China South City Shenzhen will be divided into the following four functional zones, of which an area of not less than 1.06 million sq.m. should be used for the trade center, warehouse and commercial zones, and an area of approximately 300,000 sq.m. should be used for the supporting living and residential zone:

- trade center zone, including trade centers dedicated to (1) textile and clothing, (2) leather and accessories, (3) electronic accessories, (4) printing, paper and packaging and (5) metals, chemicals and plastics;

- warehouse zone, for the provision of warehouse services in support of trade center operations;

- commercial zone, for the provision of supporting commercial service, including, but not limited to, office facilities, shops, exhibition and meeting facilities, hotel facilities and restaurant facilities; and

- supporting living and residential zone, including dormitories, apartments, a canteen, and other supporting facilities.

Under the master agreement and corresponding supplementary agreements, the land granted to us is for integrated logistics use and the land grant fee to be paid by us was RMB300 per sq.m. of the actual usable land area (excluding roads). Under the supplemental agreement, in consideration of us bearing the expenses of leveling the land, constructing supporting facilities and building two main roads in China South City Shenzhen, the land grant fee payable to the Shenzhen Municipal Bureau of Land Resources and Housing Management was reduced by RMB120 per sq.m. As a result, the land grant fee paid by us to the Shenzhen Municipal Bureau of Land Resources and Housing Management was RMB180 per sq.m. of the actual usable land area (excluding roads).

Master Agreement for the Development of China South City Nanchang

On February 11, 2007, the Nanchang City Honggutan New District Administrative Committee, an administrative agency engaged by the People's Government of Honggutan New District, Nanchang to plan and manage the development of the Honggutan New District, entered into a master agreement with China Metro-Rural Exchange Limited (formerly known as China South City Group Limited) in relation to the development of China South City Nanchang. Cheng Chung Hing (a director and one of our controlling shareholders) and Leung Moon Lam (a director but not our controlling shareholder) together control 65% of the equity interests of China Metro-Rural Exchange Limited. The remaining equity interests of China

Metro-Rural Exchange Limited are controlled by independent third parties. The agreement was supplemented by an initial supplemental agreement dated the same date as the master agreement among the same parties as in the master agreement, and a second supplement on March 21, 2008. The initial supplemental agreement clarified the terms of the original master agreement and the second supplemental agreement transferred all rights and obligations of China Metro-Rural Exchange Limited to us without consideration. When the master agreement was signed on February 11, 2007, we had not decided whether or not to pursue the opportunity to develop this project, which was identified by our directors, Cheng Chung Hing and Leung Moon Lam. Accordingly, the master agreement with the Nanchang City Honggutan New District Administrative Committee was first entered into with China Metro-Rural Exchange Limited. When the development of China South City Nanchang project was approved by our board of directors in October 2007, China Metro-Rural Exchange Limited transferred all of its rights and obligations under the master agreement to us.

Under the master agreement, as supplemented, the Jiangxi Nanchang Honggutan New District Administrative Committee agreed in principle to provide parcels of land having an aggregate area of 2.0 million sq.m. in the Honggutan New District for the construction of an integrated logistics and trade center, subject to final determination under land use contracts entered into with the local land bureau. The master agreement provides for an area of approximately 750,000 sq.m. to be used for the development of an integrated trade center project; an area of approximately 500,000 sq.m. to be used for logistics and warehouse purposes; and an area of approximately 750,000 sq.m. to be used for ancillary commercial purposes. Under the master agreement, as supplemented, the proposed site area is to be transferred by public tender, auction or listing for sale in three phases in equally sized parcels, by December 2007, December 2008 and June 2009, respectively. Due to a delay in relocating existing residents, the transfer of the initial parcel of land was postponed until December 2009. The final price of each parcel of land, to be paid within 60 days of entering into land use contracts with the local land bureau for such land, must be determined by way of public tender, auction or listing for sale and includes all costs associated with completion of the land transfer, including land acquisition costs, relocation costs and other compensation owed to previous holders of the land.

Under the master agreement, as supplemented, the Jiangxi Nanchang Honggutan New District Administrative Committee is responsible to relocate, at its own expense, the original residents on the land. In addition, the Jiangxi Nanchang Honggutan New District Administrative Committee has agreed to assist us in completing government administrative application and approval procedures as necessary. In return, we have agreed to commence construction and begin China South City Nanchang's Phase One and Phase Two operations within six months and two years, respectively, after signing the land use rights transfer contract.

Master Agreement for the Development of China South City Nanning

On December 29, 2007, the Nanning City Jiangnan District People's Government, on the authority and with the approval of the Nanning City People's Government, entered into a master agreement with us in relation to the development of China South City Nanning. Under the master agreement, the Nanning City Jiangnan District People's Government agreed in principle to provide parcels of land with an aggregate area of approximately 1.7 million sq.m. in the Jiangnan District for the construction of an integrated logistics and trade center, subject to final determination under land use contracts entered into with the local land bureau. The master agreement provides that an area of approximately 997,000 sq.m. shall be used for the development of trade centers and exhibition facilities; approximately 400,000 sq.m. shall be used for the development of integrated logistics, commercial and warehouse facilities; and an area of approximately 333,000 sq.m. shall be used for ancillary living and commercial purposes.

Under the master agreement, the proposed site area is to be transferred by public tender, auction or listing for sale in two phases. The first transfer, representing a site area of approximately 840,000 sq.m., took place in the fourth quarter of 2009. The second transfer, representing a site area of approximately 890,000 sq.m. took place in the second half of 2011. Pursuant to the terms of the master agreement, the price of each parcel of land is determined in accordance with the value ascribed in the land use rights grant contract entered into with the Nanning Land Bureau, inclusive of all costs, other than relevant taxes, associated with completion of the land transfer, including but not limited to land acquisition costs, demolition costs, land development funds, as well as compensation, relocation and welfare costs owed to previous holders of the land.

Master Agreement for the Development of the Heyuan Project

On December 25, 2005, Guangdong Province Heyuan City Zijin County People's Government entered into an agreement with our subsidiary, China Metro-Rural Exchange Limited, outlining an understanding among the parties in relation to develop the Heyuan Project, a farm-style travel and resort community located in Zijin County, catering to domestic and international executives, primarily including those with operations at China South City Shenzhen.

A supplemental agreement was signed on June 4, 2006, transferring all rights and obligations of China Metro-Rural Exchange Limited to China South City Enterprise, our project company in Heyuan. A second supplemental agreement, which was signed on April 21, 2009, provides that a portion of the land is to be used for integrated logistics and trade purposes.

On December 13, 2010, Guangdong Province Heyuan City Zijin County People's Government entered into an agreement with China South International in connection with the proposed development of the integrated logistics and trade centers in Heyuan. The agreement outlines the proposed framework for the development of the integrated logistics and trade centers, the scope and area of the project land and each party's commitments and expectations for the proposed project. The Guangdong Province Heyuan City Zijin County People's Government agreed in principle to provide parcels of land area of approximately 1.2 million sq.m. for the proposed integrated logistics and trade centers, subject to final determination under land use contracts to be entered into with the local land bureau.

Agreement for the Development of China South City Xi'an

On November 3, 2009, the Xi'an International Port Zone Committee, an administrative entity representing the Xi'an Municipal People's Government to attract investment and carry out planning, management and development of the Xi'an International Port Zone, entered into an agreement with our subsidiary, China South International Industrial Materials City (Shenzhen), and Xinhaode (Hongkong) Holdings Ltd., outlining an understanding among the parties in relation to the development of China South City Xi'an, a large, modern, and integrated commercial logistics base.

Under the agreement, the Xi'an International Port Zone Committee agreed in principle to provide parcels of land having an aggregate area of 10 million sq.m. within the Xi'an International Port Zone for a logistics development project, subject to final determination under land use contracts entered into with the local land bureau.

The master agreement provides that China South City Shenzhen will be divided into two functional zones, including an area of approximately five million sq.m. to be used as an integrated commercial logistics zone, and an area of approximately five million sq.m. to be used for supporting commercial and residential facilities.

Agreement for the Development of China South City Harbin

On June 16, 2011, the Harbin People's Government and the Harbin Daowai District People's Government entered into an agreement with China South International and Hong Kong Howard Group Investment Company, outlining the development of an integrated project comprising logistics and trade centers and commercial and residential facilities in Harbin. Under the master agreement, the Harbin People's Government agreed in principle to provide a parcel of land with an aggregate area of approximately 10 million sq.m. in Daowai District for the construction of an integrated trade, logistics and exhibition center.

On October 18, 2011, the Harbin Daowai District People's Government further entered into a cooperative agreement with China South International and Hong Kong Howard Group Investment Company. The cooperative agreement provides that an area of approximately 5.0 million sq.m. shall be used for the development of an integrated trade and logistics center, an area of 2.0 million sq.m. shall be used for ancillary commercial purposes and an area of approximately 3.0 million sq.m. shall be used for ancillary residential purposes. The proposed site area is to be transferred by public listing for sale in phases. Pursuant to the cooperative agreement, the price of each parcel of land is determined in accordance with the value ascribed in the land use right grant contract we enter into with the local land administrative authority, inclusive of all costs, including but not limited to land use right fees, acquisition costs, land development funds, as well as compensation, welfare costs and other expenses owed to previous holders of the land. China South International and Hong Kong Howard Group Investment Company will each undertake the development of 50% of the land of the project.

Agreement for the Development of China South City Zhengzhou

On April 9, 2012, the Xin Zheng City Government and Shenzhen China South City Investment Holdings Co., Ltd. entered into a cooperative agreement for the construction and development of a large-scale integrated logistics and trade center in Zhengzhou. Under the master agreement, the Xin Zheng City Government agreed in principle to provide a parcel of land with an aggregate area of approximately 10.0 million sq.m. located at North Xinzheng City for the construction of an integrated trade and logistics center with respect to which the net land area for construction is approximately 7.0 million sq.m. The master agreement provides that an area of approximately 6.5 million sq.m. shall be used for the development of an integrated trade and logistics center, an area of 2.0 million sq.m. shall be used for ancillary commercial purposes and an area of approximately 1.5 million sq.m. shall be used for ancillary residential purposes. Pursuant to the master agreement, the price of each parcel of land is determined in accordance with the value ascribed in the land use right grant contract we enter into with the local land administrative authority, inclusive of all costs, including but not limited to land use right fees, acquisition costs, land development funds, as well as compensation, welfare costs and other expenses owed to previous holders of the land.

Property Management Services

We provide property management services to tenants of China South City Shenzhen through our subsidiary, Shenzhen First Asia Pacific. Our property management services include security, cleaning, repair and maintenance of equipment and facilities, management of parking lots and transportation within China South City Shenzhen. We engage a professional cleaning company and other service providers to perform the cleaning and major repair and maintenance services. Our own employees provide the security, repair and maintenance, management of parking lots and transportation services.

We charge tenants of China South City Shenzhen a monthly management fee for our property management services. As of March 31, 2012, the monthly management fee for our trade center units ranged from RMB3.8 per sq.m. for Phase One in trade center units to RMB15 per sq.m. for Phase Two trade center units. As of March 31, 2012, the monthly management fee for our West Garden residential facilities was RMB2.5 per sq.m. The monthly management fee for our Global Logistic Center office facility was RMB8 per sq.m. for office facilities and RMB10 per sq.m. for retail facilities. In the fiscal years ended March 31, 2010, 2011 and 2012, our revenues from management fees were HK$24.5 million, HK$30.7 million and HK$41.5 million, respectively.

We intend to provide similar property management services and to adopt a similar model for the payment of property management fees upon commencing operations at our other projects.

Land Use Rights And Building Ownership Rights

There are two types of title registrations in the PRC: land registration and building registration. Land registration is evidenced by the issue of a land use rights certificate by the relevant authority. A land use rights certificate is the evidentiary legal document demonstrating that the registered land user has the lawful right to use the land during the term stated therein, including the right to assign, mortgage or lease the land. Building registration is evidenced by the issue of a building ownership certificate. The holder of a land use rights certificate who is issued a building ownership certificate holds land use rights and owns the building erected on the land. All holders of land use rights, and other rights in respect of the land, such as the right to buildings erected on the land, must register their lawful state-owned land use rights, as well as ownership rights to the buildings. Under PRC law, land use rights and building ownership rights which are duly registered are protected by law.

PRC law prescribes different maximum periods for the grant of a land use right by the PRC government to the land user, subject to the payment of the land grant fee by the land user. The maximum period depends upon the use of the land, and varies from 40 years for commercial, tourism and entertainment uses to 70 years for residential uses. The most common term is 50 years, such as for industrial, warehouse, office and other uses. For further information, see “Regulation.”

China South City Shenzhen

We have received land use rights with respect to approximately 1.1 million sq.m. planned for development for China South City Shenzhen. We have obtained all necessary land title and building ownership certificates to conduct our operations at China South City Shenzhen. The land use rights for Phase One, Phase Two and Phase Three facilities for China South City Shenzhen are for a period of 50 years commencing from the respective dates as specified in the land use rights certificates.

The following table sets forth the commencement dates of the land use rights certificates and the effective dates of land grant contracts relating to the underlying land:

	Commencement Date of Land Use Rights Certificates (1)	Effective Date of Land Grant Contracts (2)
Trade centers	July 2003 to May 2007	July 2003 to March 2008
Residential facilities	May 2005	May 2005
Warehouse facilities	August 1992	September 2004
Supporting commercial facilities	July 2003	November 2005 to March 2008

(1) The commencement date of a land use rights certificate granted by the land bureau to the initial holder of the land use rights for the underlying parcel of land marks the commencement of the term of land use rights for the initial holder of the rights certificate granted by the land bureau.

(2) The effective date of the land grant contract marks the date on which we entered into a land grant contract for the underlying parcel of land. Where we are not the initial holder of the initial land use rights certificate, the effective date of the land grant contract will be subsequent to the commencement date of the land use rights certificate.

China South City Nanchang

We have received land use rights with respect to approximately 1.2 million sq.m. of a total area of approximately 1.54 million sq.m. planned for development for China South City Nanchang. The land use rights for China South City Nanchang are for a periods of 40 years for trade center use, 50 years for warehouse use and 70 years for residential use, commencing from the respective dates as specified in the land use rights certificates.

The following table sets forth the commencement dates of the land use rights certificates and the effective dates of land grant contracts relating to the underlying land:

	Commencement Date of Land Use Rights Certificates (1)	Effective Date of Land Grant Contracts (2)
Trade centers	June 2010, August 2012	January 2010, November 2011
Residential facilities	June 2010 to March 2012	January 2011, November 2011
Warehouse facilities	June 2010	January 2010
Supporting commercial facilities . . .	June 2010, August 2012	January 2010, November 2011

(1) The commencement date of a land use rights certificate granted by the land bureau to the initial holder of the land use rights for the underlying parcel of land marks the commencement of the term of land use rights for the initial holder of the rights certificate granted by the land bureau.

(2) The effective date of the land grant contract marks the date on which we entered into a land grant contract for the underlying parcel of land. Where we are not the initial holder of the initial land use rights certificate, the effective date of the land grant contract will be subsequent to the commencement date of the land use rights certificate.

China South City Nanning

We have received land use rights with respect to approximately 890,000 sq.m. of a total area of approximately 1.8 million sq.m. planned for development for China South City Nanning. The land use rights for China South City Nanning are for a period of 50 years commencing from the respective dates as specified in the land use rights certificates.

The following table sets forth the commencement dates of the land use rights certificates and the effective dates of land grant contracts relating to the underlying land:

	Commencement Date of Land Use Rights Certificates (1)	Effective Date of Land Grant Contracts (2)
Warehouse facilities (3)	June 2010	April 2010

(1) The commencement date of a land use rights certificate granted by the land bureau to the initial holder of the land use rights for the underlying parcel of land marks the commencement of the term of land use rights for the initial holder of the rights certificate granted by the land bureau.

(2) The effective date of the land grant contract marks the date on which we entered into a land grant contract for the underlying parcel of land. Where we are not the initial holder of the initial land use rights certificate, the effective date of the land grant contract will be subsequent to the commencement date of the land use rights certificate.

(3) We are in the process of changing the status of a portion of this land to residential use.

China South City Xi'an

We have received land use rights with respect to an area of approximately 596,000 sq.m. for our Xi'an project. The land use rights for our Xi'an project are for periods of 40 years for commercial use, commencing from the respective dates as specified in the land use rights certificates.

The following table sets forth the commencement dates of the land use rights certificates and the effective dates of land grant contracts relating to the underlying land:

	Commencement Date of Land Use Rights Certificates (1)	Effective Date of Land Grant Contracts (2)
Commercial use facilities.	September 2011, April 2012	May 2011, August 2011

(1) The commencement date of a land use rights certificate granted by the land bureau to the initial holder of the land use rights for the underlying parcel of land marks the commencement of the term of land use rights for the initial holder of the rights certificate granted by the land bureau.

(2) The effective date of the land grant contract marks the date on which we entered into a land grant contract for the underlying parcel of land. Where we are not the initial holder of the initial land use rights certificate, the effective date of the land grant contract will be subsequent to the commencement date of the land use rights certificate.

China South City Harbin

We have land use rights with respect to an area of approximately 263,000 sq.m. for China South City Harbin. The land use rights for China South City Harbin are for periods of 40 years for commercial use commencing from the respective dates as specified in the land use rights certificates.

The following table sets forth the commencement dates of the land use rights certificates and the effective dates of land grant contracts relating to the underlying land:

	Commencement Date of Land Use Rights Certificates (1)	**Effective Date of Land Grant Contracts (2)**
Trade centers	August 2012	July 2012
Residential facilities	August 2012	July 2012
Supporting commercial facilities. . . .	August 2012	July 2012

(1) The commencement date of a land use rights certificate granted by the land bureau to the initial holder of the land use rights for the underlying parcel of land marks the commencement of the term of land use rights for the initial holder of the rights certificate granted by the land bureau.

(2) The effective date of the land grant contract marks the date on which we entered into a land grant contract for the underlying parcel of land. Where we are not the initial holder of the initial land use rights certificate, the effective date of the land grant contract will be subsequent to the commencement date of the land use rights certificate.

China South City Zhengzhou

We have land use rights with respect to an area of approximately 103,000 sq.m. for China South City Zhengzhou. The land use rights for China South City Zhengzhou are for periods of 40 years for commercial use commencing from the respective dates as specified in the land use rights certificates.

The following table sets forth the commencement dates of the land use rights certificates and the effective dates of land grant contracts relating to the underlying land:

	Commencement Date of Land Use Rights Certificates (1)	**Effective Date of Land Grant Contracts (2)**
Warehouse facilities	August 2012	August 2012

(1) The commencement date of a land use rights certificate granted by the land bureau to the initial holder of the land use rights for the underlying parcel of land marks the commencement of the term of land use rights for the initial holder of the rights certificate granted by the land bureau.

(2) The effective date of the land grant contract marks the date on which we entered into a land grant contract for the underlying parcel of land. Where we are not the initial holder of the initial land use rights certificate, the effective date of the land grant contract will be subsequent to the commencement date of the land use rights certificate.

Sales and Marketing

We have a team of sales and marketing and customer services personnel located in each project who are responsible for the overall sales, leasing and marketing strategy for the group as a whole and for specified trade centers and the other properties for each relevant project. Upon commencement of construction of a project, our sales and marketing staff commence marketing activities to target clients and develop advertising and rental plans for the properties held for rental. Upon completion of construction of a project, they develop sales plans for the store units sold to purchasers of the properties. We also engage other independent professionals in the PRC to prepare marketing studies to assist us in developing our advertising and sales and rental plans for our projects. This process also includes a determination of target customers, as well as strategies to maximize usage and revenues from the property.

We conduct marketing through a variety of channels, including the network of our founding shareholders, advertising media, events and exhibitions and activities of trade associations.

Network of Our Founding Shareholders

Our founding shareholders, each of whom are specialists in their respective industries, have a large network of manufacturers, distributors, trade associations, customers and suppliers within their area of industry expertise. We use this network for contacting potential tenants of our trade centers. We keep in contact with these potential tenants through a variety of methods, including telephone calls, periodic visits, e-mails and distribution of trade magazines. We believe this network provides us a competitive advantage in attracting tenants to our trade centers.

Advertising Media

We use various advertising media, including newspapers, airline magazine, television, direct mail, advertising in buses and trains, and outdoor billboards to market our trade center and residential properties. We also have our own website which provides a platform for promoting our projects.

Events and Exhibitions

As part of our general marketing efforts, we periodically sponsor and participate in events throughout China, such as trade seminars and exhibitions, in order to enhance our brand name and promote our business. Typically, the events and exhibitions we sponsor have been located in the same area as our projects. In a joint effort with the Shenzhen and Nanning governments, respectively, we organized the China (Shenzhen) International Industrial Fair and the China-ASEAN Light Industrial Products Fair, which have been held each year beginning in October 2009 and October 2010, respectively. As these events are typically held in the latter half of the fiscal year, we record a significant amount of our sales during that period.

In April 2012, we co-organized the Fifth Industrial Fair with the China Council for the Promotion of International Trade, the China Chamber of International Commerce and the Shenzhen Municipal People's Government. As one of the major annual events in Shenzhen, the goal of this industrial fair is to boost the economy of the region. It brings traffic and business to China South City Shenzhen, and attracts international and local exhibitors.

The Eighth Light Industrial Fair, co-organized by the Ministry of Commerce of China (the "MOFCOM"), and 10 ASEAN Counterparts, and the China-ASEAN Expo Secretariat, hosted by The People's Government of Guangxi Zhuang Autonomous Region, was successfully held at China South City Nanning in October 2011. This is one of the major annual events of the China-ASEAN Expos. Due to the success of this event and the growing importance of China South City Nanning to this region, the China South City Nanning Exhibition Center was designated the official venue for the event by the China-ASEAN Expo Secretariat.

By raising our profile among domestic and international trade and industry associations, chambers of commerce, academic institutions, manufacturers and trading companies, we believe that we enhance our brand recognition, display the strengths and advantages of our projects, assist our existing tenants in attracting customers and expand our network with domestic and international businesses and communities.

Lease Agreements

We generally offer rent-free periods of one to three months to new tenants of our Phase One trade center units. We do not offer rent-free periods to existing tenants who renew their leases.

We currently offer preferential rental rates to all of our Phase One trade center tenants. The discounts offered to tenants depend on a variety of factors, including the duration of the lease, the type and location of the trade center for the unit to be leased, and the credit of the tenant. As of March 31, 2012, taking into account the above preferential terms, the average effective monthly rental rate for our Phase One and Phase Two trade center units was HK$35 per sq.m.

Tenants are generally required to pay their monthly rent in advance either on a monthly, quarterly, or yearly basis, or in advance of their lease term. In some cases, we offer to decrease the overall lease payment amount if a tenant prepays the amount due for the remainder of the lease term. Rental rates are subject to review and renegotiation upon renewal of leases.

In addition to making rental payments, tenants of trade center units are also required to provide a security deposit upon entering into a tenancy. We have the right to terminate tenancies upon the occurrence of certain events, such as non-payment of rent, carrying on of business other than the allowed purpose or breach of covenants by the tenants.

Purchaser and Tenant Financing

In order to facilitate the finance lease of units in West Garden, we provide entrusted loans through intermediary banks in the PRC to the tenants and guarantees of loans made to the purchasers of trade centers and residential properties and tenants of residential units and commercial properties by PRC banks. These entrusted loans, which are generally approximately 50% of the value of the property, are settled through monthly payments according to the terms of the entrusted loan agreements. As of March 31, 2012, the amount of finance lease receivables was HK$38.4 million. We also provide guarantees for mortgage loans to purchasers of trade center and residential units in China South City Shenzhen as well as for bank loans extended to tenants of residential units and commercial properties. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Indebtedness and Contingent Liabilities — Guarantees." The amount of guarantees as of March 31, 2012 was HK$352.6 million.

Suppliers and Customers

Our principal customers are tenants and purchasers of our trade center units. Our five largest tenants together accounted for less than 3% of our total revenue in the fiscal year ended March 31, 2012.

Our principal suppliers are contractors. As of March 31, 2012, our five largest suppliers, in terms of contract value, accounted for approximately 46% of our total purchases, excluding land costs primarily attributable to the principal contractors for our properties under development in Nanchang, Nanning.

Lease Arrangements with Certain Purchasers of Trade Center Units

A purchaser of a trade center unit may enter into one of two types of purchase agreement, one that provides for self-use or one that provides for a leasing arrangement with us. Under the purchase agreements that provide for self-use, the purchasers agree to open their units for business at least 300 days per year and are required to pay a deposit to secure their compliance with this provision. Under the purchase agreements that provide for leasing arrangements, purchasers grant us the right to lease their trade center units to third parties for a period of one to three years and to receive all rental income from these leases. In return, we agree to offer these purchasers a discount on the purchase price of the trade center units.

Project Development, Design and Financing Policies and Procedures

Project Identification

The first stage of our development process involves identifying new opportunities or accepting invitations from government officials to review development prospects in their respective cities. We conduct in-depth research and analysis to determine the development potential of a site and seek factors such as: (1) public demand for large trade centers in the area; (2) well-developed transportation infrastructure; (3) promising economic growth potential in the region; and (4) strong government support for the development of the trade center project. Our analysis will typically include an assessment of the economic environment, market investigation, feasibility studies, cost and profit forecasts and a positioning analysis for the site.

Project Development and Management Procedures

Once a site is proposed for development, our construction department recommends the appointment of architects and other necessary design consultants, formulates the design brief and controls the design program in consultation with the appointed architects and other consultants. The completed development and construction plan will be submitted to the relevant government authorities for approval. This approval process generally takes approximately three weeks.

During the construction phase, a construction team, headed by a project manager, is typically appointed for each development site. These teams, under the direction of our construction department, manage the project development process, seek to ensure the quality and timely completion of each project and control the costs according to the approved budget. Government officials from the relevant construction bureau will generally monitor the quality and safety of the project. We also have our own internal quality surveyors, site engineers and procurement staff to work on the project.

Project Design

All detailed project and interior design work for our projects are contracted out to PRC and international architectural and interior design firms, which plan the architectural, landscape and interior designs in accordance with our specifications.

The construction department is also responsible for overseeing the various aspects of design and interior design and for selecting the architects and interior design firms responsible for the project. At times we use a tender process in selecting these architects and interior design firms, while at other times we select architects and interior design firms without using a tender process based on our knowledge of the quality of their services and our previous experience working with them. The construction department and our senior management continually monitors the progress and quality of the appointed design firms to ensure that they are meeting our specifications.

Construction Work

We contract with independent third-party construction contractors to perform the construction work for our projects. Our relationship with each contractor lasts until the completion of their contracted stage of work. However, certain of our contractors have worked with us on several stages of our construction projects. As of March 31, 2012, we did not engage any related parties for the construction of development projects or supply materials to our development projects. We use a tender process in selecting contractors, material suppliers and consultants, while at other times we select contractors, material suppliers and consultants without using a tender process based on our knowledge of the quality of their services and our previous experiences working with them. Our contracts with construction companies typically contain warranties for quality and requirement for timely completion of the construction process. Although the agreements with our contractors vary due to the scope of contracted work, the majority of our agreements are generally for a six-month to 24-month period, depending on the scope of construction work involved.

Our construction agreements typically provide for payments based on construction progress until a specified maximum percentage of the total contract price is paid. We typically do not make any prepayments, but instead make payments according to the progress on a monthly basis. We assign project teams consisting of our own internal quality surveyors, site engineers and procurement staff to closely monitor the work of the independent construction companies, including quality and construction progress. In the event a contractor fails to perform its contractual obligations or is otherwise deficient in the performance of its contractual obligations, we may require the contractor to remedy the non-compliance or non-conformity of the performance, or otherwise pay damages or a penalty. Since the beginning of our projects, we have not had any material disputes with any of our contractors and suppliers. In addition, neither we nor any of our contractors have terminated a major contractor agreement.

Monitoring and Supervision

To monitor the progress of construction, our construction department has a project management team, consisting of qualified engineers led by project managers, that monitors the construction progress of contractors in accordance with our construction agreements and the construction plan progress. To ensure the quality of construction, our project management team monitors the quality of work of construction contractors in accordance with our construction agreements and the construction plan. As required by PRC laws and regulations, we also engage qualified independent quality supervisory companies to conduct quality and safety control checks on building materials and workmanship.

Financing Policies

To date, we have financed our projects through loans from our shareholders, bank borrowings, the proceeds of the Convertible Notes, the proceeds of our initial public offering and our working capital. We intend to finance our properties under development and planned for future development with bank borrowings, internally generated funds and a portion of the net proceeds of the Notes.

Quality Control

We place a strong emphasis on quality control to ensure that our properties comply with relevant laws and regulations and meets market standards. In addition, quality control is crucial to the successful development of our integrated trade center developments and to meet the requirements of our target tenants and customers. We establish and maintain approved registers of design consultants, other consultants, contractors and material suppliers to ensure that only those that are competent are permitted to participate in the tender process. The quality control of our projects is headed by the general manager of the construction department and performed in accordance with our internal procedures and systems as well as the specifications of our projects. We monitor and assess the performance of the design consultants, contractors and material suppliers to ensure that they meet the specified requirements. Appropriate follow-up action and penalties are taken against those that do not meet the required standards. In addition, we also have a project management team consisting of qualified engineers that performs regular quality audits of the project site and reports irregularities or poor workmanship to the general manager of the construction department and to the project managers responsible for the projects. The responsible project construction teams are required to rectify the problem immediately.

Legal and Compliance

The daily responsibilities for the implementation of internal control procedures have been placed on the senior management of our business departments and subsidiaries, and our legal, administration and company secretarial departments, who have responsibility to oversee our compliance with applicable laws, rules and regulations. Our legal department is responsible for upholding our compliance function. Our administration department is responsible for obtaining the licenses, authorizations and other certificates required for our business. Our company secretarial department is responsible for overseeing our compliance with the Listing Rules and Companies Ordinance. Our internal audit department reviews and monitors the implementation of internal control procedures by our various departments and subsidiaries and identifies areas of non-compliance and potential risks to us.

We have also prepared a compliance manual which codifies our corporate governance policies and procedures and expectations with respect to legal and regulatory compliance. As we continue to develop our business, we will continue to review our internal control mechanisms and the adequacy of relevant human resources to ensure compliance with statutory requirements and regulations relevant to our business.

Environmental Matters

As an operator and developer of trade center projects in the PRC, we are subject to various environmental laws and regulations set by the PRC national, provincial and municipal governments. These include regulations on project design and construction, air and noise pollution and discharge of waste and water into the environment.

As required by PRC law, we must, depending on the impact of the project on the environment, submit an environmental impact assessment report, an environmental impact analysis table or environmental impact registration form before the relevant authorities will grant approval for the commencement of construction of the project. All of our projects currently under development have received such approval.

See "Risk Factors — Risks Relating to Our Business and Our Industry — Potential liability for environmental problems could result in substantial costs" for a discussion of the risks that environmental laws and regulations may pose to our operations.

Health and Safety Matters

Under PRC laws and regulations, most of the potential liabilities to the workers on and visitors to our construction sites rest with our contractors. To our knowledge, there have been no material incidents of non-compliance with the relevant health and safety laws and regulations by our main contractors or their subcontractors during the course of their business dealings with us.

Competition

We face competition from other trade centers in China, particularly in Guangdong Province with regard to China South City Shenzhen. The trade center industry in China is fragmented, and consists of a large number of trade centers of varying sizes. The greatest concentrations of similar trade centers in China are in the Greater Pearl River Delta, the Yangtze River Delta and the Bohai-Ring region near Beijing. Many trade centers in China tend to specialize in one industry sector. There are a limited number of trade centers in China with a GFA in excess of 400,000 sq.m. that offer products in more than one industry sector and have a comprehensive range of supporting services and facilities. Our existing and potential competitors include trade centers managed by private domestic operators, trade centers that may have some affiliation with local government entities in China, and to a lesser extent, trade centers jointly developed or managed with international operators. In addition, there may be an increase in supply of trade centers in the Greater Pearl River Delta and elsewhere in China, such as Nanchang, Nanning and Xi'an, in the future. Each of Guangxi Zhuang Autonomous Region, Jiangxi Province and Shaanxi

Province also has numerous trade centers varying in size and type of industries represented. A number of our competitors have broader name recognition, a longer track record and more established relationships in certain markets.

In addition, we expect to increase the proportion of residential properties in our properties under development and planned for future development in Nanchang, Nanning and Xi'an. As a result, we will face increasing competition in the future from residential and other property developers. We expect competition among property developers for land reserves that are suitable for property development to remain intense. In addition, PRC governmental land supply policies and implementation measures may further intensify competition for land in China among property developers.

Intellectual Property Rights

We have registered the trademark , "**华南城**" (China South City) and its logo with the Trade Marks Registry in Hong Kong and the PRC Trademark Office under various categories relating to metals, textiles, machines, electronics and many other categories. We also have registration pending in the Trade Marks Registry in Hong Kong with respect to the trademarks of "China South City" and "華南城" under some additional categories. We are also the owner of the domain name of "**www.chinasouthcity.com.**"

Insurance

We maintain insurance policies with insurance companies in the PRC, which cover property damage due to natural hazards, including lightening, typhoons and other natural phenomena, and accidents, including fire and explosion, and general liability under property all risk insurance, construction all risk insurance and public liability insurance. There are, however, certain types of risks that are not covered by our insurance policies, including losses resulting from war, nuclear contamination, tsunami, pollution and acts of terrorism. As of March 31, 2012, we had not experienced any significant loss or damage to our properties. In addition, we maintain employer's liability insurance covering bodily injury, medical treatment and litigation expenses for our employees. We also carry automobile insurance covering collision damage and various types of liability for our vehicles. According to PRC laws, under certain circumstances, the owner or manager of properties under construction may bear civil liability for personal injuries arising out of construction work unless the owner or manager can prove that it is not at fault. We take steps to prevent construction accidents and personal injuries, and as a result, we believe that we will generally be able to demonstrate that we were not at fault as the property owner if a personal injury claim is brought against us.

We believe that we have sufficient insurance coverage in place and that the terms of our insurance policies are in line with industry practice in the PRC. Nonetheless, there are risks that we do not have sufficient insurance coverage for some damage and liabilities that may arise from our business operations. See "Risk Factors — Risks Relating to our Business — We may suffer losses caused by natural disasters, and these losses may not be fully covered by insurance."

Facilities

Our registered office is located at Room 2205, 22/F, Sun Life Tower, The Gateway, 15 Canton Road, Tsimshatsui, Kowloon, Hong Kong. Our registered office, which comprises approximately 3,873 sq.m. pursuant to a lease that expires on March 16, 2014, is staffed by management and office personnel. Our Shenzhen office is located at No. 1 Hua Nan Main Road, Pinghu, Longgang District, Shenzhen, PRC. Our Shenzhen office, which comprises approximately 7,400 sq.m. in supporting commercial facilities located within China South City Shenzhen, is also staffed by management and office personnel. In addition, we have a sales and leasing center of approximately 1,470 sq.m., and a security monitoring center of approximately 500 sq.m. that we use for our operations. We have land use rights and building ownership rights for the buildings in which our Shenzhen office, security monitoring center and sales and leasing centers are located.

Employees

As of March 31, 2012, we had approximately 2,100 employees, including approximately 200 employees employed in joint venture entities.

We aim to recruit, retain and develop competent individuals committed to our long-term success and growth. Remunerations and other benefits of employees are reviewed annually both in response to market conditions and trends, and based on qualifications, experience, responsibilities and performance. In addition to basic salaries and other staff benefits, discretionary bonus and share options may be awarded to employees who demonstrate outstanding performance and contributions to our operations.

Legal Proceedings

From time to time, we have been involved in legal proceedings or other disputes in the ordinary course of our business which are primarily disputes with our customers, contractors and employees, and we have not incurred significant legal costs and expenses in connection with these legal proceedings. We are not aware of any material legal proceedings, claims or disputes currently existing or pending against us that may have a material adverse impact on our business or our results of operations.

The following section sets forth a summary of the most significant PRC laws and regulations that affect us. For a description of the legal risks relating to government regulation of our business, and in particular the land system in China, see "Risk Factors."

Overview

Our Subsidiary, China South International, is treated as an integrated logistics enterprise and a foreign investment enterprise by local authorities in Shenzhen. Our project companies in Nanchang and is qualified as domestic real property enterprises and our project company in Nanning is under the application process of a domestic real property enterprise in the PRC.

We are subject to extensive government regulation in the PRC. In connection with our integrated logistics and trade center development activities, we are subject to a number of PRC laws and regulations relating to the land system in the PRC, such as those related to land use rights, (including how land use rights may be acquired and transferred), documents of title, property development, real estate loans, mortgages and other financing techniques, property management, leasing and property-specific taxes. In addition, as an owner of warehouses used in the logistics industry, we, and our jointly controlled entity, China South NEL, are subject to PRC laws and regulations relating to ownership and operation of warehouses. Furthermore, our customers and logistics providers located on-site at China South City Shenzhen are subject to PRC laws and regulations, and licensing requirements, relating to the import/export industry and the provision of logistics services. In the future, we may also engage in import/export services. We are also subject to regulations relating to foreign currency exchange, dividend distributions and taxation. These provisions are discussed below.

Our Treatment as an Integrated Logistics Enterprise

Because it provides a platform for a variety of integrated logistics and trade services and facilities, including transportation services, bonded, unbonded and export supervised warehouses, logistics liaison services, on-site logistics service providers, and quality testing services, China South International is treated as an integrated logistics enterprise by local authorities in Shenzhen and, in accordance with relevant PRC laws, regulations and policies, is not subject to rules and regulations in the PRC applicable to foreign investment real estate enterprises. See "— Regulations on Foreign-Invested Real Estate Enterprises" for a description of the rules and regulations applicable to foreign investment real estate enterprises.

Although our revenue is primarily generated from the sale and lease of properties, our legal treatment as an integrated logistics enterprise in Shenzhen is consistent with PRC laws and regulations, and necessary approvals related to our integrated logistics operations have been obtained from the appropriate regulatory authorities in the PRC. However, because we develop properties necessary for the integrated logistics activities available at our integrated logistics and trade center operations, we are subject to certain PRC laws, regulations and policies otherwise applicable to property development enterprises. For a description of these rules and regulations, see "— Property Development," "— Qualifications of a Property Developer," "— Property Leasing," "— Property Sales" and "— Regulations on Development of a Real Estate Project."

China South International was established on December 18, 2002. According to Regulations for Guiding the Direction of Foreign Investment (指導外商投資方向規定), issued by the State Council on February 11, 2002, foreign investment projects should be examined, approved and submitted for record by development planning authorities or foreign trade and economic cooperation authorities depending on the nature of the projects. Upon its establishment, China South International was examined and approved by the Shenzhen Municipal Trade and Industry Bureau.

China South International increased its registered capital on six occasions, by HK$100.0 million, HK$100.0 million, HK$120.0 million, HK$600.0 million, HK$300.0 million and HK$700.0 million on

June 15, 2005, December 5, 2005, September 4, 2007, February 8, 2010, June 13, 2010 and in June 2012, respectively, for a total of HK$1,500.0 million. According to the Notice of the Ministry of Commerce on Practicing Good Governance in Accordance with the Law When Carrying Out the Work Associated With the Examination and Approval of Foreign-Invested Enterprises (商務部關於依法行政做好外商投資企業審批工作的通知), issued by the Ministry of Commerce, on January 21, 2005, the MOFCOM is responsible for the approval of capital increases of: (1) US$100 million or more, in the case of encouraged category or permitted category foreign investment enterprises; and (2) US$50 million or more, in the case of restricted category foreign investment enterprises. According to a notice of the MOFCOM issued on June 10, 2010 every capital increase of US$300 million or less (in the case of encouraged or permitted categories) is subject to the examination approval and management of local approval authorities. As China South International is an encouraged category foreign investment enterprise, each of its capital increases fell below the relevant threshold and therefore fell within the authority of the Shenzhen Municipal Trade and Industry Bureau.

China South International amended its business scope on March 25, 2004, September 21, 2004, November 11, 2007 and June 14, 2012, respectively. With respect to foreign investment enterprises that apply for a change of business scope, the MOFCOM is responsible for the relevant approval only where such change involves a restricted category foreign investment enterprise requiring a special state prescription. Based on the advice of our PRC legal counsel, we do not believe that: (1) China South International will be treated as a foreign investment real estate enterprise or subject to the requirements imposed on such enterprises; or that (2) China South International's treatment as an integrated logistics enterprise will be affected as a result of its property development activities.

Logistics Regulations of the PRC

Under PRC laws and regulations, local government agencies are encouraged to adopt preferential land, investment and tax policies to further promote the construction of infrastructure and logistics facilities. Although China South International is treated as an integrated logistics enterprise, as of the date of this offering memorandum, we have not received any preferential land, investment or tax treatment.

The Land System of the PRC

Overview

Although all land in the PRC is owned by the State or by collectives, individuals and entities may obtain land use rights and hold such land use rights for development purposes. The State has the right to resume the right to use land in accordance with law if required for the public interest. Individuals and entities may acquire land use rights in different ways, the two most important being land grants from local land authorities and land transfers from land users who have already obtained land use rights.

Land Grants

National and Local Legislation

On May 19, 1990, the State Council issued the Urban Land Regulations. The Urban Land Regulations prescribe different maximum periods of grant for different uses of land as follows:

Use of Land	Maximum Period (years)
Commercial, tourism, entertainment	40
Residential	70
Industrial	50
Educational, scientific, technological, cultural, public health and sports	50
Comprehensive utilization or other purposes	50

Under the Urban Land Regulations, domestic and foreign enterprises are permitted to acquire land use rights unless the law provides otherwise. The State may not resume possession of lawfully granted land use rights prior to expiration of the term of grant. If the public interest requires the resumption of possession by the State under special circumstances during the term of grant, compensation must be paid by the State. Subject to compliance with the terms of the land grant contract, a holder of land use rights may exercise substantially the same rights as a land owner during the grant term, including holding, leasing, transferring, mortgaging and developing the land for sale or lease.

Upon paying in full the land grant fee pursuant to the terms of the contract, the grantee may apply to the relevant land bureau for issuance of the land use rights certificate. Upon expiration of the term of grant, renewal is possible subject to the execution of a new contract for the grant of land use rights and payment of a new land grant fee. If the term of the grant is not renewed, the land use rights and ownership of any buildings on the land will revert to the State without compensation.

The Law of the People's Republic of China on Property Rights (中華人民共和國物權法), or Property Law, adopted by the National's People's Congress on March 16, 2007 and effective as of October 1, 2007, further clarified land use rights in the PRC with the following rules:

- land use rights for residences will be automatically renewed upon expiry;
- car parking spaces and garages within residential buildings must first be used to meet the needs of the owners who live in the building;
- the construction of buildings must comply with relevant laws and regulations and must not affect the ventilation or lighting of neighboring buildings; and
- where the land use rights for construction use are transferred, exchanged, used as a capital contribution, donated to others or mortgaged, an application for modification registration must be filed with the registration department.

In addition to the general framework for transactions relating to land use rights set out in the Urban Land Regulations, local legislation provides for additional requirements, including those applicable to specific transactions within specific areas relating to the grant and transfer of land use rights. These local regulations are numerous and some of them are inconsistent with national legislation. Under PRC law, national laws and regulations prevail to the extent of such inconsistencies.

Methods of Land Grant

There are two methods by which land use rights may be granted, namely by private agreement or competitive processes (i.e., public tender, auction or listing for sale at a land exchange administered by the local government).

The MLR has required since August 31, 2004, that the grant of land use rights must be made pursuant to public tenders, auctions or listings for sale on a land exchange and that no land use rights for commercial uses could be granted by way of private agreement. PRC laws and regulations specifically provide that land to be used for commercial purposes must be granted by way of competitive processes. A number of measures are provided by PRC laws and regulations to ensure such grant of land use rights for commercial purposes is conducted openly and fairly. For instance, the local land bureau must take into account various social, economic and planning considerations when deciding on the use of a certain piece of land, and its decision regarding land use designation is subject to approval by the city or provincial government. In addition, the announcement of a public tender, auction or listing for sale at a land exchange must be made 20 days prior to the date of beginning such competitive processes. Furthermore, it is also stipulated that for listing at a land exchange, the time period for accepting bids must not be less than 10 days.

When land use rights are granted by way of tender, a bid evaluation committee consisting of not fewer than five members (including a representative of the grantor and other experts) formed by the land bureau is responsible for evaluating the bids and the tenderee is responsible for deciding on the successful bidder. The successful bidder will then sign the land grant contract with the land bureau and pay the balance of the land-grant fee before obtaining the State land use rights certificate and the land bureau effecting registration of the successful bidder as the holder of land use rights for the land. See "— Documents of Title and Registration of Property Interests." The land bureau will consider the following factors: if the invitation to tender only requires a bid from the bidder, whoever offers the highest bid will be the successful bidder; or if the invitation to tender requires the bidder to submit planning proposals in addition to the bid, then details of the proposals will be considered. If the relevant land bureau considers that none of the bids is satisfactory, the land bureau has the right to reject all the bids.

Where land use rights are granted by way of auction, a public auction will be held by the relevant local land bureau. The land use rights are granted to the highest bidder. The successful bidder will then be asked to sign the land grant contract with the local land bureau and pay the relevant land grant fee within a prescribed period. Tenders for land use rights can be by way of open tenders or private tenders.

Where land use rights are granted by way of listing at a land exchange administered by the local government, a public notice will be issued by the local land bureau to specify the location, area and purpose of use of land and the initial bidding price, period for receiving bids and terms and conditions upon which the land use rights are proposed to be granted. The land use rights are granted to the bidder with the highest bid who satisfies the terms and conditions. The successful bidder will enter into a land grant contract with the local land bureau and pay the relevant land grant fee within a prescribed period.

The land use rights for China South City Shenzhen have been granted pursuant to local exceptions to these requirements. These are discussed below.

On July 8, 1994, the Shenzhen Municipal People's Congress issued the Regulations for the Grant of Land Use Rights in the Shenzhen Special Economic Zone (深圳經濟特區土地使用權出讓條例) (the "Shenzhen SEZ Land Use Rights Regulations"). On December 24, 2010, the Standing Committee of Shenzhen People's Congress issued an amendment to the Shenzhen SEZ Land Use Rights Regulations. In general, the transfer of land use rights must be in compliance with the regulations issued by the MLR. However, the amendment to the Shenzhen SEZ Land Use Rights Regulations allows some exceptions based on the characteristic and practical needs of the Shenzhen Special Economic Zone.

On July 6, 2001, the Shenzhen Municipal People's Government issued the Decision on Strengthening Administration of the Transformation to a Market System for Land and Further Invigorating and Standardizing the Real Estate Market (關於加強土地市場化管理進一步搞活和規範房地產市場的決定) (the "Shenzhen 2001 Regulations"). Under the Shenzhen 2001 Regulations, designated parcels of land can be sold by agreement at a public market price, although such sale must be announced to the public.

Upon signing the land grant contract the grantee is required to pay the land grant fee pursuant to the terms of the contract and the contract is then submitted to the relevant local bureau for the issue of the land use rights certificate. Upon expiration of the term of grant, the grantee may apply for its renewal. Upon approval by the relevant local land bureau, a new contract is entered into to renew the grant, and a land grant fee shall be paid.

Model Land Grant Contract

To standardize land grant contracts, in 2008, the MLR and the State Administration for Industry and Commerce, or the SAIC, published the model land grant contract, on the basis of which many local governments have formulated their respective local form land grant contract to suit their special local circumstances. The model land grant contract contains terms such as location of land, use of land, land grant fee and its payment schedule, conditions of land upon delivery, term of grant, land use conditions and restrictions (including GFA, plot ratio and height and density limitations), construction of public facilities, submission of building plans for approval, deadline for commencement of construction, payment of idle fees, deadline for completion of construction, application for extension of the stipulated construction period, restrictions on subsequent transfers, responsibility for obtaining supply of utilities, restrictions against alienation before payment of the land-grant fee and completion of prescribed development, application of renewal, force majeure, breach of contract and dispute resolution.

If the land user fails to develop and invest in the land within the period of time specified in the land grant contract, the land bureau has the right to impose various penalties ranging from fines to withdrawal of the grant without consideration (unless the failure is due to force majeure or the activities of a government authority).

Termination

A land use right terminates upon the expiry of the term of grant specified in the land grant contract and the resumption by the state of that right.

The State generally will not withdraw a land use right before the expiration of its term of grant and if it does so for special reasons, such as in the public interest, it must offer proper compensation 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 land grant fee and effect appropriate registration for the renewed grant.

Documents of Title and Registration of Property Interests

A land use rights certificate is the evidentiary legal document to demonstrate that the registered land user has the lawful right to use the land during the term stated therein. Upon the completion of construction of a building (including passing the acceptance tests by various government departments), a building ownership certificate will be issued to the owner of the building. The holder of a land use right who is issued a building ownership certificate holds the land use rights and owns the building erected on the land. All holders of land use rights, and other rights in respect of the land such as the right to buildings erected on the land, must register all their lawful land use rights, as well as ownership rights to the buildings. In Shenzhen, the land use rights certificate and the building ownership certificate are combined into a single certificate.

Mortgage and Guarantee

Under PRC laws and regulations, when a mortgage is created on the ownership of a building on State-owned land legally obtained, a mortgage shall be simultaneously created on the land use rights of the land on which the building is erected. Pursuant to PRC laws and regulations, buildings newly erected on a piece of urban land after a mortgage contract has been entered into shall not constitute mortgaged property. If the mortgaged property is auctioned off, the new buildings added on the land may be auctioned together with the mortgaged property, but the mortgagee shall not be entitled to priority compensation from the proceeds of the auction of the new buildings.

Within 30 days after a real estate mortgage contract has been signed, the parties to the mortgage must register the mortgage with the real estate administration authority in the city where the real estate is situated. A real estate mortgage contract becomes effective on the date of registration of the mortgage. When carrying out mortgaged property registration, the loan contract and the mortgage contract as well as the land use rights certificate or the building ownership certificate in respect of the mortgaged property must be submitted to the registration authority.

Under PRC laws and regulations, guarantees may be in one of two forms: (1) general guarantees whereby the guarantor bears the liability when the debtor fails to perform the payment obligation; or (2) guarantees with joint and several liability whereby the guarantor and debtor are jointly and severally liable for the payment obligation. A guarantee contract must be in writing and, unless agreed otherwise, the term of a guarantee shall be six months after the expiration of the term for performance of the principal obligation.

Where indebtedness is secured by both a guarantee and by mortgaged property, the guarantor's liability shall be limited to the extent of the indebtedness that is not secured by the mortgaged property.

Property Development

Overview

Property development projects in the PRC are generally divided into single projects and large tract development projects. A single project refers to the construction of buildings on a plot of land and the subsequent sale of units. Large tract development projects consist of the comprehensive development of large area and the construction of necessary infrastructure such as water, electricity, road and communications facilities. The developer may either assign the land use rights of the developed area or construct buildings on the land itself and sell or lease the buildings erected on it.

Foreign entities must establish foreign investment enterprises in the PRC as project companies to develop property. The typical scope of business of such project companies includes development, construction, sales, leasing and property management of commodity properties and ancillary facilities on the specific land as approved by the government. The term of the property development company is usually the same as the term of grant of the land use rights in question.

Establishment of a foreign-invested project company is subject to the approval by the relevant departments of the PRC government in accordance with the following procedures. First, a project application report is submitted to the central or local development and reform commission for verification and approval. If the development and reform commission considers the proposed property development project to be consistent with the prevailing national and local economic plans and foreign investment regulations, it will grant an approval to the applicant in respect of the project.

Once the project application report has been verified and approved, a joint feasibility study report is prepared that reflects the investor's assessment of the overall economic viability of the proposed project company. The feasibility study report and/or articles of association may then be submitted to the MOFCOM, or its local counterpart, as the case may be, for approval. If the MOFCOM or its local counterpart finds the application documents to be in compliance with PRC law, it will issue an approval certificate for the establishment of the project company. With this approval certificate, the investor can apply to the local administration for industry and commerce for a foreign investment enterprise business license for the project company.

Development Regulations

In November 2009, the MLR, issued a circular which restricts the area of land that may be granted by local governments for development of commodity housing to seven hectares for small cities and towns, 14 hectares for medium-sized cities and 20 hectares for large cities.

In November 2009, the Ministry of Finance (the "MOF"), MLR, PBOC, PRC Ministry of Supervision and PRC National Audit Office also jointly promulgated a notice which raised the minimum down-payment for land grant fees to 50% and requires the land grant fees to be fully paid within one year after the signing of a contract for the assignment of land, subject to limited exceptions. Any developer defaulting on any such payment may not participate in any new transactions of land grant.

In March 2010, the MLR promulgated the Notification on Emphasizing Relevant Issues Relating to the Supply and Supervision of Land for Real Estate Development (關於加強房地產用地供應和監管的有關問題的通知), (the "2010 Notice"), which adopted measures to improve the regulation of land for real estate development, and included measures to: (1) improve the preparation and implementation of land supply plans; (2) improve the regime of public tender, auction and listing-for-sale of land use rights; (3) enhance the supervision on the use of land; and (4) disclose to the public information on the supply and assignment of land and the status of the construction project on the land.

In addition, the 2010 Notice stipulates that the administrative authorities for land and resources of cities and counties must establish a regime for developers to report the commencement and completion of construction projects. Under such regime, the developer must adhere to certain timing and application requirements for the commencement and completion of the construction project. A developer who fails to report accordingly must be announced to the public and prohibited from participating in any new land grant transactions for a minimum of one year. The 2010 Notice also stipulates penalties for property development enterprises that default on the payment of the land grant fees, hold idle land, hoard or speculate in land, develop property on the land exceeding their actual development capacity or default on the performance of the contract for the assignment of land.

In September 2010, the MLR and the Ministry of Housing and Urban-Rural Development, or MOHURD, jointly issued a notice, which stipulates, among other things, that the planning and construction conditions and land use standards should be specified when a parcel of land is to be granted, and the restrictions on the area of one parcel of land granted for commodity properties should be strictly implemented. In addition, a property developer and its shareholders will be prohibited from participating in bidding for land before it rectifies any violations of law in which it may have engaged, such as keeping land idle for more than one year.

Regulations on Foreign-Invested Real Estate Enterprises

Once a foreign entity developer has established a project company and secured the land use rights to a piece of land for development, it has to apply for and obtain the requisite planning permits from the planning departments and have its design plan approved by, and apply for and obtain construction permits from, the relevant construction commission for commencement of construction work on the land. When the construction work on the land is completed, the completed buildings and structures must be examined and approved by the government departments before they can be delivered to purchasers or lessors for occupancy.

Foreign Investment Catalog

PRC law requires that a foreign investment project be approved by government authorities at the appropriate level depending on the amount of the investment by the foreign enterprise and the industries to which the project belongs under the foreign investment catalog. We have obtained approval from the Shenzhen Bureau of Trade and Industry as a foreign investment enterprise and have subsequently received approval on three occasions to increase the investment capital for China South City Shenzhen.

We expect to inject our future proceeds for China South City Shenzhen in stages, each of which will be subject to the approval by Shenzhen Bureau of Trade and Industry. Under this arrangement, we need not apply for approval from the MOFCOM and the National Development and Reform Commission (the "NDRC"). We believe that if China South International is treated as a foreign-invested real estate enterprise, it will not face any additional restrictions under the Catalog with respect to its operations at China South City Shenzhen nor will such treatment necessitate amending China South International's business scope.

On May 4, 2010, the NDRC issued a circular, which specified that the power to verify foreign invested projects must be delegated and project verification procedures must be simplified. Except for the projects that are required to be verified and approved by relevant departments of the State Council, foreign invested projects which are within the encouraged or permitted industry categories will be verified by the NDRC at the provincial level, provided that such projects have a total investment (including capital increase) of no more than US$300 million.

On June 10, 2010, the MOFCOM released a circular, under which the relevant local branches of the MOFCOM are granted the power to examine, approve and administer the establishment and alterations of foreign investment enterprises which are within the encouraged and permitted categories with a total investment of no more than US$300 million and foreign investment enterprises which are within the restricted category under the Catalog with a total investment of no more than US$50 million.

Circular No. 171

Issued in response to increasing foreign investment in the real estate industry in recent years, the Opinions on Regulating the Entry of Foreign Capital into the Real Estate Market and the Administration Thereof (關於規範房地產市場外資准入和管理的意見), or Circular No. 171, issued by the Ministry of Construction, the MOFCOM, the NDRC, the PBOC, SAIC and the SAFE, on July 11, 2006, may impact foreign investment in the PRC real estate industry in the following areas:

- Circular No. 171 requires a foreign invested real estate enterprise, or FIREE, with total investments equating to or exceeding US$10 million to have a registered capital consisting of no less than 50% of its total amount of investment. FIREEs with total investments below US$10 million shall have a registered capital in amounts pursuant to and consistent with existing regulations.

- upon payment of the land use rights grant fees, the FIREE can apply to the land administration authority for a land use rights certificate. Upon obtaining the land use rights certificate, a FIREE may then obtain a recertification of its existing foreign investment enterprise approval certificate, or FIEAC, and the business license, with the same validity period as that of such land use rights certificate; following which, the FIREE may apply to the tax administration for tax registration purposes.

- when a foreign investor merges with a domestic real estate enterprise, or acquires a FIREE's equity or project, the investor is required to submit a guarantee which ensures the compliance with the provisions of the land use rights grant contract, construction site planning permit and construction work planning permit, and the land use rights certificate, and the modification certification issued by the construction authorities, and the tax payments certification issued by the relevant tax authorities.

- foreign investors which merge with domestic real estate development enterprises by share transfer or other methods, or which acquire the equity of a PRC party in joint venture enterprises, must allocate their employees appropriately, deal with bank debts and settle the lump sum payment of the transfer price through self-owned funds. However, a foreign investor with an unfavorable record should not be allowed to conduct any of these activities.

- FIREEs which have not paid up their registered capital fully, or failed to obtain a land use rights certificate, or hold under 35% of the total capital required for the project, may not be allowed to obtain a loan in or outside China, and foreign exchange administration departments shall not approve any settlement of foreign loans by such enterprises. Although the MOFCOM has not issued any further opinions on the regulation of entry of foreign capital into the real estate market, however, based on the Capital Ratios Notice, issued by the State Council on May 25, 2009, this capital requirement may be reduced to 30% in the future.

- PRC or foreign investors in a FIREE shall not guarantee fixed profit returns or provide other arrangements to the same effect for any party in any form.

With regard to China South City Shenzhen, the Shenzhen Municipal Administration of Foreign Exchange and the Municipal Trade and Industry Bureau in Shenzhen have treated our subsidiary, China South International, as an integrated logistics enterprise rather than as a real estate enterprise. Because China South International has not been treated as a real estate enterprise, we have been able to distribute funds downstream in the form of shareholders loans rather than capital contributions and have not been subject to certain approval and registered capital requirements applicable to foreign invested real estate enterprises, including those under the Catalog. If the governmental agencies in Shenzhen were to treat us as a real estate developer, this would need to be recorded with the MOFCOM and we would no longer be able to inject capital into China South International in the form of shareholders' loans. Furthermore, we would become subject to a registered capital ratio requiring us to maintain registered capital levels at 50% or more of our total investment.

Circular No. 50

The Notice of the Ministry of Commerce and the State Administration of Foreign Exchange on Further Strengthening and Regulating the Examination, Approval and Oversight of Foreign Direct Investment in the Real Estate Sector (商務部、國家外匯管理局關於進一步加強、規範外商直接投資房地產業審批和監管的通知), or Circular No. 50, issued by the MOFCOM and the SAFE on May 23, 2007 may impact foreign investment in the PRC real estate industry in the following areas:

- the local governments/authorities that approve FIREE establishments are now required to file such approvals with the MOFCOM;

- prior to establishing a foreign invested real estate enterprise, foreign investors are required to obtain land use rights or the ownership of a real estate project, or the investor should have entered into an indicative land grant contract or indicative project purchase agreement with the land administrative department, developer of the land or owner of the property;

- the practice of allowing foreign investors taking over local project companies by way of roundtrip investment is strictly controlled; and

- a foreign investment enterprise that intends to engage in real estate development, or an existing FIREE which intends to undertake a new real estate development project, shall first apply to the relevant authorities for such business scope and scale expansion in accordance with laws and regulations on foreign investments.

Circular No. 130

The Notice of the General Affairs Department of the State Administration of Foreign Exchange on Issuance of the List of the First Batch of Foreign-Invested Real Estate Projects Recorded With the Ministry of Commerce (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), or Circular No. 130, issued by the State Administration for Foreign Exchange on July 10, 2007, is a strict embodiment and application of Circular No. 50, under which some notices will have a significant impact on offshore financings of FIREEs. Some of the key developments in this area are as follows:

- an FIREE which has obtained an FIEAC (including new establishment and registered capital increase) and filed with the MOFCOM after June 1, 2007 may not incur foreign debt or convert loans in foreign currency into RMB; and

- an FIREE which obtains an FIEAC after June 1, 2007 but fails to file with the MOFCOM after June 1, 2007, may not conduct a foreign exchange registration nor a foreign exchange conversion of its registered capital.

Because China South International has not been treated as a real estate enterprise in Shenzhen, we have not been subject to the requirements of Circular No. 50, Circular No. 130 or Circular No. 171 with regard to China South City Shenzhen.

Qualifications of a Property Developer

Establishment of a Property Development Enterprise

According to the Law of the People's Republic of China on the Administration of Urban Property (中華人民共和國城市房地產管理法) (the "Urban Property Law"), a property development enterprise is defined as an enterprise which engages in the development and sale of property for the purpose of making profits. Under the Regulations on Administration of Development of Urban Property (城市房地產開發經營管理條例) (the "Development Regulations"), an enterprise which is to engage in development of property must have a minimum registered capital of RMB1 million and employ at least four full-time professional property/construction technicians and at least two full-time accounting officers, each of whom must hold relevant qualification certificates. Furthermore, a developer who aims to establish a property development enterprise should apply for registration with the Administration for Industry and Commerce. The property development enterprise must also report its establishment to the property development authority in the location of the registration authority, within 30 days upon the receipt of its business license.

Under the Notice on Adjusting the Portion of Capital Fund for Fixed Assets Investment of Certain 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), the portion of capital funding for property projects (excluding affordable residential housing projects) has been increased from 20% to 35%. However, on May 25, 2009, the State Council issued the Notice on Adjusting the Minimum Capital Requirement for Fixed Assets Investment (關於調整固定資產投資項目資本金比例的通知), which lowered the minimum capital requirement for non-residential property projects to 30%.

Under the Regulations for the Administration of the Qualifications of Real Estate Development Enterprises (房地產開發企業資質管理規定), or Qualification Certificate Regulations, issued by the Ministry of Construction on March 29, 2000, a real estate developer shall apply for registration of its qualifications according to the Qualification Certificate Regulations.

According to the Qualification Certificate Regulations, a newly established property developer must first apply for a temporary qualification certificate within 30 days of obtaining its business license. The temporary qualification certificate has a one-year validity and may be extended for not more than two years with the approval of the relevant real estate development administration authority. In addition, an application for a formal qualification certificate must be made one month before the expiration of the interim certificate. All qualification certificates are subject to inspection by the relevant government authorities and to be renewed on an annual basis. Under government regulations, developers must fulfill all statutory requirements before they may obtain or renew their qualification certificates.

In addition, the Qualification Certificate Regulations require the qualifications of a property development enterprise to be classified into five classes: class 1, class 2, class 3, class 4 and the tentative class. Different classes of qualification must be examined and approved by corresponding authorities. The class 1 qualifications must be subject to both preliminary examination by the construction authority under the government of the relevant province, autonomous region or municipality directly under the central government and then final approval of the construction authority under the State Council. Procedures for approval of developers of class 2 or lower must be formulated by the relevant government authorities.

Furthermore, the Qualification Certificate Regulations stipulate that a developer of any qualification classification may only engage in the development and sale of the property within its approved scope of business and may not engage in business which falls outside the approved scope of its qualification classification. A class 1 property development enterprise may undertake property development projects throughout the country without any limit on the scale of the project. A property development enterprise of class 2 or lower may undertake a project with a GFA of less than 250,000 sq.m. and the specific scopes of business must be formulated by the relevant government authorities.

According to documentation provided by the Shenzhen Municipal Bureau of Land Resources and Housing Management, China South International is not treated as a real estate developer and therefore does not require a long-term (two years) qualification certificate normally granted to real estate developers. The Shenzhen Municipal Bureau of Land Resources and Housing Management has granted a short-term (one year) qualification certificate to China South International in order to allow China South International to undertake the development of property necessary for its integrated logistics operations. In May 2010, we obtained an annual renewal of the qualification certificate.

Although we have been classified as an integrated logistics enterprise in Shenzhen, we have the requisite qualification certificates for engaging in our property development activities for China South City Shenzhen.

Property Leasing

Both the Urban Land Regulations and the Property Law permit leasing of granted land use rights and the buildings or homes constructed on the land. Leasing of properties situated in urban areas is governed by the Measures for Administration of the Lease of Commercial Premises (商品房屋租賃管理辦法) (the "Leasing Measures"), issued by the Ministry of Construction on December 1, 2010. The Leasing Measures came into effect on February 1, 2011 in accordance with the Law on the Urban Real Estate Administration (城市房地產管理法) in order to strengthen the administration of the leasing of urban buildings. The Leasing Measures permit property owners to lease their properties to others for residential or commercial property uses except as otherwise prohibited by relevant law. The landlords and tenants who are the parties to a property lease transaction are required to enter into a written lease agreement specifying all of the terms of the lease arrangement as required by statute. Leasing of buildings and the underlying land use rights must not exceed a maximum term of 20 years. The lease agreement becomes effective upon signing; however, it must be registered with the relevant real property administration authority at the municipality or county level within 30 days after its execution for the purpose of protecting the tenant's interest against claims from third parties. A tenant may, upon obtaining consent from the landlord, assign or sublease the premises to sub-tenants. Local governments may impose rent controls.

Property Sales

Pre-sale of Real Estate

Under PRC laws and regulations, real estate developers wishing to engage in the pre-sale of real estate in the PRC must first obtain the following permits:

- Certificate of Real Estate Exploitation and Business License of the Developer;
- State-owned Land Use Rights Certificate;
- Construction Project Planning Permit;
- Construction Permit;
- Work Commencement Permit; and
- Commodity Premises Pre-sale Permit.

Under the Measures for the Administration of the Sale of Commodity Premises (商品房銷售管理辦法), or Commodity Premises Sale Measures, issued by the Ministry of Construction on April 4, 2001, the sale of commodity premises, which include residential properties, commercial properties and other buildings that are developed by property developers, can include both pre-completion and post-completion sales.

Pre-completion Sales

A developer intending to sell a commodity property before the completion of construction must attend to the necessary pre-completion sale registration with the real estate administration authority of the relevant city or county to obtain a Permit for Pre-completion Sale of Commodity Properties.

Commodity properties may only be sold before completion provided that:

- the grant premium has been paid in full for the grant of the land use rights involved and a land use rights certificate has been obtained;

- a Permit for Construction Work Planning and a Construction Permit have been obtained;

- the funds invested in the development of the commodity properties put up for pre-completion sale represent 25% or more of the total investment in the project and the progress of works and the completion and delivery dates have been ascertained; and

- the pre-completion sale has been registered and a pre-sale permit has been obtained.

According to Commodity Premises Pre-Sale Measures, for the pre-sale of commodity buildings, the developer must sign a contract on the pre-sale of a commodity building with the purchaser. The developer must, within 30 days after signing the contract, apply for registration and filing of the pre-sale commodity building with the relevant property administration authorities.

On July 6, 2006, the MOHURD, NDRC and SAIC jointly promulgated a Notice, which provides that:

- a property development enterprise may start to sell a commodity property within 10 days after receiving a pre-sale permit, and without this permit, the pre-sale of commodity buildings is prohibited, as is the subscription for (including reservation, registration and number selecting) or acceptance of, pre-sale payments;

- the pre-sale of commodity buildings must not be advertised without a pre-sale permit; and

- property development enterprises with a record of serious irregularity or developers who do not satisfy the requirements of the pre-sale of commodity buildings are not allowed to take part in pre-sale activities.

On April 13, 2010, the MOHURD issued a Notice, which provides that, without pre-sale approval, pre-sale of commodity properties is not permitted and property developers are not allowed to charge buyers any deposit, pre-payment or payment of similar nature.

Post-completion Sales

In accordance with the Commodity Premises Sale Measures, issued by the Ministry of Construction on April 4, 2001, commodity properties may be put up for post-completion sale only when the following preconditions for such sale have been satisfied:

- the real estate developer offering to sell the post-completion properties has a valid business license and a qualification classification certificate;

- the real estate developer has obtained a land use rights certificate or other approval documents of land use;

- the real estate developer has the relevant permit for construction project planning and the permit for construction;

- the commodity property has been completed, inspected and accepted as qualified;

- the original residents have been resettled;

- the supplementary and essential facilities for supplying water, electricity, heating, gas, communication and other essentials have been made ready for use, and other supplementary facilities and public facilities have been made ready for use, or the schedule of construction and delivery date of have been specified; and

- the property management plan has been completed.

Prior to a post-completion sale of a commodity property, a real estate developer is also required to submit a Real Estate Development Project Manual and other documents showing that the preconditions for a post-completion sale have been fulfilled to the relevant real estate development authority.

Restrictions on the Sale of Commodity Properties

Because it provides a platform for a variety of integrated logistics and trade center services and facilities, China South International is treated as an integrated logistics enterprise by local authorities in Shenzhen. However, because we develop properties necessary for the integrated logistics activities available at our integrated logistics and trade center operations, we are subject to certain PRC laws, regulations and policies otherwise applicable to property development enterprises, including the Commodity Premises Sale Measures. For a description of our treatment as an integrated logistics enterprise, see "— Overview — Our Treatment as an Integrated Logistics Enterprise."

Regulations on Real Estate Financing

Financing Restrictions

The PRC government has introduced a number of measures and regulations to restrict the ability of property developers to raise capital through external financing and other methods since 2003. For example, the Circular on Further Strengthening the Management of Property Loans (關於進一步加強房地產信貸業務管理的通知) stipulates that commercial banks may not grant loans to property developers for the purposes of paying for land grant fees and land premiums. Loans of any kind must not be granted for projects which do not obtain a land use rights certificate, construction land planning permit, construction works planning permit and construction works commencement permit. In addition, a developer applying for real estate development loans shall have at least 35% of capital funds required for the development. Furthermore, the Opinions of the Ministry of Construction and other Departments on Adjusting the Housing Supply Structure and Stabilizing Housing Prices (關於調整住房供應結構穩定住房價格的意見) and the Notice on Strengthening the Management of Commercial Real Estate Credit and Loans (關於加強商業性房地產信貸管理的通知) (the "2007 Notice"), stipulate that commercial banks may not grant loans to developers of projects where: (1) the capital funds (owner's equity) constitutes less than 35%; (2) projects without a land use rights certificate, construction land planning permit, construction works planning permit and construction works commencement permit; and (3) property development enterprises that have been classified by the relevant government authorities as hoarding land and housing resources. Furthermore, commercial banks are not permitted to accept commodity buildings with a vacancy exceeding three years as collateral for a loan, and may not grant property development enterprises any loans for the payment of relevant land assignment premiums.

The 2007 Notice further stipulates requirements that strengthen the processes for loan management, including the implementation of credit checks, monitoring of real estate loans and risk management.

Because the local authorities in Shenzhen treat our subsidiary, China South International, as an integrated logistics enterprise rather than a property developer, it has not been subject to these measures and regulations. However, our Nanchang, and our Nanning project company are likely to be, treated as real property development enterprises, and therefore will be subject to these measures and regulations.

Additional Loan Policies

According to a notice promulgated by the PBOC on June 19, 2001, all banks must comply with the certain funding requirements, including the loan amount to actual value of security (mortgage ratio) and timing requirements before granting residential development loans, individual housing mortgage loans and commercial real estate loans. Pursuant to guidance issued by the CBRC on September 2, 2004, any property development enterprise applying for property development loans must have at least 35% of the capital required to fund the development of the property.

Regulations on Development of a Real Estate Project

Under the Urban Real Estate Law, those who have obtained the land use rights through grant must develop the land in accordance with the terms of use and within the period of commencement prescribed in the contract for the land use rights grant.

If construction work has not been commenced within one year upon the commencement date as set forth in the land use rights agreement, a surcharge on idle land equivalent to less than 20% of the land grant fees may be levied. If the construction work has not been commenced within two years, the land can be confiscated without any compensation, unless the delay is caused by force majeure, the acts of government or acts of other relevant departments under the government, or by indispensable preliminary work.

Planning of a Real Estate Project

After signing a land use rights grant contract, a developer shall apply for an Opinion on Construction Project's Site Selection and a Permit for Construction Site Planning with the city planning authority. After obtaining a Permit for Construction Site Planning, a developer may commence planning and design work in accordance with the Permit for Construction Site Planning requirements and proceed to apply for a Permit for Construction Work Planning with the city planning authority.

Relocation

Upon obtaining approvals for a construction project, a permit for construction site planning, state-owned land use rights and a verification of deposit to compensate parties that are affected by the relocation payable by the developer by a bank, a developer may apply to the local real estate administration authorities where the real estate is located for a permit for housing demolition and removal.

Upon granting a demolition and removal permit, the real estate administration department must issue a demolition and removal notice to the inhabitants of the area.

Construction of a Real Estate Project

After obtaining the Permit for Construction Work Planning, a developer shall apply for a Construction Permit from the relevant construction authority.

Completion of a Real Estate Project

A real estate project must comply with the relevant laws and other regulations, requirements on construction quality, safety standards and technical guidance on survey, design and construction work, as well as provisions of the relevant construction contract. After the completion of works for a project, the developer shall apply for an acceptance examination to the construction authority and shall also report details of the acceptance examination to the construction authority. A real estate development project may only be delivered after passing the acceptance examination.

Regulations on Environmental Protection in Construction Projects

Under the Regulations for Administration of Environmental Protection in Construction Projects (建設項目環境保護管理條例), or Environmental Regulations, issued by the State Council on November 29, 1998 and effective as of the same date, each construction project is subject to an environmental impact assessment by the relevant authorities.

According to the Environmental Regulations, a developer is required to submit an environmental impact report, an environmental impact report form, or an environmental impact registration form (as the case may be) to the relevant environmental protection administration for approval during the project's feasibility analysis stage. In the meantime, if any ancillary environmental protection facilities are necessary in the construction project, such facilities are required to be designed, constructed and used in conjunction with the main project. After completion of the project, the developers are required to apply to the relevant environmental protection administrations for final acceptance examination in respect of any ancillary environmental protection facilities. Construction projects are approved for use after passing the acceptance examination.

The Law of the People's Republic of China on Environmental Impact Assessments (中華人民共和國環境影響評價法), adopted by the National People's Congress on October 28, 2002 and effective as of September 1, 2003, provides that if the environmental impact assessment documents of a construction project have not been examined by the relevant environmental protection administrations or are not approved after examination, the authority in charge of examination and approval of the project shall not approve construction of the project, and the construction work unit may not commence work.

A notice issued by the State Environmental Protection Administration on July 6, 2006 provides for stringent examination and approval procedures for various real estate development projects. It also stipulates that no approvals may be issued for new residential projects or extensions in industry development zones, areas impacted by industrial enterprises or areas where such development poses potential harm to residents' health.

Regulations on Stabilizing Housing Prices

On May 24, 2006, the General Office of the State Council issued the Opinion of the Ministry of Construction and other Departments on Adjusting Housing Supply Structure and Stabilization of Housing Prices (關於調整住房供應結構穩定住房價格的意見), or MOC Opinion, which provides for: (1) adjustments to the housing supply structure; (2) modifications of tax, credit and land policies; and (3) regulation of the housing and property markets. To implement the MOC Opinion, the MOHURD promulgated opinions, which set forth supplemental requirements on the proportion and allocation of newly-built housing structures.

The General Office of the State Council has issued opinions, which provide relevant credit policies and measures to support the purchase of a home buyer's initial first ordinary home or improved ordinary home and additional consumer loan programs to facilitate real estate purchases. In January 2010, the General Office of the State Council issued a circular, which adopted a series of measures to strengthen and improve the regulation of the property market, stabilize market expectations and facilitate the stable and healthy development of the property market. These include, among others, measures to increase the supply of affordable housing and ordinary commodity housing, provide reasonable guidance for the purchase of property, restrain speculative investment in property, and strengthen risk prevention and market supervision.

On April 17, 2010, the State Council issued a notice pursuant to which the State Council set a minimum 30% down payment on first homes with a GFA of more than 90 sq.m. It also raised the minimum down payment for second home purchases to 50% and provided that the loan interest rate shall not be less than 1.1 times the benchmark lending rate published by the PBOC. The notice also provided that the down payment and interest rate shall significantly increase for the third or further properties bought with mortgage loans. To strengthen property market regulation and enhance the implementation of these existing policies, on September 29, 2010, the PBOC and CBRC jointly issued a notice according to which the minimum down payment has been raised to 30% for all first home purchases, and commercial banks throughout China are required to suspend mortgage loans for purchases of a customer's third parcel of residential property and beyond.

On May 26, 2010, the MOHURD, PBOC and the CBRC jointly issued the Circular on Regulating the Criteria for Identifying the Second Residential Properties in Connection with Commercial Personal Housing Loans, which provides, among others, that the number of residential properties owned by an individual property purchaser who is applying for mortgage loans shall be determined by taking into account the total number of residential properties owned by the family of such purchaser (including the purchaser and his or her spouse and children under the age of 18 years). In addition, the circular depicts a number of circumstances under which different credit policies shall be applied in connection with purchases of the second or further residential property.

In September 2010, PBOC and the CBRC jointly issued the "Notice on Relevant Issues Regarding the improvement of Differential Mortgage Loan Policies," which provides, among other things, that (i) the minimum down payment is increased to 30% for all first home purchases; (ii) commercial banks in China shall suspend mortgage loans to purchasers (including the borrower, spouse and minor children) for their third or further residential property or to non-local residents who can not provide documentation evidencing payment of local tax or social security for longer than a one-year period; and (iii) all property companies with records of violating the terms of the land grant, changing the land usage, postponing the construction commencement or completion date, hoarding or other non-compliance will be restricted from obtaining bank loans for new projects or extension of credit facilities.

On September 29, 2010, the MOF, State Administration of Taxation and the MOHURD jointly issued a notice according to which, as of October 1, 2010, the deed tax for individuals who purchased ordinary residential property with a GFA floor area under 90 sq.m. as his sole family residence will be reduced to 1%, and those who sell their homes and buy new ones within one year would not be eligible for reductions or exemptions on individual income tax on the profits from the sales.

On January 26, 2011, the State Council issued the "Notice on Further Strengthening Regulation and Control of Real Property Markets," which: (i) imposes a minimum down payment of at least 60% of the total purchase price with a minimum mortgage lending interest rate of 110% of the benchmark rate published by PBOC for the purchase of a second residential property; and (ii) in municipalities directly under the central government, cities listed on state plans, provincial capitals, and cities where the housing prices are excessively high or increasing at an excessively high rate, purchasers (including their spouses and minor children) that are local residents with two or more residential properties, non-local residents with one or more residential properties, or non-local residents that are unable to provide documentation evidencing payment of local tax or social security for longer than a specified time period, are not permitted to acquire any residential properties. In order to implement the Notice on Further Strengthening Regulation and Control of Real Property Markets, certain cities, including Beijing, Shanghai, Chengdu, Qingdao, Hainan, Nanjing, Guangzhou, Tianjin, Shenyang and Jinan, have promulgated measures to restrict the number of residential properties one family is allowed to purchase.

Property Management

A property management enterprise shall apply for assessment of qualifications by the qualification approval authority. An enterprise which passes such a qualification assessment will be issued a qualification certificate evidencing the qualification classification by the authority. No enterprise may engage in property management without undertaking a qualification assessment and obtaining a qualification certificate.

Insurance

There are no mandatory requirements under PRC laws and regulations for a property developer to obtain insurance policies for its property developments. Under standard industry practice in the real estate industry in Guangdong Province, construction companies are generally required to submit insurance proposals in the course of tendering and bidding for construction projects. Construction companies are required to pay for the insurance premium at their own costs and obtain insurance to cover their liabilities, such as third-party's liability risk, employer's liability risk, risk of non- performance of contract in the course of construction and risks associated with the construction and installation works during the construction period. The requirement for construction companies to obtain insurance coverage for all of these risks ceases immediately after the completion and acceptance upon inspection of construction.

Regulation of Bonded Warehouses and Export Supervised Warehouses

Bonded Warehouses

The operation of bonded warehouses is governed by Rules of Customs of the PRC on Bonded Warehouses and Goods Stored Therein and enforced by the PRC General Administration of Customs, or PRC Customs. Bonded warehouses refer to the warehouses of PRC Customs established to store bonded goods and other goods that have not completed customs procedures.

PRC Customs conducts inspections of the operation of bonded warehouses annually. Persons responsible for operating a bonded warehouse and persons directly involved in the management of the bonded warehouse are required to be familiar with customs laws and regulations, abide by the monitoring authority of PRC Customs, and accept PRC Customs training.

When bonded goods enter into the warehouse, the consignor and the consignee or their agents must go to the Customs authorities to handle the formalities related to customs clearing and entry into the bonded warehouses, and the Customs authorities shall check and verify the type, quantity, and value of goods declared for customs clearing and entry into the warehouses against the scope and type of goods that may be stored in the bonded warehouses, and conduct a registration and verification of the entering goods.

Goods stored in bonded warehouses may undergo simple processing, such as packaging, grading and categorization, marking and unpacking, but not any substantial processing. Goods in bonded warehouses are not allowed to be sold, transferred, pledged, pawned, detained, used for other purposes or undergo other disposal without permission from the Customs authorities.

Export Supervised Warehouse

"Export supervised warehouse" refers to a warehouse under special Customs supervision, which was established upon approval of PRC Customs, for storage of goods that have already obtained export permits, been settled in foreign exchange with overseas firms and cleared all customs export formalities.

An export supervised warehouse must be used for special purposes, and may not be sub-leased or lent to others for operation, or be subordinated with any branch warehouse. PRC Customs may, at any time, dispatch officers to enter an export supervised warehouse to inspect goods in storage, and all relevant account books and records. PRC Customs may, jointly with the enterprise that operates the export supervised warehouse, lock the warehouse or dispatch staff to the warehouse to administer Customs functions at the warehouse.

Goods stored in warehouses according to regulations must be shipped out of the jurisdiction within a prescribed period and must not be sold in the jurisdiction. The period for storage in a warehouse is six months. Under special circumstances, this period may be extended upon application to the Customs authorities, but for no longer than another six months.

Regulation of Foreign Currency Exchange and Dividend Distribution

Foreign Currency Exchange

The principal regulation governing foreign currency exchange in the PRC is the Regulations of the People's Republic of China for the Control of Foreign Exchange (中華人民共和國外匯管理條例) (the "Foreign Exchange Regulations"), which was amended by the State Council on August 1, 2008, and became effective on August 5, 2008. Under these regulations, Renminbi are freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not for expenses of capital, such as direct investment, loans or investments in securities outside the PRC unless the prior approval of the SAFE is obtained.

Under the Foreign Exchange Regulations, foreign investment enterprises in the PRC may purchase foreign exchange without SAFE approval for trade and service-related foreign exchange transactions by providing commercial documents evidencing these transactions. They may also remit foreign exchange (subject to a cap approved by the SAFE) to satisfy foreign exchange liabilities or to pay dividends.

Dividend Distribution and Remittance

Under PRC laws and regulations, wholly foreign-owned enterprises in China may only pay dividends out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise in China is required to set aside at least 10.0% of its after-tax income each year, if any, to fund a reserve fund until the accumulated reserve amounts to 50.0% of its registered capital. It is also required to set aside funds for the employee bonus and welfare fund from its after-tax income each year at percentages determined at its sole discretion. These reserves are not distributable as cash dividends. If the registered capital of a foreign investment enterprise has not been fully paid in accordance with the articles of association, dividends in foreign currency may not be remitted out of the PRC.

Shareholder Loan

Shareholder loans made to foreign investment enterprises are regarded as foreign debt in China, and are therefore subject to a number of PRC laws and regulations. Under these regulations, our PRC subsidiaries can legally borrow foreign exchange loans up to their borrowing limits, which is the difference between their respective amounts of "total investment" and "registered capital" as approved by the MOFCOM or its local counterparts. "Total investment" is the projected amount of funds necessary for a foreign investment enterprise to attain the production or operational capacity set out in its joint venture contract and/or articles of association, whereas "registered capital" refers to the equity or capital contributions to be paid in full by the foreign investors. According to article 2 of the Notice on Several Issues Concerning Strengthening Administration of Foreign Exchange Relating to Capital Account Items (關於加強資本項目外匯管理若干問題的通知), issued by the SAFE on September 15, 1998, such loans must additionally be registered and recorded with the SAFE or its local branch. Interest rates on foreign loans should not exceed rates for similar loans in the international financial markets. Interest payments on such loans, if any, are subject to a 10% withholding tax.

If the foreign exchange debts of a foreign investment enterprise exceed an enterprise's statutory borrowing limits, the foreign investor is required to increase its total investment amount and registered capital as necessary to comply with these limits.

Taxation

Enterprise Income Tax

The EIT Law imposes a uniform tax rate of 25% (compared to a previous top rate of 33%) for all enterprises incorporated or resident in China, including foreign investment enterprises, and eliminates many tax exemptions, reductions and preferential treatments formerly applicable to foreign investment enterprises. However, the EIT Law grandfathers preferential tax treatments for foreign investment enterprises established before March 16, 2007. For foreign investment enterprises that are currently enjoying the preferential tax rate of 15% or 24%, their applicable tax rate will be gradually phased into the new 25% tax rate during a five-year transitional period. Certain of our PRC subsidiaries enjoyed preferential enterprise income tax rates of 15% on their taxable income for the years prior to 2008. When our currently available tax benefits become unavailable, which we expect will occur in 2012, our financial condition and results of operations could be adversely affected.

Under the EIT Law that has been effective since January l, 2008, enterprises established under the laws of foreign countries or regions whose "de facto management bodies" are located within the PRC territory are considered as "resident enterprises" and thus will normally be subject to enterprise income tax at the rate of 25% on global income. In particular, non-resident enterprises with an institution or establishment in China must pay enterprise income tax at the rate of 25% on taxable income derived by such institution or establishment within China as well as on taxable income earned outside China which has a "de facto" connection with such institution or establishment. Non-resident enterprises without any institution or establishment within China, or non-resident enterprises whose income has no connection to its institution or establishment inside China must pay a withholding income tax at the rate of 10% on taxable income derived from inside China, unless otherwise exempted pursuant to applicable tax treaties or tax arrangements between the PRC government and the government of other jurisdictions. Under the EIT Law, dividends, bonuses and other equity investment proceeds received by an enterprise are exempted from Enterprise Income Tax if distributed between qualified resident enterprises or if obtained by a non- resident enterprise with institutions or establishments in China from a resident enterprise and having a "de facto" connection with such institutions or establishments. However, even if we are unable to satisfy the requirements for this exemption from withholding tax on the dividends we receive from our subsidiaries in China, we are entitled to a reduced withholding tax of 5% on dividend payments due to an avoidance of double taxation arrangement between China and Hong Kong, which became effective on December 8, 2006. The tax treaty provides that a company incorporated in Hong Kong may be subject to a withholding tax of 5% on dividends it receives from its PRC subsidiaries if it holds a 25% or more interest in the PRC company, or at the rate of 10% if it holds less than a 25% interest in the PRC company.

The Implementation Regulations define the term "de facto management body" as "the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting and properties of a non-PRC company is located." The determination of tax residency in a particular situation requires a review of the surrounding facts and circumstances and the mechanism provided in the Implementation Regulations gives the relevant taxation authority discretion in applying its judgment.

Business Tax

Under the Provisional Regulations of the PRC on Business Tax issued by the State Council which took effect on January 1, 2009 and the implementation rules, a business tax is levied on all units and individuals engaged in taxable services, the transfer of intangible assets or the sale of immovable properties within the territory of the PRC. The tax rates range from 3% to 20% depending on the type of services provided. Most of our PRC subsidiaries which engage in services pay business tax at tax rates of 5%. China South NEL pays business tax at a rate of 5% for warehousing services and at a rate of 3% for transportation services. Grand City Hotel (Shenzhen) pays business tax at a rate of 5% for restaurant services. Grand City Hotel (Shenzhen) leases facilities to a third party that provides entertainment services. Grand City Hotel (Shenzhen) itself does not pay business tax regarding entertainment.

According to the Notice on Strengthening the Administration of Enterprise Income Tax on Non-resident Enterprises' Equity Transfer Incomes issued by the State Administration of Taxation in December 2009, if a non-resident enterprise transfers its shares in a foreign enterprise which holds shares in a PRC resident enterprise, this transfer may be subject to EIT at the rate of 10%, provided, if such non-resident enterprise is deemed by the relevant PRC authorities to have indirectly transferred its shares in the PRC resident enterprises through an arrangement without reasonable commercial purposes that results in the abuse of organizational structure.

According to the Circular on Printing and Issuing the Pilot Program for Transition from Business Tax to Value Added Tax jointly issued by the MOF and State Administration of Taxation on October 16, 2011, the MOF and the State Administration of Taxation introduced two new band rates of 11% (transportation and construction industries) and 6% (part of modern service industries) on the basis of the standard value-added tax rate of 17% and the lesser value-added tax rate of 13% first commenced in Shanghai on January 1, 2012. Furthermore, nine cities and provinces have also officially applied to participate, specifically Tianjin, Chongqing, Jiangsu, Anhui, Fujian, Xiamen, Shenzhen, Hunan and Hainan in accordance with the Circular on Implementing the Pilot Policy of Transition on business tax to value-added tax in eight cities and provinces including Beijing jointly issued by the MOF and State Administration of Taxation.

The policy will be implemented on November 1, 2012 according to the Circular for Taxpayers Handling the Taxes Issues in Shenzhen as a Pilot City on Transition from business tax to value-added tax issued by Shenzhen Municipal Office of the State Administration of Taxation and Administration of Local Taxation of Shenzhen Municipality on August 31, 2012. The transportation and part of the modern service industries will be included in the scope of business tax to value-added tax. The advertisement and storage and other logistics services provided by our Company will be subject to the policy of the transition from business tax to value-added tax.

Land Appreciation Tax

Under PRC laws and regulations, PRC companies that engage in integrated logistics and trade center development activities are subject to land appreciation tax. Land appreciation tax is levied on us by local tax authorities in accordance with the Notice on the Levy of Land Appreciation Tax in Shenzhen Municipality, issued by the Shenzhen Local Taxation Bureau on November 9, 2005, which provides that all enterprises and individuals, domestic and foreign, who receive income as a result of a grant of land use rights are subject to payment of land appreciation tax. Land appreciation tax is levied upon the "appreciation value" of property, as defined in the relevant tax laws. All taxable gains from the sale or transfer of land use rights, buildings and related facilities in China are subject to land appreciation tax at progressive rates that range from 30% to 60% of the gain but not to exceed 50% to 200% of the sum of deductible items, which include: (1) amount paid for obtaining the land use rights; (2) costs and expenses for the development of the land; (3) costs and expenses of new buildings and ancillary facilities, or estimated prices of old buildings and constructions; (4) related tax payable for the transfer of property; and (5) other deductible items as specified by the MOF.

On December 28, 2006, the State Administration of Taxation issued the Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises (國家稅務總局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 "LAT Notice"), which came into effect on February 1, 2007, and sets forth methods of calculating land appreciation tax and the time frame for settlement of land appreciation tax. The LAT Notice provides that land appreciation tax must be settled if: (1) the property development project has been completed and fully sold; (2) the property development enterprise transfers the whole uncompleted development project; or (3) the land use rights with respect to the project are transferred. In addition, the relevant tax authorities may require the property development enterprise to settle the land appreciation tax if: (1) for completed property development projects, the transferred GFA represents more than 85% of total saleable GFA, or the proportion represented is less than 85%, but the remaining salable GFA has been leased out or used by the property development enterprise; (2) the project has not been completed sold more than three years after obtaining the sale permit or pre-sale permit; (3) the property development enterprise applies for cancellation of the tax registration without having settled the relevant land appreciation tax; or (4) other conditions stipulated by the tax authorities.

On May 12, 2009, the State Administration of Taxation issued the Administrative Rules for the Settlement of Land Appreciation Tax (土地增值稅清算管理規程) (the "Settlement Rules"), which re-affirm the circumstances under which the land appreciation tax must be settled, the criteria that are to be met for relevant tax authorities to require the settlement of land appreciation tax and the circumstances under which the tax authorities must levy and collect land appreciation tax as prescribed by the Notice. The Settlement Rules further stipulate detailed procedures for the examination and verification of the settlement of land appreciation tax to be carried out by relevant tax authorities.

On May 19, 2010, the State Administration of Taxation issued the Circular on Issuers Concerning Settlement of Land Appreciation Tax (關於土地增值稅清算有關問題的通知) to strengthen the settlement of land appreciation tax. The circular clarifies certain issues with respect to calculation and settlement of the land appreciation tax, such as: (1) the recognition of the revenue upon the settlement of land appreciation tax; and (2) the deduction of fees incurred in connection with the property development.

On May 25, 2010, the State Administration of Taxation issued the Notice on Strengthening the Collection Land Appreciation Tax, which requires that the minimum land appreciation tax prepayment rate must be 2% for provinces in the eastern region, 1.5% for provinces in the central and northeastern regions, and 1% for provinces in the western region. The local tax bureaus must determine the applicable land appreciation tax prepayment rates based on the types of the properties.

Value-Added Tax

Under PRC regulations which took effect on January 1, 2009, all units and individuals engaged in the sales of goods, provision of processing, repairs and replacement services, and the importation of goods within the territory of the PRC are taxpayers of value-added tax, and shall pay value-added tax at tax rates of between 2% and 17%, depending on the activities in which they engage.

Deed Tax

Pursuant to the Interim Regulations of the People's Republic of China on Deed Tax (中華人民共和國契稅暫行條例), the transferee, whether an individual or otherwise, of the title to a land site or building in the PRC must be subject to the payment of deed tax at a rate of 3% to 5%. The relevant government authorities will determine their effective tax rates. Pursuant to the Notice on Strengthen the Management of Deed Tax Administration by the Shenzhen tax authority in 2006, the rate of deed tax in Shenzhen is 3%.

Urban Land Use Tax

Pursuant to the Provisional Regulations of the People's Republic of China Governing Land Use Tax in Urban Areas (中華人民共和國房產稅暫行條例), land use tax of urban land is levied according to the area of relevant land. As of January 1, 2007, the annual tax on every sq.m. of urban land collected from foreign-invested enterprises must be between RMB0.6 and RMB30.0.

Building Tax

Under the Interim Regulations of the People's Republic of China on Building Tax (中華人民共和國城鎮土地使用稅暫行條例), a building tax must be levied at a rate of 1.2% if it is calculated on the basis of the residual value of a building, and at a rate of 12% if it is calculated on the basis of the rental payments for the lease of the building.

According to the Circular Concerning the Levy of Building Tax on Foreign Enterprises and Foreigners (關於對外資企業及外籍個人徵收房產稅有關問題的通知) promulgated by the MOF on January 12, 2009, and the Circular Concerning the Implementation of the Levy of Building Tax on Foreign-Invested Enterprise and Foreign Individuals (關於做好外資企業及外籍個人房產稅徵管工作的通知) issued by the State Administration of Taxation on January 6, 2009, domestic and foreign-invested enterprises and foreign individuals will be subject to the Interim Regulations of the People's Republic of China on Building Tax from January 1, 2009.

Municipal Maintenance Tax and Education Surcharge

According to the Notice of the State Council on Extending the Urban Maintenance and Construction Tax and Educational Surcharges from Chinese to Foreign-funded Enterprises and Citizens issued by the State Council on October 18, 2010, as of December 1, 2010, foreign-invested enterprises, foreign enterprises and foreign persons are no longer exempt from payment of municipal maintenance tax and education surcharges imposed at the local government level. Municipal maintenance tax and education surcharges are calculated with reference to a taxpayers' value-added tax, business tax and sales tax.

Dividends from our China Operations

Under PRC tax laws, regulations and rulings applicable to years prior to 2008, dividends from a PRC company paid to its overseas investor were exempt from any PRC withholding or income tax. The EIT Law as currently in effect provides that a withholding tax rate of 20% will normally be applicable to dividends payable to non-PRC investors that are derived from sources within the PRC, but with a possibility of exemption or reduction. The Implementation Regulations reduce the withholding tax rate for non-PRC residents to 10%. As a result, effective from January 1, 2008, dividends paid by foreign investment enterprises to non-PRC resident shareholders are subject to withholding tax at an ordinary rate of 10%, unless otherwise exempted or reduced by PRC laws and regulations or in accordance with arrangements or treaties between the PRC government and the government of any other jurisdiction where such non-PRC resident shareholder is registered.

MANAGEMENT

Directors and Executive Officers

The following tables set forth the names, ages and current positions of our directors and members of senior management.

Board of Directors

Name	Age	Position
Cheng Chung Hing(2) (3)	51	Executive Director (Co-Chairman)
Leung Moon Lam	56	Executive Director (Chief Executive Officer)
Xu Yang	73	Executive Director
Ma Kai Cheung, *SBS, BBS*	70	Non-executive Director (Co-Chairman)
Sun Kai Lit Cliff, *BBS, JP*	59	Non-executive Director
Ma Wai Mo	68	Non-executive Director
Cheng Tai Po	60	Non-executive Director
Leung Kwan Yuen Andrew, *GBS, SBS, JP*(1) (2) (3)	61	Independent Non-executive Director
Li Wai Keung(1) (2) (3)	55	Independent Non-executive Director
Hui Chiu Chung Stephen, *JP*(1)	65	Independent Non-executive Director

Senior Management

Name	Age	Position
Fung Sing Hong Stephen	47	Chief Financial Officer
Tse Man Yu	41	Deputy Chief Financial Officer and Company Secretary
Jiang Kai	60	Group Deputy General Manager

(1) Member of the audit committee.

(2) Member of the remuneration committee.

(3) Member of the nomination committee

A description of the business experience and present position of each director and senior management is provided below.

Executive Directors

Mr. CHENG Chung Hing (鄭松興先生), aged 51, is our Co-Chairman and an executive Director. He is a co-founder of our Group and has been appointed as a Director since August 2, 2002. He is primarily responsible for formulating the overall strategies and assessing the performance of the Group as well as providing leadership for the Board. He has more than 28 years of management experience in the manufacturing, wholesale and distribution businesses. Mr. Cheng has been awarded the "Young Industrialist Awards of Hong Kong 1997" from the Federation of Hong Kong Industries, the Distinguished International Entrepreneur of the Year Award 1997 from San Francisco State University and the Chinese Outstanding Entrepreneur Award 2008 from the China Enterprise Confederation and the China Enterprise Directors Association. Mr. Cheng is the vice chairman of the China Chamber of International Commerce, a member of the 10th Guangxi Zhuang Autonomous Region Committee of the Chinese People's Political Consultative Conference and a member of the 3rd, the 4th and the 5th Shenzhen Committee of the Chinese People's Political Consultative Conference. Mr. Cheng is also presently the foundation honorary chairman of Gem and Jewelry Committee of China General Chamber of Commerce, a standing member of the China Enterprise Confederation and the China Enterprise Directors Association, vice president of the China Chamber of International Commerce Shenzhen, chairman of the Shenzhen Logistics and Supply Chain Management Association, vice chairman of the Federation of Shenzhen Industries, honorary life president of the Hong Kong Gemstone Manufacturers' Association Limited, and honorary chairman of Zhejiang Pearl Trade Association. Mr. Cheng is also the chairman of Man Sang International Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") (stock code: 938) and the director of China Metro-Rural Holdings Limited (formerly known as Man Sang International (B.V.I.) Limited), a company listed on the NYSE Amex, formerly known as the American Stock Exchange (ticker symbol: CNR). Mr. Cheng is a younger brother of Mr. Cheng Tai Po, a non-executive Director.

Mr. LEUNG Moon Lam (梁滿林先生), aged 56, is the Chief Executive Officer and an executive Director. He is a co-founder of our Group and has been appointed as a Director since June 1, 2002. He is primarily responsible for the execution of the Board's decision and the overall management of the Group. He has more than 28 years of management experience in the garment manufacturing, wholesale and distribution businesses. Mr. Leung received the Chinese Outstanding Entrepreneur Award 2008 from the China Enterprise Confederation and the China Enterprise Directors Association. Mr. Leung was a member of the 3rd and the 4th Shenzhen Committee of the Chinese People's Political Consultative Conference. At present, Mr. Leung is a member of the Liaoning Committee of the Chinese People's Political Consultative Conference, the vice chairman of the Jiangxi Chinese Overseas Friendship Association, chairman of Shenzhen Textile Industry Association, the executive chairman of the Shenzhen Leather Industry Association, an honorary chairman of the Shenzhen Longgang Charity Association and the honorary professor of Business of Hang Seng School of Commerce. Mr. Leung was newly appointed as the president of the Federation of Hong Kong Shenzhen Associations in December 2011. Also, Mr. Leung is the chairman of Wetter (China) Limited and Kings Faith International Limited.

Professor XU Yang (許揚教授), aged 73, is an executive Director. Professor Xu joined our Group as a senior consultant in September 2002, and was appointed as a Director since February 4, 2008. He is primarily responsible for the general development direction, operational strategy, market promotion, and governmental relations of the Group. Professor Xu has over 23 years of experience in capital operations management, focusing on optimizing allocation and managing the use of capital in business operations. From 1992 to 2000, Professor Xu was the chairman of Shenzhen Investment Limited (previously known as Shum Yip Investment Limited, which is listed on the Main Board of the Stock Exchange, stock code: 604). He was the vice chairman of the 2nd Shenzhen Committee of the Chinese People's Political Consultative Conference, deputy chief secretary of the Shenzhen Municipal Government and director of the Shenzhen Economic Development Bureau. Professor Xu is currently the permanent honorary chairman of the Federation of Shenzhen Industries, honorary chairman of Shenzhen Enterprise Confederation and Shenzhen Entrepreneur Association and deputy chairman of China National Industrial and Economic Association. Professor Xu graduated from Harbin Institute of Technology in 1964. He completed the Stanford executive program at Stanford University in 1988. He also holds the qualification of senior engineer.

Non-executive Directors

Dr. MA Kai Cheung (馬介璋博士), *SBS, BBS*, aged 70, is our Co-Chairman and a non-executive Director. He is a co-founder of our Group and has been appointed as a Director since August 2, 2002. He is primarily responsible for advising on the formulation of the Group's general business models and development strategies and major issues. Dr. Ma has more than 41 years of management experience in garment distribution and manufacturing businesses. Dr. Ma was awarded a Bronze Bauhinia Star (BBS) and a Silver Bauhinia Star (SBS) by the Government of Hong Kong Special Administrative Region in 2003 and 2009 respectively. Since 1998, he has been a member of the National committee of the Chinese People's Political Consultative Conference. Dr. Ma is the president of Shenzhen Overseas Chinese International Association, permanent honorary president of Hong Kong Chiu Chow Chamber of Commerce Limited, chairman and executive committee member of Federation of Hong Kong Guangdong Community Organizations, president of Hong Kong & Kowloon Chiu Chow Public Association and permanent honorary chairman of Federation of Hong Kong Chiu Chow Community Organizations. Dr. Ma received an honorary doctoral degree in philosophy from the Morrison University in the United States in 2004. He received a fellowship from the Asian Knowledge Management Association in 2008. Dr. Ma is also the chairman of Tak Sing Alliance Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 126).

Mr. SUN Kai Lit Cliff (孫啟烈先生), *BBS, JP*, aged 59, is a non-executive Director. He is a co-founder of our Group and has been appointed as a Director since August 2, 2002. He is primarily responsible for advising on the formulation of the Group's general business models, development strategies and major issues. Mr. Sun is an associate of the Institute of Industrial Engineers of Ohio and has over 33 years of management experience in the businesses of wholesale distribution and manufacturing of kitchenware and other metal and plastic products. He was appointed as Justice of the Peace (JP) and was awarded a Bronze Bauhinia Star (BBS) by the Government of Hong Kong Special Administrative Region in 2003 and 2006 respectively. At present, Mr. Sun is a member of the 10th Zhejiang Committee of Chinese People's Political Consultative Conference and a member of the Standing Committee of the 13th Ningbo Committee of Chinese People's Political Consultative Conference. He is also the honorary chairman of the Federation of Hong Kong Industries, honorary chairman of The Hong Kong Exporters' Association, honorary chairman of the Hong Kong Q Mark Council, president of the Hong Kong Plastics Manufacturers Association Ltd. and the honorary founding president and executive vice president of Shenzhen Overseas Chinese International Association. Mr. Sun is the executive director of Kinox Enterprises Limited and Kin Hip Metal and Plastic Factory Ltd. He is currently an independent non-executive director of Ming Fai International Holdings Limited (stock code: 3828) and Ka Shui International Holdings Ltd., (stock code: 822), which are listed on the Main Board of the Stock Exchange.

Dr. MA Wai Mo (馬偉武博士), aged 68, is a non-executive Director. He is a co-founder of our Group and has been appointed as a Director of the Company since August 2, 2002. He is primarily responsible for advising on the formulation of the Group's general business models, development strategies and major issues. He has more than 33 years of management experience in the printing and packaging, manufacturing, wholesale and distribution businesses. Dr. Ma was a member of the 3rd and the 4th Shenzhen Committee of the Chinese People's Political Consultative Conference, the chairman of the 13th, 14th, 16th and 17th Hong Kong Corrugated Paper Manufacturers' Association. Currently, he is a member of the Committee of Foreign and Overseas Chinese Affairs, the Standing Committee of Shenzhen Municipal People's Congress, the honorary chairman of the 2nd Chaoyang District Shantou City Committee of the Chinese People's Political Consultative Conference, the vice chairman of the 7th general committee of the China Packaging Federation, the honorary chairman of the 7th and 8th Shenzhen Packaging Association, the vice president of the 7th and the 8th Guangdong Printing Association, the executive vice president of the Guangdong Overseas Chinese Enterprises Association, the honorary founding president and the executive vice president of Shenzhen Overseas Chinese International Association, and the chairman of the Shenzhen Graphic Society and Shenzhen Longgang Cultural Industry Association. Dr. Ma is also the chairman of Luk Ka International Limited, a wholly owned subsidiary of Luk Ka Overseas Investments Limited. Dr. Ma was awarded the World's Outstanding Chinese in 2005 and received an honorary doctor of science degree from Armstrong University in 2005.

Mr. CHENG Tai Po (鄭大報先生), aged 60, is a non-executive Director. He has been appointed as a Director since April 30, 2010 and is primarily responsible for advising on the formulation of the Group's general business models, development strategies and major issues. Mr. Cheng has over 27 years' experience in manufacturing, wholesale and distribution businesses. He is a board member of the Zhanjiang Ocean University, China and a general committee member of the Hong Kong Jewelry Manufacturers' Association Ltd. Mr. Cheng is also the executive director and deputy chairman of Man Sang International Limited, a company listed on the Main Board of the Stock Exchange (stock code: 938) and the director and vice-chairman of China Metro-Rural Holdings Limited (formerly known as Man Sang International (B.V.I.) Limited), a company listed on the NYSE Amex (formerly known as an American Stock Exchange) (ticker symbol: CNR). Mr. Cheng is an elder brother of Mr. Cheng Chung Hing, the Co-Chairman and executive Director and the controlling shareholder of the Company.

Independent Non-executive Directors

Mr. LEUNG Kwan Yuen Andrew (梁君彥先生), *GBS, SBS, JP*, aged 61, has been appointed as an independent non-executive Director since September 4, 2009. He has more than 33 years of management experience in the textile manufacturing, wholesale and distribution businesses. Mr. Leung is a member of the Industrial (First) Functional Constituency of the Legislative Council of Hong Kong, also a member of the National Committee of the Chinese People's Political Consultative Conference. Mr. Leung is currently the honorary chairman of Textile Council of Hong Kong, a council member of the Hong Kong Trade Development Council, the honorary president of the Federation of Hong Kong Industries, a fellow of The Textiles Institute as well as The Clothing and Footwear Institute in the United Kingdom. In addition, Mr. Leung is the chairman of Sun Hing Knitting Factory Limited, he is also an independent non-executive director of Dah Sing Banking Group Limited (stock code: 2356) and Harbour Centre Development Limited (stock code: 51), both companies listed on the Main Board of the Stock Exchange. Mr. Leung was an independent non-executive director of Meadville Holdings (BVI) Limited (formerly known as "Meadville Holdings Limited"), a company withdrawing the listing of its shares from the Stock Exchange effective April 19, 2010 (stock code: 3313), until his resignation effective from June 1, 2010.

Mr. LI Wai Keung (李偉強先生), aged 55, has been appointed as an independent non-executive Director since September 4, 2009. Mr. Li has more than 35 years of experience in financial management. Mr. Li graduated from the Hong Kong Polytechnic University and holds a master degree in business administration from the University of East Asia, Macau, currently known as the University of Macau. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Li is the executive director and chief financial officer of GDH Limited, executive director of Kingway Brewery Holdings Limited ("Kingway"), non-executive director of Guangdong Investment Limited ("GDI") and an independent non-executive director of Shenzhen Investment Limited ("SZ Investment") and Hans Energy Company Limited ("Hans"). Kingway, GDI, SZ Investment and Hans are companies listed on the Main Board of the Stock Exchange (stock codes: 124, 270, 604 and 554 respectively). He is a director of Shenzhen City Airport (Group) Company Limited, a member of the Council of the Hong Kong Chinese Orchestra Limited, and serves as the vice chairman of the Financial and Accounting Affairs Steering Committee of the Hong Kong Chinese Enterprises Association. Mr. Li was also an independent non-executive director of Hong Long Holdings Limited (stock code: 1383) until May 27, 2011.

Mr. Hui Chiu Chung Stephen, *JP*, aged 65, has been appointed as an independent non-executive Director since April 11, 2011. Mr. Hui has over 41 years of experience in the securities and investment industry. He had for years been serving as a council member and vice chairman of the Stock Exchange, a member of the Advisory Committee of the Hong Kong Securities and Futures Commission, a director of the Hong Kong Securities Clearing Company Limited, a member of the Listing Committee of the Hong Kong Exchanges and Clearing Limited, an appointed member of the Securities and Futures Appeal Tribunal, a member of the Standing Committee on Company Law Reform and an appointed member of the Hong Kong Institute of Certified Public Accountants Investigation Panel A. He was also a member of the Committee on Real Estate Investment Trusts of the Hong Kong Securities and Futures Commission. Mr. Hui is a member of Government "Appointees" (independent member) of Appeal Panel of the Travel Industry Council of Hong Kong. Mr. Hui was appointed by the Government of the Hong Kong Special

Administrative Region a Justice of the Peace (JP) in 2004 and was also appointed as a member of the Zhuhai Municipal Committee of the Chinese People's Political Consultative Conference in 2006. He also serves as non-executive director of Luk Fook Holdings (International) Limited (stock code: 590) and independent non-executive director of Hong Kong Exchanges and Clearing Limited (stock code: 388), Jiuzhou Development Company Limited (stock code: 908), Lifestyle International Holdings Limited (stock code: 1212), Chun Wo Development Holdings Limited (stock code: 711) and Frasers Property (China) Limited (stock code: 535), whose shares are listed on the Stock Exchange.

Senior Management

Mr. FUNG Sing Hong Stephen (馮星航先生), aged 47, is our Group's chief financial officer. Mr. Fung joined our Group in July 2006, and is responsible for formulating corporate financing strategy and the overall financial management of the Group. Mr. Fung graduated from the University of Wales, United Kingdom with a master degree in business administration. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. He is also a fellow member of the Hong Kong Institute of Directors. Mr. Fung has more than 19 years of experience in financial management, mergers and acquisitions, capital markets financing and corporate restructuring. Prior to joining our Group, Mr. Fung was an executive director and the chief financial officer of Guangdong Investment Limited ("GDI"). From December 2002 to November 2004, Mr. Fung served as an executive director and the chief financial officer of Kingway. Both GDI and Kingway are companies listed on the Main Board of the Stock Exchange (stock codes: 270 and 124, respectively). Mr. Fung was also a key member of the Guangdong Enterprises (Holdings) Limited ("GDE") restructuring team and has been extensively involved in the US$5.3 billion debt restructuring of GDE.

Ms. TSE Man Yu (謝文瑜女士), aged 41, is the company secretary and the Group's deputy chief financial officer. Ms. Tse joined our Group in February 2008. She assists the chief financial officer in the overall financial management of the Group and is responsible for investor relations and the company secretarial duties. Ms. Tse graduated from the City University of Hong Kong with a bachelor of science (honours) degree in finance. She is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Ms. Tse has more than 15 years of experience in financial management, mergers and acquisitions, corporate finance and asset management. Prior to joining our Group, Ms. Tse was the assistant chief financial officer of Guangdong Investment Ltd., which is a company listed on the Main Board of the Stock Exchange (stock code: 270). Ms. Tse was an alternate director of Guangdong Development Fund Limited ("GDF"), which is a company listed on the London Stock Exchange (code: gdf), and a director of Guangdong Investment Management Limited, which is the fund manager of GDF. Ms. Tse had also been a senior corporate finance executive of Tung Fong Hung (Holdings) Limited (now known as Freeman Financial Corporation Limited) and Sing Pao Media Group Limited (now known as China Gamma Group Limited), which were companies listed on the Main Board of the Stock Exchange (stock codes: 279 and 164 respectively).

Mr. JIANG Kai (江凱先生), aged 60, is the Group's deputy general manager. He joined our Group in January 2007, and is responsible for managing construction projects of the Group, including coordinating the planning and designs, managing tenders and bids, budgeting, costing and construction management. Mr. Jiang has over 18 years of management experience in the construction industry. Mr. Jiang had been working for the 1st branch of the Shenzhen Architectural Design Institute as the chief engineer, Shenzhen Construction Investment Holdings Ltd. as the manager of the construction department, and Shenzhen New World Group Co., Ltd. as the group deputy general manager. Mr. Jiang graduated from the Underground Construction Faculty of Tongji University in 1982 with a bachelor degree in underground construction, and holds a qualification of senior engineer.

The Board of Directors

Our board of directors (the "Board"), is responsible for overall strategic formulation and performance monitoring of the Group's business. Mr. Cheng Chung Hing, the Co-chairman, is responsible for providing leadership for the Board and he, with the support of the other board members and senior management, is responsible for carrying and implementation of the Group's policy. The daily day-to-day operations of the Company are delegated to respective Directors and senior management within the control and authority framework set by the Board.

The Board meets regularly, and at least four times a year at approximately quarterly intervals. Prior to the scheduled meetings, the directors are provided with agenda and relevant materials related to the agenda. Every board member can access to senior management and company secretary of the Company at all time and upon reasonable request, seek independent professional advice. When required, additional board meetings will be arranged.

The Company's articles of association provides rotation and re-election for all Directors. As provided by the Articles, at each annual general meeting of the Company one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation.

Each of the Executive Directors has entered into service contract with the Company while each of the Non-executive Director and Independent Non-executive Directors has entered into a letter of appointment with the Company for a term of three years. None of the Directors has entered into any service contract with us which is not determinable by us within one year without payment of compensation, other than statutory compensation.

Board Committees

Our board committees are the audit committee, the remuneration committee and the nomination committee. Each committee's constitution, power and duties are clearly defined by its terms of reference, and each committee is accountable to the board of directors.

Audit Committee

The audit committee is responsible for the review and supervision of our financial reporting process, internal controls and review of the financial statements. The audit committee consists of Li Wai Keung as chairman, Leung Kwan Yuen Andrew and Hui Chiu Chung Stephen. All the audit committee members are independent non-executive directors. There were two meetings of the audit committee held for the year ended March 31, 2012 to review the annual and interim results before recommending to the Board for approval.

Remuneration Committee

The remuneration committee is responsible for reviewing and making recommendation on the Directors' and senior management's remuneration packages and other benefits. The remuneration committee comprises three members. The members are Li Wai Keung as the chairman, Leung Kwan Yuen Andrew and Cheng Chung Hing.

Nomination Committee

The nomination committee is responsible for making recommendations on the nomination of directors with a view to appointing suitable individuals with relevant expertise and experience to enhance the constitution of the Board and to contribute to the Board. The nomination committee has three members. The members are Leung Kwan Yuen Andrew as the chairman, Li Wai Keung and Cheng Chung Hing.

Directors' Compensation

In the fiscal years ended March 31, 2010, 2011 and 2012, the total amount of directors' compensation (comprising directors' fees, basic salaries, allowances, benefits-in-kind, performance related bonus, employee share option benefits and pension scheme contributions) was HK$19.7 million, HK$25.2 million and HK$39.6 million, respectively.

The amount of directors' compensation is determined by the Board based on their contribution to us and with reference to their duties and responsibilities, time spent on our matters and market conditions. The remuneration committee will determine the remuneration policies for the directors with reference to similar factors and other factors such as salaries paid by comparable companies, time commitment and responsibilities of directors elsewhere in us and desirability of performance-based remuneration, in accordance with the terms of reference for the remuneration committee and the requirements under the relevant regulation and rules.

Directors' Interests

As of March 31, 2012, the interests and short positions of our directors in the shares, underlying shares and debentures of the Company as recorded in the register which were required to be kept under section 352 of the Securities and Futures Ordinance of Hong Kong, or as otherwise notified to us and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Name of Director	Class of Shares	Total	Approximate Percentage of Our Total Issued Share Capital
Cheng Chung Hing	Ordinary shares/share options	2,532,508,558	42.29%
Ma Kai Cheung	Ordinary shares	888,966,649	14.84%
Leung Moon Lam	Ordinary shares/share options	649,289,747	10.84%
Sun Kai Lit Cliff	Ordinary shares	218,041,662	3.64%
Ma Wai Mo	Ordinary shares	226,197,662	3.77%
Cheng Tai Po	Ordinary shares	2,461,444,558	41.10%
Li Wai Keung	Ordinary shares	4,300,000	0.07%
Xu Yang	Share options	15,000,000	0.25%

Save as disclosed in the table above, as of March 31, 2012, to the knowledge of the directors, none of the directors or chief executive of the Company had any interests or short positions in the Company's shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option

Pre-IPO Share Option Agreement

The Company entered into the pre-IPO share option agreements to recognise the contribution of and to provide for incentives and reward to the Directors and certain employees who have contributed to the economic achievement to the Company. The pre-IPO share option agreements were entered into on July 31, 2008 to formalize all previous arrangements with the Grantees. No further option may be granted under the pre-IPO share option agreements.

There were 180,000,000 share options at an exercise price of HK$1.05 granted to two directors and other employees of the Company under the pre-IPO Share Option Agreement. Of these share options granted, 8,000,000 share options had been exercised by an employee in March 2011 and 66,000,000 share options had been exercised by Mr. Cheng Chung Hing, the co-chairman and executive director of the Company in August 2012.

Share Option Scheme

We adopted a share option scheme on September 4, 2009 (the "Share Option Scheme"). The purpose of the Share Option Scheme is to provide incentives and rewards to selected eligible persons, which include directors, employees, officers, agents, consultants or representatives of the Company for their contribution or potential contribution to the Company or its subsidiaries. The Share Option Scheme has been in effect from September 30, 2009, our initial public offering and listing on the Hong Kong Stock Exchange.

The maximum number of shares in respect of which option may be granted under the Share Option Scheme may not exceed 10% of the issued share capital of the Company at the date of adoption of the Share Option Scheme. The maximum entitlement of each eligible participant in the total number of shares issued and to be issued upon exercise of options granted under the Share Option Scheme of the Company in any 12-month period shall not exceed 1% of the total number of shares in issue. The exercise period of any option granted under the Share Option Scheme shall not be longer than 10 years from the date of grant of the relevant option.

On December 2, 2010, we granted share options to the chief operating officer of the Company to subscribe for six million ordinary shares of the Company at an exercise price of HK$1.41 per share. The share options will vest in three stages, with two million share options vesting on each of the first, second and third anniversary of the date of grant, and will remain valid for five years from the date of grant.

On April 11, 2011, we granted share options to an executive director of the Company and certain employees of the Company and its subsidiaries to subscribe for, in aggregate, up to 226,900,000 ordinary shares at an exercise price of HK$1.29 per share. The share options will vest in four stages, with 79,400,000 share options vesting on the date of grant, and 62,300,000 share options, 62,300,000 share options and 22,900,000 share options vesting on the first, second and third anniversary of the date of grant, respectively, and remain valid for five years from the date of grant.

On June 27, 2012, we granted share options to two executive directors of the Company and certain employees of the Company and its subsidiaries to subscribe for, in aggregate, up to 116,870,000 ordinary shares at an exercise price of HK$1.15 per share. The share options will vest in two stages, with 110,870,000 share options vesting on the date of grant and 6,000,000 share options vesting on the first anniversary of the date of grant, and remain valid for five years from the date of grant.

Except as disclosed above, as of the date of this offering memorandum, the Board had not granted any options under the Share Option Scheme to the directors or employees of the Company or its subsidiaries to subscribe for shares of the Company and no outstanding share options had been exercised.

PRINCIPAL SHAREHOLDERS

As of March 31, 2012, the interested persons, other than the directors or chief executive of the Company, in the shares and the underlying shares of the Company representing 5% or more of the nominal value of shares comprised in the relevant share capital of the Company as recorded in the register kept by the Company under Section 336 of the SFO were as follows:

Name	Nature of Interest	Number of Shares or Underlying Shares Held	Approximate Percentage of the Company's Total Issued Share Capital(6)
Accurate Gain Developments Limited . .	Beneficial owner	1,339,913,759(1)	22.37%
Proficient Success Limited	Beneficial owner	1,116,594,799(2)	18.64%
Tak Sing Alliance Holdings Limited . . .	Deemed interest in controlled corporation	888,966,649(3)	14.84%
Carrianna (BVI) Limited	Deemed interest in controlled corporation	888,966,649(3)	14.84%
Gartrend Development Limited	Deemed interest in controlled corporation	888,966,649(3)	14.84%
Carrianna Holdings Limited	Deemed interest in controlled corporation	888,966,649(3)	14.84%
Sincere United Holdings Limited	Deemed interest in controlled corporation	888,966,649(3)	14.84%
Carrianna Development Limited	Beneficial owner	888,966,649(3)	14.84%
Kings Faith International Limited	Beneficial owner	523,899,770(4)	8.74%

Notes:

(1) Mr. Cheng Chung Hing and Mr. Cheng Tai Po each owns 50% of the issued share capital of Accurate Gain Developments Limited.

(2) Mr. Cheng Chung Hing and Mr. Cheng Tai Po owns 54% and 38% respectively of the issued share capital of Proficient Success Limited.

(3) Carrianna Development Limited is wholly owned by Sincere United Holdings Limited, which in turn is wholly owned by Carrianna Holdings Limited. Carrianna Holdings Limited is wholly owned beneficially by Gartrend Development Limited with Dr. Ma Kai Cheung holding one share on trust for Gartrend Development Limited. Gartrend Development Limited has two classes of issued shares: ordinary shares and non-voting deferred shares. Dr. Ma Kai Cheung and his brother Ma Kai Yum each holds 50% of the non-voting deferred shares of Gartrend Development Limited, which (a) carry no right to attend or vote at, or to receive notice of, general meetings, (b) do not entitle its holders to receive dividends until (i) after the holders of ordinary shares have been paid, (ii) the company's profits available for distribution as dividends exceed HK$100,000,000,000,000.00 and (iii) the company determines to make such distribution to the holders of non-voting deferred shares, and (c) rank after the claims of the ordinary shareholders as regards to repayment of capital in the event of insolvency in that only one half of the balance of HK$100,000,000,000,000.00 in the assets of the company (if any) is distributable among the holders of non-voting deferred shares. All of the ordinary shares of Gartrend Development Limited are beneficially held by Carrianna (BVI) Ltd, with one share held by Dr. Ma Kai Cheung on trust for Carrianna (BVI) Ltd. Carrianna (BVI) Ltd is wholly owned by Tak Sing Alliance Holdings Limited.

(4) These 523,899,770 Shares are held by Kings Faith International Limited which in turn is 100% owned by Mr. Leung Moon Lam.

(5) The percentage shareholding is calculated on the basis of 5,987,564,000 Shares issued as at March 31, 2012.

Save as disclosed above, as of March 31, 2012, to the knowledge of the Directors, no other person (other than a director or chief executive of the Company) had, or were deemed or taken to have an interest or short position in the shares or underlying Shares which would fail to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO.

RELATED PARTY TRANSACTIONS

The following discussion describes certain of our material related party transactions for the fiscal years ended March 31, 2010, 2011 and 2012.

The following table sets forth certain material transactions between us and our related parties for the periods indicated.

	Fiscal Year Ended March 31,		
	2010	2011	2012
	HK$	HK$ (in thousands)	HK$
Companies in which a director of the Company is a controlling shareholder:			
Consultancy fees paid[1]	300	—	—
Rental expense and related service fees for office building[2]	1,898	1,884	1,822
Rental expense for trade centers[3]	874	838	819

(1) The consultancy fees were related to the consultancy and management services provided to us by a related company and were based on terms mutually agreed between both parties.

(2) The rental expense and related service fees for office building were related to the leasing of office space provided to us by a related company. The fees were based on terms mutually agreed between both parties.

(3) The rental expense was related to leasing of trade centers provided to us by related parties. The rental was based on terms mutually agreed between the parties.

The following is a brief description of our material related party transactions.

Consultancy Fees Paid to Related Companies

We obtain consultancy and management services with regard to our business operations from Luk Ka Overseas Investment Limited, in which Ma Wai Mo is a controlling shareholder. The consultancy fees were based on terms mutually agreed between us and the related companies. We paid fees to these companies of HK$300,000, zero and zero in the fiscal years ended March 31, 2010, 2011 and 2012, respectively.

Rental Expenses and Related Service Fees for Office Building and Trade Centers

We pay the rental expenses and related service fees for the leasing of office space provided to us by Man Sang Jewellery Company Limited, in which Cheng Chung Hing is a controlling shareholder. The rental expenses and related service fees were based on terms mutually agreed between us and the related companies. The rental expenses and related service fees for our office space were HK$1.9 million, HK$1.9 million and HK$1.8 million for the fiscal years ended March 31, 2010, 2011 and 2012, respectively, and the rental expenses for the trade centers were HK$874,000, HK$838,000 and HK$819,000 for the fiscal years ended March 31, 2010, 2011 and 2012, respectively.

Commitments with Related Parties

On February 23, 2011, we entered into a lease agreement with an expiration date of March 16, 2014 with Man Sang Jewellery Company Limited, a company of which a director of ours is a controlling shareholder. The amount of lease expenses for the fiscal year ended March 31, 2012 was HK$1,822,000. We expect total lease expense in 2013 and 2014 to be approximately HK$1,900,000 and HK$1,800,000, respectively.

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

To fund our existing property projects and to finance our working capital requirements, we have entered into financing arrangements with various financial institutions. As of March 31, 2012, the outstanding balance of our 2011 Notes and consolidated interest-bearing bank and other borrowings amounted to HK$6,618.4 million, including total consolidated bank and other borrowings of HK$4,773.4 million. We set forth below a summary of the material terms and conditions of these loans and other material indebtedness.

Project Construction Loan Agreements

Certain of our PRC subsidiaries have entered into loan agreements with various PRC banks, including Shanghai Pudong Development Bank, Industrial and Commercial Bank of China, Bank of China, Shenzhen Ping An Bank Limited, HSBC Bank (China) Company Limited. These loans typically are secured project loans to finance the construction of our projects and have terms ranging from three years to ten years, which generally correspond to the construction periods of the particular projects. Our PRC bank loans are typically secured by mortgages over a portion of our land use rights and a portion of our properties and/or guaranteed by China South International, our wholly owned subsidiary. The Notes will be structurally subordinated to these loans and any other indebtedness incurred by our PRC subsidiaries.

Interest

The principal amounts outstanding under the project loans generally bear interest at floating rates calculated with reference to the PBOC benchmark interest rate. Floating interest rates are generally subject to review by the lenders annually. Interest payments generally are payable either monthly or quarterly and must be made on each payment date as provided in the particular loan agreement.

Covenants

Under these project loans, our subsidiary borrowers have agreed, among other things, not to take the following actions without obtaining the relevant lender's prior consent:

- creating encumbrances on their properties or assets;
- altering the nature or scope of their business operations in any material respect;
- making major changes to their corporate structures, such as entering into joint ventures, mergers and acquisitions or reorganizations;
- reducing their registered capital;
- making other changes to the company's status, such as by liquidation or dissolution;
- transferring part or all of the liabilities under the loans to a third party;
- prepaying the loans;
- selling or disposing assets;
- transferring a substantial equity interest in the borrower; and
- incurring other indebtedness or granting guarantees to third parties that would adversely affect their ability to repay their loans.

Dividend Restriction

Pursuant to the project loans with certain of our lenders, some of our PRC subsidiaries have also agreed not to distribute any dividends:

- before the due portion of the principal amount of and accrued interest on the relevant project loan have been fully paid;

- if the borrower's after-tax profit is nil or negative, or not sufficient to compensate for accumulated losses of previous years; or

- representing over 30% of profit after tax, or over 20% of undistributed profit, without providing the lender prior written notice and subject to the lender's prior written consent, if the lender believes the dividend may affect substantially the performance of the loan agreement.

Events of Default

The loan agreements contain certain customary events of default, such as failure to pay the amount payable on the due date, unauthorized use of loan proceeds, failure to obtain the lender's approval for an act that requires its approval, material breach of the terms of the loan agreement and acceleration of repayment obligations under other loan or financing documents. Upon the occurrence of an event of default, the lenders may terminate the loan agreement and demand immediate repayment.

Guarantee and Security

China South International has entered into guarantee agreements with the PRC banks identified above in connection with some of the project loans pursuant to which China South International has guaranteed all liabilities of the subsidiary borrowers under these loans. Our obligations under the loan agreements are typically secured by mortgages over properties and the land use rights relating to the relevant projects.

Working Capital and Term Loan Agreements

Certain of our PRC subsidiaries have entered into loan agreements with various PRC banks, including, but not limited to, the Agricultural Bank of China, Bank of Communication, Xi'an International Trust Co. Ltd., Dongguan Trust Co., Ltd., Bank of Guangzhou, China Citic Bank, Bank of China, Industrial and Commercial Bank of China, Bank of Xi'an, Huaxia Bank and China Construction Bank. These loans have terms ranging from one year to three years, and typically are either credit loans or loans secured by mortgages over a portion of our land use rights and a portion of our properties. The Notes will be structurally subordinated to these loans and any other indebtedness incurred by our PRC subsidiaries.

Interest

The principal amounts outstanding under these loans generally bear interest at floating rates calculated with reference to the PBOC benchmark interest rate. Floating interest rates are generally subject to monthly, quarterly, or annual review by the lenders. Interest payments are typically payable monthly and must be made on each payment date as provided in the particular loan agreement.

Covenants

Under these loans, our subsidiary borrowers have agreed, among other things, not to take the following actions without obtaining the relevant lender's prior consent:

- creating encumbrances on their properties or assets;
- altering the nature or scope of their business operations in any material respect;
- making major changes to their corporate structures, such as entering into joint ventures, mergers and acquisitions or reorganizations;
- reducing their registered capital;
- making other changes to the company's status, such as by liquidation or dissolution;
- transferring part or all of the liabilities under the loans to a third party;
- prepaying the loans;
- selling or disposing assets;
- transferring substantial equity interest in the borrower; and
- incurring other indebtedness or granting guarantees to third parties that would adversely affect their ability to repay their loans.

Dividend Restriction

Pursuant to the working capital and term loans with certain of our lenders, some of our PRC subsidiaries have also agreed not to distribute any dividends if the borrower's after-tax profit is nil or negative, or not sufficient to compensate for accumulated losses of previous years.

Events of Default

The working capital and term loan agreements contain certain customary events of default, such as failure to pay the amount payable on the due date, unauthorized use of loan proceeds, failure to obtain the lender's approval for an act that requires its approval, material breach of the terms of the loan agreement and acceleration of repayment obligations under other loan or financing documents. Upon the occurrence of an event of default, the lenders may terminate the loan agreement and demand immediate repayment.

Guarantee and Security

Some of our working capital and term loans are credit loans. In addition, China South International has entered into guarantee agreements with the PRC banks identified above in connection with some of our working capital and term loans pursuant to which China South International has guaranteed all liabilities of the subsidiary borrowers under these loans. Our obligations under the loan agreements are typically secured by mortgages over a portion of properties and a portion of the land use rights owned by China South International.

Syndicated Revolving Credit Facility

China South International has entered into facility agreements in connection with separate revolving loan facilities with the Industrial and Commercial Bank of China Shenzhen. The proceeds of these credit facilities have been used for the purpose of funding our projects and meeting our working capital needs. We have entered and will continue to enter into separate loan agreements when utilizing the credit facilities.

Interest and Maturity

Under the facility agreements, the interest rate applicable for each loan will be prescribed in the separate loan agreements. The credit facilities under these facility agreements by their terms expire within 12 months of the date of the agreements.

Covenants

Pursuant to these facility agreements, China South International has agreed, among other things, not to take the following actions without obtaining the relevant lender's prior consent:

- creating mortgages or other repayment guarantees on the finished or ongoing construction projects at the China South International Industrial Materials City and relevant cash-flow;
- obtaining financing from other banks for its new projects;
- making major changes to their corporate structures, such as entering into joint ventures, mergers and acquisitions or reorganizations;
- reducing its registered capital;
- transferring or disposing, or threatening to transfer or dispose, important parts of its assets; and
- granting guarantees to third parties or mortgaging or pledging its major assets where doing so would adversely affect its ability to repay its loan(s) under the facility agreement.

Events of Default

The facility agreements contain certain customary events of default, including providing fraudulent balance sheet, income statement or other financial information, providing balance sheet, income statement or other financial information with material information missing, unauthorized use of loan proceeds, and failure to obtain the lender's approval for an act that requires its approval. The lenders are entitled to demand repayment of part or all of the loans and/or cancel the unutilized facility upon occurrence of an event of default.

As of March 31, 2012, the interest rates with respect to the project loan agreements, the working capital and term loan agreements and the syndicated revolving credit facility ranged from 5.98% to 7.87% per annum. As of March 31, 2012, HK$2,958.7 million of our project loans, the working capital and term loans were secured by certain land use rights and properties owned by the Group.

HIBOR Loan

Grand City Hotel Investment Ltd has entered into a facility letter dated August 8, 2012 with The Hongkong and Shanghai Banking Corporation Limited in connection with a HK$400 million loan. The loan is secured by a guarantee limited to HK$400 million as well as a letter of undertaking provided by the Company. The loan was drawn down on September 6, 2012, has a one-year term, and bears interest at a rate of HIBOR plus 2.75% per annum. The loan will be repayable by a lump sum payment of HK$400 million at the end of the loan term. As of September 20, 2012, the entire amount of the facility had been drawn down.

2011 Notes

On January 7, 2011, we entered into an Indenture (as supplemented by the Supplemental Indenture dated as of September 22, 2011 and as amended and supplemented from time to time, the "2011 Notes Indenture") pursuant to which we issued US$250,000,000 (equivalent to HK$1,950 million) principal amount of 13.5% Senior Notes due 2016. As of March 31, 2012, we had a total of US$241,000,000 principal amount of the 2011 Notes outstanding.

Guarantee

The obligations pursuant to the 2011 Notes are guaranteed by our existing subsidiaries (the "2011 Subsidiary Guarantors") other than those organized under the laws of the PRC. Under certain circumstances and subject to certain conditions, a guarantee by a 2011 Subsidiary Guarantor may be replaced by a limited-recourse guarantee, referred to as a JV Subsidiary Guarantee in the 2011 Notes Indenture. Each of the 2011 Subsidiary Guarantors and the JV Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the 2011 Notes, provided that the JV Subsidiary Guarantee will be limited to a JV entitlement amount.

Collateral

In order to secure the obligations under the 2011 Notes, the Company and the subsidiary guarantor pledgors under the 2011 Notes Indenture pledged the capital stock of all such 2011 Subsidiary Guarantors for the benefit of the holders of the 2011 Notes (the "2011 Collateral"). Subject to the provisions of the Intercreditor Agreement (as defined below), the 2011 Collateral may be released or reduced in the event of certain asset sales and certain other circumstances. In addition, the Company and each subsidiary guarantor pledgor under the 2011 Notes Indenture may, subject to certain conditions, incur additional indebtedness provided that such indebtedness would be on a pari passu basis with the 2011 Notes and the related subsidiary guarantees, and other pari passu secured indebtedness permitted under the 2011 Notes Indenture.

Interest

The 2011 Notes bear an interest rate of 13.50% per annum. Interest is payable semi-annually in arrear.

Covenants

Subject to certain conditions and exceptions, the 2011 Notes Indenture contains certain covenants, which restrict our ability and the ability of each of the related restricted subsidiaries to, among other things:

- incur or guarantee additional indebtedness or issue disqualified or preferred stock;
- declare dividends on its capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of Restricted Subsidiaries;
- guarantee indebtedness of Restricted Subsidiaries;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;

- enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;

- enter into transactions with shareholders or affiliates; and

- effect a consolidation or merger.

Events of Default

The 2011 Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2011 Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the 2011 Notes Indenture. If an event of default occurs and is continuing, the 2011 Notes Trustee or the holders of at least 25% of the outstanding 2011 Notes may declare the principal of the 2011 Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable. However, if an event of default occurs because of insolvency, the principal of, premium if any, and accrued and unpaid interest on the 2011 Notes then outstanding shall automatically be due and payable without any declaration or other act on the part of the 2011 Notes Trustee or a holder of the 2011 Notes.

Change of Control

Upon the occurrence of a certain event of change of control and a rating decline, we are obligated to make an offer to repurchase all outstanding 2011 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest.

Maturity and Redemption

The maturity date of the 2011 Notes is January 14, 2016. At any time on or after January 14, 2016, we may redeem the 2011 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth in the table below if redeemed during each period indicated below, plus any accrued and unpaid interest to (but not including) the redemption date:

Period	**Redemption Price**
2014	106.750%
2015 and thereafter	103.375%

At any time prior to January 14, 2016, we may redeem the 2011 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2011 Notes, plus a premium and any accrued and unpaid interest to the redemption date.

At any time prior to January 14, 2016, we may redeem up to 35% of the aggregate principal amount of the 2011 Notes at a redemption price equal to 113.50% of the principal amount of the 2011 Notes, plus any accrued and unpaid interest with the proceeds form sales of certain kinds of the Company's capital stock, subject to certain conditions.

Additionally, if we or a subsidiary guarantor under the 2011 Notes Indenture would become obligated to pay certain additional amounts as a result of certain changes in specified tax law, we may redeem the 2011 Notes at a redemption price equal to 100% of the principal amount of the 2011 Notes, plus any accrued and unpaid interest, subject to certain exceptions.

Intercreditor Agreement

Prior to the first incurrence of any Permitted Pari Passu Secured Indebtedness (other than additional notes), the 2011 Notes Trustee will enter into an intercreditor agreement (the "Intercreditor Agreement"), which shall be in a form satisfactory to the 2011 Notes Trustee, without requiring any instruction or consent from the 2011 Note holders, with the subsidiary guarantor pledgors, the holders of such Permitted Pari Passu Secured Indebtedness (or their representative) and us. The Intercreditor Agreement will provide, among other things, that (1) the parties thereto shall share equal priority and pro rata entitlement in and to the collateral; (2) the conditions that are applicable to the release of or granting of any lien on such collateral; and (3) the conditions under which the parties thereto will enforce their rights with respect to such collateral and the Indebtedness secured thereby.

In connection with the offering of the Notes, the Company, the subsidiary guarantor pledgors, the Shared Security Agent, the Trustee and the 2011 Notes Trustee will enter into an Intercreditor Agreement to be dated October 17, 2012.

Customer Guarantees

In line with industry practice, we provide guarantees to mortgagee banks in respect of mortgage loans taken out by purchasers of our properties. Such guarantee obligations typically terminate upon the delivery of the relevant property ownership certificates on the underlying property to the bank and the completion of the relevant mortgage registration process. As of March 31, 2012, the aggregate outstanding amount guaranteed was HK$352.6 million.

DESCRIPTION OF THE NOTES

For purposes of this "Description of the Notes," the term "Company" refers only to China South City Holdings Limited, and any successor obligor on the Notes, and not to any of its subsidiaries. Each Subsidiary of the Company which guarantees the Notes is referred to as a "Subsidiary Guarantor," and each such guarantee is referred to as a "Subsidiary Guarantee." Each Subsidiary of the Company that in the future provides a JV Subsidiary Guarantee (as defined herein) is referred to as a "JV Subsidiary Guarantor."

The Notes are to be issued under an indenture (the "Indenture"), to be dated as of the Original Issue Date, among the Company, the Subsidiary Guarantors, as guarantors, and The Hongkong and Shanghai Banking Corporation Limited, as trustee (the "Trustee"). The term "Indenture" refers to the Indenture as amended by all supplemental indentures executed on or prior to the date on which the Notes are issued.

The following is a summary of certain provisions of the Indenture, the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Intercreditor Agreement. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Intercreditor Agreement. It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available on or after the Original Issue Date at the corporate trust office of the Trustee at The Hongkong and Shanghai Banking Corporation Limited, Attn: Corporate Trust and Loan Agency, HSBC Securities Services, Level 30, HSBC Main Building, 1 Queen's Road Central, Hong Kong.

Brief Description of the Notes

The Notes are:

- general obligations of the Company;
- senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;
- at least *pari passu* in right of payment with the 2011 Notes and all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law);
- guaranteed by the Subsidiary Guarantors on a senior basis, subject to the limitations described below under "— The Subsidiary Guarantees" and in "Risk Factors — Risks Relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral";
- effectively subordinated to the other secured obligations (if any) of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined below).

In addition, on the Original Issue Date, subject to the limitations described in "Risk Factors — Risks Relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral," the Notes will be secured by a pledge of the Collateral as described below under "— Security" and will:

- be entitled to a first priority lien on the Collateral (subject to any Permitted Liens and the Intercreditor Agreement); and

- rank effectively senior in right of payment to unsecured obligations of the Company with respect to the value of the Collateral pledged by the Company securing the Notes (subject to any priority rights of such unsecured obligations pursuant to applicable law).

The Notes will mature on October 17, 2017, unless earlier redeemed pursuant to the terms thereof and the Indenture.

The Indenture allows additional Notes to be issued from time to time (the "Additional Notes"), subject to certain limitations described under "— Further Issues." Unless the context requires otherwise, references to the "Notes" for all purposes of the Indenture and this "Description of the Notes" include any Additional Notes that are actually issued.

The Notes will bear interest at 13.50% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually in arrear on April 17 and October 17 of each year (each an "Interest Payment Date"), commencing April 17, 2013. Interest on the Notes will be paid to Holders of record at the close of business on April 2 or October 2 immediately preceding an Interest Payment Date (each, a "Record Date"), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Except as described under "Optional Redemption" and "Redemption for Taxation Reasons" and as otherwise provided in the Indenture, the Notes may not be redeemed prior to maturity (unless they have been repurchased by the Company).

In any case in which the date of the payment of principal of, premium on or interest on the Notes is not a Business Day in the relevant place of payment or in the place of business of the Paying Agent, then payment of such principal, premium or interest need not be made on such date but may be made on the next succeeding Business Day. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due and no interest on the Notes shall accrue for the period after such date.

The Notes will be issued only in fully registered form, without coupons, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of Notes, but the Company may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars by the Company at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York (which initially will be the corporate trust administration office of the Trustee), and the Notes may be presented for registration of transfer or exchange at such office or agency; *provided* that, at the option of the Company, payment of interest may be made by check mailed to the address of the Holders as such address appears in the Note register maintained by the Note Registrar or by wire transfer. Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants on the Business Day following payment thereof.

The Subsidiary Guarantees

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will consist of all of the Company's Restricted Subsidiaries other than those Restricted Subsidiaries organized under the laws of the PRC (the "Non-Guarantor Subsidiaries"). All of the Subsidiary Guarantors are holding companies that do not have significant operations.

None of the existing Non-Guarantor Subsidiaries will provide a Subsidiary Guarantee or JV Subsidiary Guarantee on the Original Issue Date or at any time in the future. In addition, no future Restricted Subsidiaries organized under the laws of the PRC will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future. Although the Indenture contains limitations on the amount of additional Indebtedness that Restricted Subsidiaries organized under the laws of the PRC may incur, the amount of such additional Indebtedness could be substantial. In the event of a bankruptcy, liquidation or reorganization of any Non-Guarantor Subsidiary, the Non-Guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Company.

The Company will cause each of its future Restricted Subsidiaries (other than Persons organized under the laws of the PRC), promptly upon becoming a Restricted Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Restricted Subsidiary will Guarantee the payment of the Notes as either a Subsidiary Guarantor or a JV Subsidiary Guarantor.

Each Restricted Subsidiary that guarantees the Notes after the Original Issue Date other than a JV Subsidiary Guarantor is referred to as a "Future Subsidiary Guarantor" and upon execution of the applicable supplemental indenture to the Indenture will be a "Subsidiary Guarantor."

In the case of a future Restricted Subsidiary (i) that is, or is proposed by the Company or any of its Restricted Subsidiaries to be, established after the Original Issue Date, (ii) that is organized in any jurisdiction other than the PRC and (iii) in respect of which the Company or any of its Restricted Subsidiaries (x) is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20% and no more than 49.9% of the Capital Stock of such Restricted Subsidiary or (y) is proposing to purchase no less than 50.1% of the Capital Stock of an Independent Third Party and designate such entity as a Restricted Subsidiary, the Company may, concurrently with the consummation of such sale or purchase, cause the provision of a JV Subsidiary Guarantee instead of a Subsidiary Guarantee for (a) such Restricted Subsidiary and (b) the Restricted Subsidiaries of such Restricted Subsidiary that are organized in any jurisdiction other than the PRC, if the following conditions, in the case of both (a) and (b), are satisfied:

- as of the date of execution of the JV Subsidiary Guarantee, no document exists that is binding on the Company or any of the Restricted Subsidiaries that would have the effect of (a) prohibiting the Company or any of the Restricted Subsidiaries from providing such JV Subsidiary Guarantee or (b) requiring the Company or any of the Restricted Subsidiaries to deliver or keep in place a guarantee on terms that are more favorable to the recipients of such guarantee than the JV Subsidiary Guarantee;

- such sale or issuance of Capital Stock is made to, or such purchase of Capital Stock is purchased from, an Independent Third Party at a consideration that is not less than the appraised value of such Capital Stock by an independent appraisal firm of recognized international standing appointed by the Company;

- as of the date of execution of the JV Subsidiary Guarantee, after giving effect to the issuance or sale of Capital Stock in such JV Subsidiary Guarantor, the Non-Guaranteed Portion with respect to all of the JV Subsidiary Guarantors then existing and their respective Restricted Subsidiaries does not exceed 10.0% of Total Assets;

- all capital contributions (by way of transfer of cash or other property or any payment for property or services for the use of others or otherwise) to be made into a JV Subsidiary Guarantor from the date of the sale of existing Capital Stock or issuance of new Capital Stock as referred to above, shall be made directly or by contribution of assets or services having an equivalent Fair Market Value by (i) the Company and its Restricted Subsidiaries and (ii) such Independent Third Party that purchased or subscribed for Capital Stock in the JV Subsidiary Guarantor in proportion to their respective direct or indirect ownership percentages of the Capital Stock of such JV Subsidiary Guarantor;

- concurrently with providing the JV Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:

  (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor (the "JV Subsidiary Guarantee") and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC, and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor will guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;

  (ii) a duly executed Security Document that pledges in favor of the Trustee the Capital Stock of such JV Subsidiary Guarantor held by the Company or any Subsidiary Guarantor, but not the Capital Stock of the direct or indirect Subsidiaries of such JV Subsidiary Guarantor;

  (iii) an Officers' Certificate certifying a copy of the Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and

  (iv) a legal opinion by a law firm of recognized international standing addressed to the Trustee confirming that under New York law such JV Subsidiary Guarantees are valid, binding and enforceable against the JV Subsidiary Guarantors providing such JV Subsidiary Guarantees (subject to customary qualifications and assumptions).

As of March 31, 2012, the total outstanding balance of the 2011 Notes and consolidated interest-bearing bank and other borrowings of the Company and its subsidiaries amounted to HK$6,618.4 million, of which HK$2,958.7 million was secured.

The Subsidiary Guarantee of each Subsidiary Guarantor:

- is a general obligation of such Subsidiary Guarantor;
- is effectively subordinated to secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee; and
- ranks at least *pari passu* with all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law).

If any is provided, the JV Subsidiary Guarantee of each JV Subsidiary Guarantor:

- will be a general obligation of such JV Subsidiary Guarantor;
- will be enforceable only up to the JV Entitlement Amount;
- will be effectively subordinated to secured obligations of such JV Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;

- will be limited to the JV Entitlement Amount, and will be senior in right of payment to all future obligations of such JV Subsidiary Guarantor expressly subordinated in right of payment to such JV Subsidiary Guarantee; and

- will be limited to the JV Entitlement Amount, and will rank at least *pari passu* with all other unsecured, unsubordinated Indebtedness of such JV Subsidiary Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law).

In addition, subject to the limitations described in "Risk Factors — Risks Relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral," the Subsidiary Guarantee of each Subsidiary Guarantor Pledgor:

- will be entitled to a first ranking security interest in the Collateral (subject to any Permitted Liens and the Intercreditor Agreement) pledged by such Subsidiary Guarantor Pledgor, as described below under "— Security"; and

- will rank effectively senior in right of payment to the unsecured obligations of such Subsidiary Guarantor Pledgor with respect to the value of the Collateral securing such Subsidiary Guarantee (subject to any priority rights of such unsecured obligations pursuant to applicable law).

The JV Subsidiary Guarantee of each JV Subsidiary Guarantor will not be secured.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) will jointly and severally guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes; *provided* that any JV Subsidiary Guarantee will be limited to the JV Entitlement Amount. The Subsidiary Guarantors and JV Subsidiary Guarantors will (1) agree that their respective obligations under the Subsidiary Guarantees and JV Subsidiary Guarantees, as the case may be, will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their respective rights to require the Trustee to pursue or exhaust its legal or equitable remedies against the Company prior to exercising its rights under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be repaid, the rights of the Holders under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be reinstated with respect to such payment as though such payment had not been made. All payments under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, are required to be made in U.S. dollars.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable,

- each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally; and

- each JV Subsidiary Guarantee will be limited to an amount which is the lower of (i) the JV Entitlement Amount and (ii) an amount not to exceed the maximum amount that can be guaranteed by the applicable JV Subsidiary Guarantor without rendering the JV Subsidiary Guarantee, as it relates to such JV Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

No assurance can be given that the preceding provision limiting the maximum amount of each Subsidiary Guarantee or JV Subsidiary Guarantee will be given effect. If a Subsidiary Guarantee or JV Subsidiary Guarantee were to be rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, and, depending on the amount of such indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guarantee or a JV Subsidiary Guarantor's liability on its JV Subsidiary Guarantee, as the case may be, could in each case be reduced to zero.

The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee and the enforceability of the Collateral granted in respect of the Subsidiary Guarantees of the Subsidiary Guarantor Pledgors may be limited, or possibly invalid, under applicable laws. Similarly, the obligations of each JV Subsidiary Guarantor under its JV Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. See "Risk Factors — Risks Relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral — The Subsidiary Guarantees or JV Subsidiary Guarantees (if any) may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees or JV Subsidiary Guarantees."

Release of the Subsidiary Guarantees and JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor and a JV Subsidiary Guarantee given by a JV Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- upon a defeasance as described under "— Defeasance — Defeasance and Discharge";
- upon the designation by the Company of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, as an Unrestricted Subsidiary in compliance with the terms of the Indenture;
- upon the sale of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, in compliance with the terms of the Indenture (including the covenants described under "— Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries," "— Certain Covenants — Limitation on Asset Sales" and "— Consolidation, Merger and Sale of Assets") resulting in such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, no longer being a Restricted Subsidiary, so long as (1) such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is simultaneously released from its obligations in respect of any of the Company's other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (2) the proceeds from such sale or disposition are used for the purposes permitted or required by the Indenture; or
- in the case of a Subsidiary Guarantee, upon the replacement of a Subsidiary Guarantee with a JV Subsidiary Guarantee.

No release of a Subsidiary Guarantor from its Subsidiary Guarantee or a JV Subsidiary Guarantor from its JV Subsidiary Guarantee shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officer's Certificate stating that all requirements relating to such release have been complied with and such release is authorized and permitted by the terms of the Indenture.

Replacement of Subsidiary Guarantees with JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released following the sale or issuance by the Company or any of its Restricted Subsidiaries of Capital Stock in (a) such Subsidiary Guarantor or (b) any other Subsidiary Guarantor that, directly or indirectly, owns a majority of the Capital Stock of such Subsidiary Guarantor, in each case where such sale or issuance, whether through the sale of existing shares or the issuance of new shares, is for no less than 20% and no more than 49.9% of the issued Capital Stock of the relevant Subsidiary Guarantor, provided that the following conditions are satisfied or complied with:

- as of the date of such proposed release, no document exists that is binding on the Company or any of the Restricted Subsidiaries that would have the effect of (a) prohibiting the Company or any of the Restricted Subsidiaries from releasing such Subsidiary Guarantee, (b) prohibiting the Company or any of the Restricted Subsidiaries from providing such JV

Subsidiary Guarantee, or (c) requiring the Company or any of the Restricted Subsidiaries to deliver or keep in force a replacement guarantee on terms that are more favorable to the recipients of such guarantee than the JV Subsidiary Guarantee;

- such sale is made to an Independent Third Party at a consideration that is not less than the appraised value of such Capital Stock by an independent appraisal firm of recognized international standing appointed by the Company;

- as of the date of execution of the JV Subsidiary Guarantee, after giving effect to the issuance or sale of Capital Stock in such JV Subsidiary Guarantor, the Non-Guaranteed Portion with respect to all of the JV Subsidiary Guarantors then existing and their respective Restricted Subsidiaries does not exceed 10.0% of Total Assets;

- all capital contributions (by way of transfer of cash or other property or any payment for property or services for the use of others or otherwise) to be made into a JV Subsidiary Guarantor from the date of the sale of existing Capital Stock or issuance of new Capital Stock as referred to above, shall be made directly or by contribution of assets or services having an equivalent Fair Market Value by (i) the Company and its Restricted Subsidiaries and (ii) such Independent Third Party that purchased or subscribed for Capital Stock in the JV Subsidiary Guarantor in proportion to their respective direct or indirect ownership percentages of the Capital Stock of such JV Subsidiary Guarantor;

- concurrently with the release of such Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:

  (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor will guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;

  (ii) a duly executed Security Document that pledges in favor of the Trustee the Capital Stock of such JV Subsidiary Guarantor held by the Company or any Subsidiary Guarantor, but not the Capital Stock of the direct or indirect Subsidiaries of such JV Subsidiary Guarantor;

  (iii) an Officers' Certificate certifying a copy of a Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and

  (iv) a legal opinion by a law firm of recognized international standing addressed to the Trustee confirming that under New York law such JV Subsidiary Guarantee is valid, binding and enforceable against the JV Subsidiary Guarantor providing such JV Subsidiary Guarantee (subject to customary qualifications and assumptions).

Notwithstanding the foregoing paragraph, any such sale or issuance of the Capital Stock of the relevant Subsidiary Guarantor (including where such sale results in the relevant Subsidiary Guarantor ceasing to be a Restricted Subsidiary) will need to comply with the other covenants set forth in the Indenture, including, without limitation, the "Limitation on Asset Sales" and "Limitation on Restricted Payments" covenants.

Any Net Cash Proceeds from the sale of such Capital Stock shall be applied by the Company (or any Restricted Subsidiary) in accordance with the "Limitation on Asset Sales" covenant.

As of the date of the Indenture, all of the Company's Subsidiaries will be "Restricted Subsidiaries." However, under the circumstances described below under "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries," the Company will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries." The Company's Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture. The Company's Unrestricted Subsidiaries will not Guarantee the Notes.

Security

The Company has agreed, for the benefit of the Holders, to pledge, or cause the initial Subsidiary Guarantor Pledgors to pledge, as the case may be, the Capital Stock of all of the initial Subsidiary Guarantors owned by the Company or the Subsidiary Guarantor Pledgors (the "Collateral") on a first priority basis (subject to Permitted Liens and *pari passu* sharing described below) on the Original Issue Date in order to secure the obligations of the Company under the Notes and the Indenture and of such initial Subsidiary Guarantor Pledgor under its Subsidiary Guarantee. The Company and the initial Subsidiary Guarantor Pledgors have agreed to take all requisite steps under applicable laws and undertake customary procedures in connection with the granting and perfection of the first priority Liens on the Collateral and to promptly deliver to the Trustee an Opinion of Counsel and Officers' Certificate relating to each such pledge in form and substance as set forth in the Indenture.

The initial Subsidiary Guarantor Pledgors are ASEAN City (BVI) Limited, China Central City (BVI) Limited, and Grow Rich Holdings Limited.

None of the Capital Stock of the Non-Guarantor Subsidiaries will be pledged on the Original Issue Date or at any time in the future. In addition, none of the Capital Stock of any future Restricted Subsidiary that may be organized under the laws of the PRC will be pledged at any time in the future. If any JV Subsidiary Guarantor is established, the Capital Stock of such JV Subsidiary Guarantor owned by the Company or any Subsidiary Guarantor will be pledged to secure the obligations of the Company under the Notes and the Indenture, and of such Subsidiary Guarantor under its Subsidiary Guarantee, as the case may be, in the manner described above. However, none of the JV Subsidiary Guarantors will provide a Security Document pledging the Capital Stock of its direct or indirect Subsidiaries as security in favor of the Trustee.

The Company has also agreed, for the benefit of the Holders, to pledge, or cause each Subsidiary Guarantor (other than a JV Subsidiary Guarantor, if any) to pledge, the Capital Stock owned by the Company or such Subsidiary Guarantor of any Person that becomes a Restricted Subsidiary (other than Persons organized under the laws of the PRC) after the Original Issue Date, promptly upon such Person becoming a Restricted Subsidiary, to secure the obligations of the Company under the Notes and the Indenture, and of such Subsidiary Guarantor under its Subsidiary Guarantee, in the manner described above.

Each Subsidiary Guarantor that pledges capital stock of a Restricted Subsidiary after the Original Issue Date is referred to as a "Future Subsidiary Guarantor Pledgor" and, upon giving such pledge, will be a "Subsidiary Guarantor Pledgor."

The Collateral will be shared on a *pari passu* basis pursuant to the Intercreditor Agreement (as defined below) by the holders of the Notes and the holders of other secured indebtedness, including the holders of the 2011 Notes. Accordingly, in the event of a default on the Notes, the 2011 Notes or the other secured indebtedness and a foreclosure on the Collateral, any foreclosure proceeds would be shared by the holders of secured indebtedness in proportion to the outstanding amounts of each class of secured indebtedness.

The proceeds realizable from the Collateral securing the Notes and the Subsidiary Guarantees of the Subsidiary Guarantor Pledgors (as reduced by the obligations owed to other secured creditors under the Intercreditor Agreement) is unlikely to be sufficient to satisfy the Company's and each of the Subsidiary Guarantor Pledgors' obligations under the Notes and the Subsidiary Guarantees of the

Subsidiary Guarantor Pledgors (as reduced by the obligations owed to other secured creditors under the Intercreditor Agreement), and the Collateral securing the Notes and such Subsidiary Guarantee (as reduced by the obligations owed to other secured creditors under the Intercreditor Agreement) may be reduced or diluted under certain circumstances, including the issuance of Additional Notes and other Permitted Pari Passu Secured Indebtedness and the disposition of assets comprising the Collateral, subject to the terms of the Indenture. See "— Release of Security" and "Risk Factors — Risks Relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral — The value of the Collateral is unlikely to be sufficient to satisfy our obligations under the Notes, the 2011 Notes and other *pari passu* secured indebtedness."

No appraisals of the Collateral have been prepared in connection with this offering of the Notes. There can be no assurance that the proceeds of any sale of the Collateral, in whole or in part, pursuant to the Indenture and the Security Documents following an Event of Default, would be sufficient to satisfy amounts due on the Notes or the Subsidiary Guarantees of the Subsidiary Guarantor Pledgors (as reduced by the obligations owed to other secured creditors under the Intercreditor Agreement). By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral would be sold in a timely manner or at all.

So long as no Payment Default has occurred and is continuing, and subject to the terms of the Security Documents and the Indenture, the Company and the Subsidiary Guarantor Pledgors, as the case may be, will be entitled to exercise any and all voting rights and to receive, retain and use any and all cash dividends, stock dividends, liquidating dividends, non-cash dividends, shares or stock resulting from stock splits or reclassifications, rights issues, warrants, options and other distributions (whether similar or dissimilar to the foregoing) in respect of Capital Stock constituting Collateral.

Permitted Pari Passu Secured Indebtedness

On or after the Original Issue Date, the Company and each Subsidiary Guarantor Pledgor may create Liens on the Collateral *pari passu* with the Lien for the benefit of the Holders to secure Indebtedness of the Company (including Additional Notes) and any Pari Passu Subsidiary Guarantee of a Subsidiary Guarantor Pledgor with respect to such Indebtedness (such Indebtedness of the Company and any such Pari Passu Subsidiary Guarantee, "Permitted Pari Passu Secured Indebtedness"); *provided* that (1) the Company or such Subsidiary Guarantor Pledgor was permitted to Incur such Indebtedness under the covenant described under "— Limitation on Indebtedness and Preferred Stock," (2) the holders of such Indebtedness (other than Additional Notes) (or their representative) become party to the Intercreditor Agreement referred to below; (3) the agreement in respect of such Indebtedness contains provisions with respect to releases of Collateral and such Pari Passu Subsidiary Guarantee is substantially similar to and no more restrictive on the Company and such Subsidiary Guarantor Pledgor than the provisions of the Indenture and the Security Documents; and (4) the Company and such Subsidiary Guarantor Pledgor deliver to the Trustee an Opinion of Counsel and Officers' Certificate with respect to corporate and collateral matters in connection with the Security Documents, in form and substance as set forth in the Security Documents. The Trustee will be permitted and authorized, without the consent of any Holder, to enter into any amendment to the Security Documents or the Indenture and take any other action necessary to permit the creation and registration of Liens on the Collateral to secure Permitted Pari Passu Secured Indebtedness in accordance with this paragraph (including, without limitation, the appointment of any collateral agent under the Intercreditor Agreement referred to below to hold the Collateral on behalf of the Holders and the holders of Permitted Pari Passu Secured Indebtedness).

Except for certain Permitted Liens and the Permitted Pari Passu Secured Indebtedness, the Company and its Restricted Subsidiaries will not be permitted to issue or Incur any other Indebtedness secured by all or any portion of the Collateral without the consent of each Holder of the Notes then outstanding.

Intercreditor Agreement

The Company, the initial Subsidiary Guarantor Pledgors, The Hongkong and Shanghai Banking Corporation Limited (the "Shared Security Agent"), the Trustee and the 2011 Notes Trustee will enter into an intercreditor agreement to be dated on or about October 17, 2012 (the "Intercreditor Agreement"), pursuant to which they will agree to (1) share the Collateral on a equal and ratable basis (the parties thereto shall share equal priority and *pro rata* entitlement in and to the Collateral); (2) the conditions that are applicable to the release of or granting of any Lien on such Collateral; and (3) the conditions under which their rights with respect to such Collateral and the Indebtedness secured thereby will be enforced.

Prior to the first Incurrence of any Permitted Pari Passu Secured Indebtedness (other than Additional Notes), the holders of such Permitted Pari Passu Secured Indebtedness (or their representative) will accede to the Intercreditor Agreement to include the holders of such Permitted Pari Passu Secured Indebtedness as parties to the Intercreditor Agreement.

By accepting the Notes, each Holder shall be deemed to have consented to the execution of the Intercreditor Agreement, any amendments or modifications thereto, and any future intercreditor agreement required under the Indenture.

Enforcement of Security

The first priority Liens securing the Notes and the Subsidiary Guarantees of the Subsidiary Guarantor Pledgors, will be granted to the Shared Security Agent, subject to Permitted Liens. Subject to the Intercreditor Agreement, the Shared Security Agent will hold such Liens and security interests in the Collateral granted pursuant to the Security Documents with sole authority as directed by the written instruction of the Holders to exercise remedies under the Security Documents. The Shared Security Agent has agreed to act on behalf of the Trustee (for the benefit of the Holders) and the other secured parties under the applicable Security Documents, to follow the instructions provided to it under the Indenture, the Intercreditor Agreement and the Security Documents and to carry out certain other duties.

The Indenture, the Intercreditor Agreement and/or the Security Documents principally provide that, at any time while the Notes are outstanding, the Shared Security Agent has the right to manage, perform and enforce the terms of the Security Documents relating to the Collateral and to exercise and enforce all privileges, rights and remedies thereunder according to its direction, including to take or retake control or possession of such Collateral and to hold, prepare for sale, process, lease, dispose of or liquidate such Collateral, including, without limitation, following the occurrence of an Event of Default under the Indenture. However, although the Trustee may, subject to the terms of the Intercreditor Agreement, instruct the Shared Security Agent to foreclose the Collateral upon the occurrence of an Event of Default that is continuing, such instruction may be overruled by a contrary instruction to the Shared Security Agent from holders of more than 50% of all such indebtedness that is subject to the Intercreditor Agreement. See "Risk Factors — The value of the Collateral is unlikely to be sufficient to satisfy our obligations under the Notes, the 2011 Notes and other *pari passu* secured indebtedness."

All payments received and all amounts held by the Shared Security Agent in respect of the Collateral under the Security Documents will be applied as follows:

first, to the Shared Security Agent for any indemnified liabilities, unpaid fees, costs and expenses incurred under the Intercreditor Agreement or the Security Documents;

second, *pro rata* to each of the Trustee, the 2011 Notes Trustee and any agent or representative of any series of Permitted Pari Passu Secured Indebtedness for any indemnified liabilities, unpaid fees, costs and expenses under the applicable secured party document;

third, *pro rata* to each of the Trustee for the benefit of Holders, the 2011 Notes Trustee for the benefit of the holders of the 2011 Notes, and, to the extent applicable, to holders of Permitted Pari Passu Secured Indebtedness (or their representative), inclusive of any fees and expenses of each secured party (to the extent not paid pursuant to the second item above), and the principal, interest and premium thereon and for the benefit of the holders of each thereof in accordance with the terms of the relevant secured party document; and

fourth, any surplus remaining after such payments will be paid to the Company or the Subsidiary Guarantor Pledgors or to whomever may be lawfully entitled thereto.

The Shared Security Agent may decline to foreclose on the Collateral or exercise remedies available if it does not receive indemnification to its satisfaction. In addition, the Shared Security Agent's ability to foreclose on the Collateral may be subject to lack of perfection, the consent of third parties, prior Liens and practical problems associated with the realization of the Shared Security Agent's Liens on the Collateral. Neither the Trustee, the 2011 Notes Trustee, the Shared Security Agent, nor any of their respective officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any Collateral securing the Notes, for the legality, enforceability, effectiveness or sufficiency of the Security Documents, for the creation, perfection, continuation, priority, sufficiency or protection of any of the Liens, for any defect or deficiency as to any such matters, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any of the Liens or Security Documents or any delay in doing so.

The Security Documents provide that the Company and the Subsidiary Guarantor Pledgors will indemnify the Shared Security Agent, the Trustee and the 2011 Notes Trustee for all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind imposed against the Shared Security Agent, the Trustee and/or the 2011 Notes Trustee arising out of the Security Documents except to the extent that a court of competent jurisdiction in a final, non-appealable judgment determines that any of the foregoing arises directly from the gross negligence, fraud or willful misconduct of the Shared Security Agent, the Trustee and/or the 2011 Notes Trustee.

This section, "— Enforcement of Security," shall be subject to any amendments to the Security Documents or the Indenture to permit the creation of Liens on the Collateral to secure Permitted Pari Passu Secured Indebtedness in accordance with "— Permitted Pari Passu Secured Indebtedness" above.

Release of Security

The security created in respect of the Collateral granted under the Security Documents may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- upon a defeasance and discharge of the Notes as provided below under "— Defeasance — Defeasance and Discharge";
- upon certain dispositions of the Collateral in compliance with the covenants described under "— Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries" or "— Limitation on Asset Sales," or in accordance with the provision described under "— Consolidation, Merger and Sale of Assets";
- with respect to security granted by a Subsidiary Guarantor Pledgor, upon the release of the Subsidiary Guarantee of such Subsidiary Guarantor Pledgor in accordance with the terms of the Indenture; and
- in connection with and upon execution of a JV Subsidiary Guarantee to replace a Subsidiary Guarantee, with respect to all pledges of Capital Stock granted by such JV Subsidiary Guarantor (or its Subsidiaries) in its direct and indirect Subsidiaries, and in accordance with the terms of the Indenture.

No release of Collateral shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officer's Certificate stating that all requirements relating to such release have been complied with and that such release has been authorized by, permitted by and made in accordance with the provisions of the Indenture.

Further Issues

Subject to the covenants described below and in accordance with the terms of the Indenture, the Company may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Subsidiary Guarantees and JV Subsidiary Guarantees) in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a "Further Issue") so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that the issuance of any such Additional Notes shall then be permitted under the first paragraph of the "Limitation on Indebtedness and Preferred Stock" covenant described below. The Hongkong and Shanghai Banking Corporation Limited may serve as Trustee with respect to any Additional Notes.

Optional Redemption

At any time and from time to time on or after October 17, 2015, the Company may at its option redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve-month period beginning on October 17 of each of the years indicated below.

Period	Redemption Price
2015	106.750%
2016	103.375%

At any time prior to October 17, 2015, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to October 17, 2015, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in an Equity Offering at a redemption price of 113.50% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

Selection and Notice

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption. If less than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption as follows:

(1) if the Notes are listed on any recognized securities exchange, in compliance with the requirements of the principal securities exchange on which the Notes are listed; or

(2) if the Notes are not listed on any recognized securities exchange, on a pro rata basis, by lot or by such method as the Trustee deems fair and appropriate.

A Note of US$200,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. A new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

Repurchase of Notes Upon a Change of Control Triggering Event

Not later than 30 days following a Change of Control Triggering Event, the Company will make an Offer to Purchase all outstanding Notes (a "Change of Control Offer") at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.

The Company has agreed in the Indenture that it will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Company, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the Company's failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control Triggering Event under the Notes will also constitute an event of default under certain debt instruments of the Company and its Subsidiaries. Future debt of the Company may also (1) prohibit the Company from purchasing Notes in the event of a Change of Control Triggering Event; (2) provide that a Change of Control Triggering Event is a default; or (3) require repurchase of such debt upon a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Company to purchase the Notes could cause a default under other indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of the purchase on the Company. The Company's ability to pay cash to the Holders following the occurrence of a Change of Control Triggering Event may be limited by the Company's, the Subsidiary Guarantors' and the JV Subsidiary Guarantors' then-existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "Risk Factors — Risks Relating to the Notes — We may not be able to repurchase the Notes upon a Change of Control Triggering Event."

The phrase "all or substantially all," as used with respect to the assets of the Company in the definition of "Change of Control," will likely be interpreted under applicable law of the relevant jurisdictions and will be dependent upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of "all or substantially all" the assets of the Company has occurred.

Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the Holders to require that the Company purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

No Mandatory Redemption or Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Additional Amounts

All payments of principal of, and premium (if any) and interest on the Notes or under the Subsidiary Guarantees and JV Subsidiary Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, a Surviving Person (as defined under "— Consolidation, Merger and Sale of Assets") or an applicable Subsidiary Guarantor or JV Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein), including, without limitation, the PRC (each, as applicable, a "Relevant Taxing Jurisdiction"), or any jurisdiction through which payments are made (together with each Relevant Taxing Jurisdiction, a "Relevant Jurisdiction"), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company, a Surviving Person or the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, will pay such additional amounts ("Additional Amounts") as will result in receipt by the Holder of each Note, the Subsidiary Guarantees or the JV Subsidiary Guarantees, as the case may be, of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

(1) for or on account of:

(a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

(i) the existence of any present or former connection between the Holder or beneficial owner of such Note, Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, and the Relevant Taxing Jurisdiction (other than merely acquiring or holding such Note or the receipt of payments or enforcement of rights thereunder or under a Subsidiary Guarantee or JV Subsidiary Guarantee), including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

(ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on the last day of such 30-day period;

(iii) the failure of the Holder or beneficial owner to comply with a timely request of the Company, a Surviving Person, any Subsidiary Guarantor or any JV Subsidiary Guarantor addressed to the Holder or beneficial owner, as the case may be, to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request is required under the tax laws of such jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder, and such request is made to a Holder or a beneficial owner at least 60 days before it will be required to comply with such request; or

(iv) the presentation of such Note (in cases in which presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;

(b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;

(c) any tax, assessment or other governmental charge that is payable otherwise than by withholding or deduction from payments of principal, premium (if any) and interest on the Notes or from payments under the Subsidiary Guarantees or JV Subsidiary Guarantees (if any);

(d) any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal, premium (if any) or interest on the Notes if such tax, assessment or other governmental charge results from the presentation of such Note for payment (in cases in which presentation is required) and the payment can be made without such withholding or deduction by the presentation of such Note for payment to another available paying agent of the Company;

(e) any withholding or deduction that is imposed or levied on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directives; or

(f) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (a), (b), (c), (d) and (e); or

(2) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

As a result of these provisions, there are circumstances in which taxes could be withheld or deducted but Additional Amounts would not be payable to some or all beneficial owners of Notes.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under any Subsidiary Guarantee or JV Subsidiary Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders and upon reasonable notice in advance of such notice to Holders to the Trustee and the Paying and Transfer Agent (which notice shall be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company or the Surviving Person, as the case may be, for redemption if, as a result of:

(1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction affecting taxation; or

(2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment is proposed and becomes effective (i) with respect to the Company or any initial Subsidiary Guarantor, on or after the Original Issue Date, or (ii) with respect to any Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, on or after the date such Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person becomes a Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, with respect to any payment due or to become due under the Notes or the Indenture, the Company, a Surviving Person or a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay

Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Company, a Surviving Person, a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be; *provided* that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before a redemption date:

(1) an Officers' Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Company, a Surviving Person or a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, taking reasonable measures available to it; and

(2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Taxing Jurisdiction, addressed to the Trustee stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

The Trustee shall be entitled to rely on such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above and will not be responsible for any loss occasioned by acting in reliance on such certificate and opinion.

Any Notes that are redeemed will be cancelled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness and Preferred Stock

(1) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), and the Company will not permit any Restricted Subsidiary to issue Preferred Stock, *provided that* the Company may Incur Indebtedness and any Restricted Subsidiary may Incur Permitted Subsidiary Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) the Fixed Charge Coverage Ratio would be not less than 3.0 to 1.0. Notwithstanding the foregoing, the Company will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock held by the Company or a Subsidiary Guarantor, so long as it is so held).

(2) Notwithstanding the foregoing, the Company and, to the extent provided below, any Restricted Subsidiary may Incur each and all of the following ("Permitted Indebtedness"):

(a) Indebtedness under the Notes (excluding any Additional Notes and any Permitted Pari Passu Secured Indebtedness of the Company) and each Subsidiary Guarantee and JV Subsidiary Guarantee;

(b) any Pari Passu Subsidiary Guarantees by any Subsidiary Guarantor or any JV Subsidiary Guarantor;

(c) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date excluding Indebtedness permitted under clause (d); *provided* that such Indebtedness of Restricted Subsidiaries shall be included in the calculation of Permitted Subsidiary Indebtedness;

(d) Indebtedness of the Company or any Restricted Subsidiary owed to the Company or any Restricted Subsidiary; *provided* that (i) any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (d) and (ii) if the Company is the obligor on such Indebtedness, such Indebtedness must be unsecured and expressly be subordinated in right of payment to the Notes, and if a Subsidiary Guarantor or a JV Subsidiary Guarantor is the obligor on such Indebtedness and the Company is not the obligee, such Indebtedness must be unsecured and expressly be subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be;

(e) Indebtedness ("Permitted Refinancing Indebtedness") issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, defease, discharge or extend (collectively, "refinance" and "refinances" and "refinanced" shall have a correlative meaning), then outstanding Indebtedness Incurred under the immediately preceding paragraph (1) or clauses (a), (b), (c), (h), (o) or (p) of this paragraph (2) and any refinancings thereof in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses); *provided* that (i) Indebtedness the proceeds of which are used to refinance or refund the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee shall only be permitted under this clause (e) if (A) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, or (B) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, (ii) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced or refunded, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced or refunded, (iii) in no event may Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor or a JV Subsidiary Guarantor, and (iv) in no event may Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any JV Subsidiary Guarantor;

(f) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to Hedging Obligations entered into in the ordinary course of business and designed solely to protect the Company or any of its Restricted Subsidiaries from fluctuations in interest rates, currencies or the price of commodities and not for speculation;

(g) Pre-Registration Mortgage Guarantees or Purchase Guarantees Incurred by the Company or any Restricted Subsidiary;

(h) Indebtedness Incurred by the Company or any Restricted Subsidiary for the purpose of financing (x) all or any part of the purchase price of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or a Restricted Subsidiary in a Permitted Business, including any such purchase through the acquisition of Capital Stock of any Person that owns such real or personal property or equipment which will, upon acquisition, become a Restricted Subsidiary, or (y) all or any part of the purchase price or the cost of development, construction or improvement of real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or such Restricted Subsidiary in a Permitted Business; *provided* that in the case of clauses (x) and (y), (A) the aggregate principal amount of such Indebtedness shall not exceed such purchase price or cost, (B) such Indebtedness shall be Incurred no later than 180 days after the acquisition of such property or completion of such development, construction or improvement and (C) on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (a) the aggregate principal amount outstanding of all such Indebtedness permitted by this clause (h) (together with refinancings thereof, but excluding any Contractor Guarantee Incurred under this clause (h) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) and (b) the aggregate principal amount outstanding of Indebtedness that was permitted to be Incurred under clauses (n)(y) and (o) (together with any refinancing thereof) below, does not exceed an amount equal to 20% of Total Assets;

(i) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case other than for an obligation for borrowed money);

(j) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit or trade guarantees issued in the ordinary course of business to the extent that such letters of credit or trade guarantees are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the 30 days following receipt by the Company or such Restricted Subsidiary of a demand for reimbursement;

(k) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from Guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Restricted Subsidiary, other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition; *provided* that the maximum aggregate liability in respect of all such Indebtedness in the nature of such Guarantee shall at no time exceed the gross proceeds actually received from the sale of such business, assets or Restricted Subsidiary;

(l) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business *provided*, *however*, that such Indebtedness is extinguished within five Business Days of Incurrence;

(m) (i) Guarantees by the Company or any Subsidiary Guarantor of Indebtedness of the Company or any Restricted Subsidiary that was permitted to be Incurred by another provision of this covenant, (ii) Guarantees by any Restricted Subsidiary of Indebtedness of another Restricted Subsidiary that was permitted to be Incurred under clauses (f) or (h) above or clauses (n) or (o) below or (iii) Guarantees by any JV Subsidiary Guarantor of Indebtedness of any other JV Subsidiary Guarantor that is a direct or indirect Subsidiary or parent of such JV Subsidiary Guarantor, which Indebtedness was permitted to be Incurred by another provision of this covenant;

(n) Indebtedness of the Company or any Restricted Subsidiary with a maturity of one year or less used by the Company or any Restricted Subsidiary for working capital; *provided* that the aggregate principal amount of Indebtedness permitted by this clause (n) at any time outstanding does not exceed the sum of (x) US$20.0 million (or the Dollar Equivalent Thereof) and (y) 20% of Total Assets; *provided further* that on the date of Incurrence of such Indebtedness permitted by this clause (n)(y) and after giving effect thereto, the sum of (a) the aggregate principal amount outstanding of Indebtedness permitted by this clause (n)(y) and (b) the aggregate principal amount outstanding of Indebtedness permitted by clause (h) above (together with any refinancing thereof, but excluding any Contractor Guarantee Incurred under clause (h) to the extent the amount of such Contractor Guarantee is not otherwise reflected in such aggregate principal amount) and clause (o) below (together with any refinancing thereof), does not exceed an amount equal to 20% of Total Assets;

(o) Cross Border Secured Indebtedness Incurred by the Company or any of its Restricted Subsidiaries, *provided that* on the date of Incurrence of such Indebtedness and after giving effect thereto, the sum of (a) the aggregate principal amount outstanding of such Indebtedness permitted by this clause (o) (together with any refinancing thereof) and (b) the aggregate principal amount outstanding of Indebtedness that was permitted to be Incurred under clauses (h) (together with any refinancing thereof, but excluding any Contractor Guarantee Incurred under clause (h) to the extent the amount of such Contractor Guarantee is not otherwise reflected in such aggregate principal amount) and (n)(y) above, does not exceed an amount equal to 20% of Total Assets; and

(p) Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed US$15.0 million (or the Dollar Equivalent thereof).

(3) For purposes of determining compliance with this "Limitation on Indebtedness and Preferred Stock" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in clause (1) above, the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness in one or more types of Indebtedness described above.

Limitation on Restricted Payments

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as "Restricted Payments"):

(1) declare or pay any dividend or make any distribution on or with respect to the Company's or any of its Restricted Subsidiaries' Capital Stock (other than dividends or distributions payable or paid in shares of the Company's or any of its Restricted Subsidiaries" Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Wholly Owned Restricted Subsidiary;

(2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company or any Restricted Subsidiary (including options, warrants or other rights to acquire such shares of Capital Stock) or any direct or indirect parent of the Company held by any Persons other than the Company or any Wholly Owned Restricted Subsidiary;

(3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes or any of the Subsidiary Guarantees or any of

the JV Subsidiary Guarantees (excluding any intercompany Indebtedness between or among the Company and any of its Wholly Owned Restricted Subsidiaries); or

(4) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

(a) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;

(b) the Company could not Incur at least US$1.00 of Indebtedness under the proviso in clause (1) of the covenant described under "— Limitation on Indebtedness and Preferred Stock"; or

(c) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Company and its Restricted Subsidiaries after the Measurement Date, shall exceed the sum of:

(i) 50% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on the first day of the fiscal quarter during which the 2011 Notes were first issued and ending on the last day of the Company's most recently ended fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements); plus

(ii) 100% of the aggregate Net Cash Proceeds received by the Company after the Measurement Date as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Company, including any such Net Cash Proceeds received upon (A) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Company into Capital Stock (other than Disqualified Stock) of the Company, or (B) the exercise by a Person who is not a Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock) in each case excluding the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Company; plus

(iii) the amount by which Indebtedness of the Company or any of its Restricted Subsidiaries is reduced on the Company's consolidated balance sheet upon the conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Measurement Date of any Indebtedness of the Company or any Restricted Subsidiary convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company upon such conversion or exchange); plus

(iv) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Measurement Date in any Person resulting from (A) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income) after the Measurement Date, (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Measurement Date of an obligation of another Person, (C) to the extent that an Investment made after the Measurement Date was, after such date, or is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, or (D) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments (other than Permitted Investments) made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person; plus

(v) US$25.0 million (or the Dollar Equivalent thereof).

The foregoing provision shall not be violated by reason of:

(1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;

(2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;

(3) the redemption, repurchase or other acquisition of Capital Stock of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution or a sale (other than to a Subsidiary of the Company) of, shares of the Capital Stock (other than Disqualified Stock) of the Company or any Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph, provided however that any item that has been excluded pursuant to clause (c)(ii) of the preceding paragraph will not be excluded again as a result of the proviso in this clause (3);

(4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph, provided however that any item that has been excluded pursuant to clause (c)(ii) of the preceding paragraph will not be excluded again as a result of the proviso in this clause (4);

(5) the payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary payable, on a pro rata basis or on a basis more favorable to the Company, to all holders of any class of Capital Stock of such Restricted Subsidiary, a majority of which is held, directly or indirectly through Restricted Subsidiaries, by the Company; or

(6) the declaration and payment of dividends by the Company in an aggregate amount not to exceed US$25.0 million (or the Dollar Equivalent thereof) with respect to the fiscal year ended March 31, 2011;

provided that, in the case of clause (2), (3), (4) or (6) of this paragraph, no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

Each Restricted Payment permitted pursuant to clause (1) and (6) of the preceding paragraph shall be included in calculating whether the conditions of clause (4)(c) of the first paragraph of this "Limitation on Restricted Payments" covenant have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the

Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be their Fair Market Value. The Board of Directors' determination of the Fair Market Value of a Restricted Payment or any such assets or securities must be based upon an opinion or appraisal issued by an appraisal or investment banking firm of recognized international standing if the Fair Market Value exceeds US$10.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment in excess of US$10.0 million (or the Dollar Equivalent thereof), the Company will deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this "— Limitation on Restricted Payments" covenant were computed, together with a copy of any opinion or appraisal required by the Indenture.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(1) Except as provided below, the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

(a) pay dividends or make any other distribution on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;

(b) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary;

(c) make loans or advances to the Company or any other Restricted Subsidiary; or

(d) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary.

(2) The provisions of paragraph (1) do not apply to any encumbrances or restrictions:

(a) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees, the Indenture, the Security Documents, or under any Permitted Pari Passu Secured Indebtedness of the Company or any Subsidiary Guarantor Pledgor or Pari Passu Subsidiary Guarantee of any Subsidiary Guarantor or any JV Subsidiary Guarantor, and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; provided that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(b) existing under or by reason of applicable law, rule, regulation or order;

(c) existing with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; provided that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(d) that otherwise would be prohibited by the provision described in clause (1)(d) of this covenant if they arise, or are agreed to, in the ordinary course of business and, that (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, or (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to, any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;

(e) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the "— Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries," "— Limitation on Indebtedness and Preferred Stock" and "— Limitation on Asset Sales" covenants; or

(f) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness of the type described under clause (2)(h) or permitted under clause (2)(n) or 2(p) of the "Limitation on Indebtedness and Preferred Stock" covenant if, as determined by the Board of Directors, the encumbrances or restrictions are (i) customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Company to make required payment on the Notes and, with respect to Indebtedness of the type described in clause 2(h) or permitted under clause 2(p), any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

(1) to the Company or a Wholly Owned Restricted Subsidiary;

(2) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Company or a Wholly Owned Restricted Subsidiary;

(3) for the sale of shares of all the Capital Stock of a Restricted Subsidiary if permitted under, and made in accordance with, the "— Limitation on Asset Sales" covenant; or

(4) the issuance or sale of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such issuance or sale); *provided* that the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with the "— Limitation on Asset Sales" covenant.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor or a JV Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness ("Guaranteed Indebtedness") of the Company or any other Restricted Subsidiary, unless (1) (a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee (in the case of a Subsidiary Guarantor) or JV Subsidiary Guarantee (in the case of a JV Subsidiary Guarantor) of payment of the Notes by such Restricted Subsidiary and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, until the Notes have been paid in full or (2) such Guarantee and such Guaranteed Indebtedness are permitted by clauses (2)(c), (2)(d), (2)(m)(ii) or (2)(o) (other than in the case of clause (2)(m)(ii) or (2)(o) a Guarantee by a PRC Restricted Subsidiary of the Indebtedness of a non-PRC Restricted Subsidiary) of the covenant described under "— Limitation on Indebtedness and Preferred Stock."

If the Guaranteed Indebtedness (1) ranks *pari passu* in right of payment with the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, or (2) is subordinated in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes, the Subsidiary Guarantee or the JV Subsidiary Guarantee.

The Company will not permit any JV Subsidiary Guarantor, directly or indirectly, to guarantee any Indebtedness of the Company or any other Restricted Subsidiary unless the aggregate claims of the creditor under such guarantee will be limited to the JV Entitlement Amount. If any JV Subsidiary Guarantor guarantees any Indebtedness of the Company or any other Restricted Subsidiary where the aggregate claims of the creditor under such guarantee exceeds the JV Entitlement Amount, such JV Subsidiary Guarantee shall be replaced with a Subsidiary Guarantee given by a Subsidiary Guarantor.

Limitation on Transactions with Shareholders and Affiliates

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 10.0% or more of any class of Capital Stock of the Company or (y) any Affiliate of the Company (each an "Affiliate Transaction"), unless:

(1) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Company; and

(2) the Company delivers to the Trustee:

  (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$5.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$10.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause 2(a) above, an opinion addressed to the Trustee as to the fairness to the Company or the relevant Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing.

The foregoing limitation does not limit, and shall not apply to:

(1) the payment of reasonable and customary regular fees to directors of the Company who are not employees of the Company;

(2) transactions between or among the Company and any of its Wholly Owned Restricted Subsidiaries or between or among Wholly Owned Restricted Subsidiaries;

(3) any Restricted Payment of the type described in clauses (1) or (2) of the first paragraph of the covenant described under "— Limitation on Restricted Payments" if permitted by that covenant;

(4) any sale of Capital Stock (other than Disqualified Stock) of the Company; and

(5) the payment of compensation to employees, officers and directors of the Company or any Restricted Subsidiary pursuant to an employee stock or share option scheme, so long as such scheme is in compliance with the listing rules of The Stock Exchange of Hong Kong Limited, which as of the Original Issue Date require a majority shareholder approval of any such scheme.

In addition, the requirements of clause (2) of the first paragraph of this covenant shall not apply to (i) Investments (other than Permitted Investments) not prohibited by the "Limitation on Restricted Payments" covenant, (ii) transactions pursuant to agreements in effect on the Original Issue Date and described in this offering memorandum, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date and (iii) any transaction between or among any of the Company or a Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary or between or among Restricted Subsidiaries that are not Wholly Owned Restricted Subsidiaries; *provided* that in the case of clause (iii) (a) such transaction is entered into in the ordinary course of business and (b) none of the minority shareholders or minority partners of or in such Restricted Subsidiary that is not a Wholly Owned Subsidiary Guarantor is a Person described in clauses (x) or (y) of the first paragraph of this covenant (other than by reason of such minority shareholder or minority partner being an officer or director of such Restricted Subsidiary).

Limitation on Liens

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur, assume or permit to exist any Lien on the Collateral (other than Permitted Liens).

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind (other than the Collateral), whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are equally and ratably secured by such Lien.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any of its Restricted Subsidiaries to, enter into any Sale and Leaseback Transaction; *provided* that the Company may enter into a Sale and Leaseback Transaction if:

(1) the Company could have (a) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the first paragraph of the covenant described above under "— Limitation on Indebtedness and Preferred Stock" and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described under "— Limitation on Liens," in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions;

(2) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and

(3) the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Company applies the proceeds of such transaction in compliance with, the covenant described under "— Limitation on Asset Sales."

Limitation on Asset Sales

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

(1) no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;

(2) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of;

(3) in the case of an Asset Sale that constitutes an Asset Disposition, the Company could Incur at least US$1.00 of Indebtedness under the proviso in clause (1) of the covenant described under "— Limitation on Indebtedness and Preferred Stock" after giving pro forma effect to such Asset Disposition; and

(4) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; *provided* that in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US$10.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion as to the fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of international standing. For purposes of this provision, each of the following will be deemed to be cash:

    (a) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Company or such Restricted Subsidiary from further liability; and

    (b) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion;

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Cash Proceeds to:

(1) permanently repay Senior Indebtedness of the Company or a Subsidiary Guarantor or any Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Company or a Restricted Subsidiary; or

(2) acquire properties and assets that replace the properties and assets that were the subject of such Asset Sale, or to acquire Replacement Assets.

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in clauses (1) and (2) in the immediately preceding paragraph will constitute "Excess Proceeds." Excess Proceeds of less than US$10.0 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds exceed US$10.0 million (or the Dollar Equivalent thereof), within 10 days thereof, the Company must make an Offer to Purchase Notes having a principal amount equal to:

(1) accumulated Excess Proceeds, multiplied by

(2) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and all *pari passu* Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale,

rounded down to the nearest US$1,000.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes (and any other *pari passu* Indebtedness) tendered in such Offer to Purchase exceeds the amount of Excess Proceeds, the Trustee will select the Notes (and such other *pari passu* Indebtedness) to be purchased on a pro rata basis. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Limitation on the Company's Business Activities

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; *provided*, *however*, that the Company or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than a Permitted Business as long as any Investment therein was not prohibited when made by the covenant described under "— Limitation on Restricted Payments."

Use of Proceeds

The Company will not, and will not permit any Restricted Subsidiary to, use the net proceeds from the sale of the Notes, in any amount, for any purpose other than (1) in the approximate amounts and for the purposes specified, including any adjustment in response to changes in acquisition or development plans as contemplated, under the caption "Use of Proceeds" in this offering memorandum and (2) pending the application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in Temporary Cash Investments.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) neither the Company nor any Restricted Subsidiary provides credit support for the Indebtedness of such Restricted Subsidiary; (3) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company; (4) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Company or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under the covenant described under "— Limitation on Indebtedness and Preferred Stock" or such Lien would violate the covenant described under "— Limitation on Liens"; (5) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated to be Unrestricted Subsidiaries in accordance with this paragraph; and (6) the Investment deemed to have been made thereby in such newly-designated Unrestricted Subsidiary and each other newly-designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under "— Limitation on Restricted Payments."

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under "— Limitation on Indebtedness and Preferred Stock"; (3) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be incurred by the covenant described under "— Limitation on Liens"; (4) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary); (5) if such Restricted Subsidiary is not organized under the laws of the PRC, such Restricted Subsidiary shall upon such designation execute and deliver to the Trustee a supplemental indenture to the Indenture by which such Restricted Subsidiary shall become a Subsidiary Guarantor or a JV Subsidiary Guarantor; and (6) if such Restricted Subsidiary is not organized under the laws of the PRC, all Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary shall be pledged as required under "— Security."

Government Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Businesses; (2) preserve and maintain good and valid title to its properties and assets (including land use rights) free and clear of any Liens other than Permitted Liens; and (3) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (a) the business, results of operations or prospects of the Company and its Restricted Subsidiaries, taken as a whole, or (b) the ability of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor to perform its obligations under the Notes, the relevant Subsidiary Guarantee, the relevant JV Subsidiary Guarantee or the Indenture.

Anti-Layering

The Company will not Incur, and will not permit any Subsidiary Guarantor or JV Subsidiary Guarantor to Incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Company, such Subsidiary Guarantor or such JV Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes, the applicable Subsidiary Guarantee or the applicable JV Subsidiary Guarantee, on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness.

Suspension of Certain Covenants

If, on any date following the date of the Indenture, the Notes have a rating of Investment Grade from both of the Rating Agencies and no Default has occurred and is continuing (a "Suspension Event"), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from either of the Rating Agencies, the provisions of the Indenture described under the following captions will be suspended:

(1) "— Certain Covenants — Limitation on Indebtedness and Preferred Stock";

(2) "— Certain Covenants — Limitation on Restricted Payments";

(3) "— Certain Covenants — Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";

(4) "— Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries";

(5) "— Certain Covenants — Limitation on Issuances of Guarantees by Restricted Subsidiaries";

(6) "— Certain Covenants — Limitation on the Company's Business Activities";

(7) "— Certain Covenants — Limitation on Sale and Leaseback Transactions"; and

(8) "— Certain Covenants — Limitation on Asset Sales."

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any of the Restricted Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant described under "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries" or the definition of "Unrestricted Subsidiary."

Such covenants will be reinstituted and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the continuance of the Suspension Event, and following reinstatement the calculations under the covenant described under "— Certain Covenants — Limitation on Restricted Payments" will be made as if such covenant had been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. There can be no assurance that the Notes will ever achieve a rating of Investment Grade or that any such rating will be maintained.

Provision of Financial Statements and Reports

(1) So long as any of the Notes remain outstanding, the Company will file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with The Stock Exchange of Hong Kong Limited or any other recognized exchange on which the Company's common shares are at any time listed for trading, true and correct copies of any financial or other report in the English language filed with such exchange; *provided* that if at any time the Common Stock of the Company ceases to be listed for trading on a recognized stock exchange, the Company will file with the Trustee and furnish to the Holders:

(a) as soon as they are available, but in any event within 90 calendar days after the end of the fiscal year of the Company, copies of its financial statements (on a consolidated basis) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) audited by a member firm of an internationally-recognized firm of independent accountants;

(b) as soon as they are available, but in any event within 45 calendar days after the end of the second financial quarter of the Company, copies of its financial statements (on a consolidated basis) in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) reviewed by a member firm of an internationally-recognized firm of independent accountants; and

(c) as soon as they are available, but in any event within 45 calendar days after the end of each of the first and third financial quarter of the Company, copies of its unaudited financial statements (on a consolidated basis), including a statement of income, balance sheet and cash flow statement, prepared on a basis consistent with the audited financial statements of the Company together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period.

(2) In addition, so long as any of the Notes remain outstanding, the Company will provide to the Trustee (a) within 120 days after the close of each fiscal year, an Officers' Certificate stating the Fixed Charge Coverage Ratio with respect to the two most recent fiscal semi-annual periods and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, with a certificate from the Company's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation; and (b) as soon as possible and in any event within 30 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default, an Officers' Certificate setting forth the details of the Default, and the action which the Company proposes to take with respect thereto.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

(1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

(2) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;

(3) default in the performance or breach of the provisions of the covenants described under "— Consolidation, Merger and Sale of Assets," the failure by the Company to make or consummate an Offer to Purchase in the manner described under "— Repurchase of Notes upon a Change of Control Triggering Event" or "— Limitation on Asset Sales," or the failure by the Company to create, or cause its Restricted Subsidiaries to create, a first priority Lien on the Collateral (subject to any Permitted Liens and the Intercreditor Agreement) in accordance with the provisions described under "— Security";

(4) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes then outstanding;

(5) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US$7.5 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (b) the failure to make a principal payment when due;

(6) one or more final judgments or orders for the payment of money are rendered against the Company or any of its Restricted Subsidiaries and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US$7.5 million (or the Dollar Equivalent thereof) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(7) an involuntary case or other proceeding is commenced against the Company or any Restricted Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Restricted Subsidiary or for any substantial part of the property and assets of the Company or any Restricted Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Restricted Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

(8) the Company or any Restricted Subsidiary (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Restricted Subsidiary or for all or substantially all of the property and assets of the Company or any Restricted Subsidiary or (c) effects any general assignment for the benefit of creditors;

(9) any Subsidiary Guarantor or JV Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or JV Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee or JV Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect;

(10) any default by the Company or any Subsidiary Guarantor Pledgor in the performance of any of its obligations under the Security Documents, which adversely affects the enforceability, validity, perfection or priority of the applicable Lien on the Collateral or which adversely affects the condition or value of the Collateral, taken as a whole, in any material respect; or

(11) the Company or any Subsidiary Guarantor Pledgor denies or disaffirms its obligations under any Security Document or, other than in accordance with the Indenture and the Security Documents, any Security Document ceases to be or is not in full force and effect or the Trustee ceases to have a first priority Lien in the Collateral (subject to any Permitted Liens and the Intercreditor Agreement).

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the request of such Holders shall (subject to the Trustee first being indemnified, secured and/or prefunded to its satisfaction), declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Company or any Restricted Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Company and to the Trustee may on behalf of the Holders waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

(1) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived, and

(2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default occurs and is continuing, the Trustee may pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. In addition, if an Event of Default occurs and is continuing, the Trustee may, and shall upon written request of Holders of at least 25% in aggregate principal amount of outstanding Notes (subject to the Trustee first being indemnified, secured and/or prefunded to its satisfaction), (i) give the Shared Security Agent a written notice of the occurrence of such continuing Event of Default and (ii) instruct the Shared Security Agent in accordance with the terms of the Intercreditor Agreement to foreclose on the Collateral in accordance with the terms of the Security Documents and take such further action on behalf of the Holders of the Notes with respect to the Collateral as the Trustee deems appropriate. See "— Security."

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders.

A Holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

(1) the Holder has previously given the Trustee written notice of a continuing Event of Default;

(2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders provide the Trustee indemnity, security and/or prefunding satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such request;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the indemnity; and

(5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder to receive payment of the principal of, premium, if any, or interest on, such Note, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

Officers of the Company must certify to the Trustee in writing, on or before a date not more than 120 days after the end of each fiscal year, that a review has been conducted of the activities of the Company and its Restricted Subsidiaries and the Company's and its Restricted Subsidiaries" performance under the Indenture and that the Company has fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to promptly notify the Trustee in writing of any default or defaults in the performance of any covenants or agreements under the Indenture. See "— Provision of Financial Statements and Reports."

Consolidation, Merger and Sale of Assets

The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

(1) the Company shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the "Surviving Person") shall be a corporation organized and validly existing under the laws of Bermuda, the Cayman Islands, Hong Kong or the British Virgin Islands and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Company under the Indenture, the Notes and the Security Documents, as the case may be, including the obligation to pay Additional Amounts, and the Indenture, the Notes and the Security Documents, as the case may be, shall remain in full force and effect;

(2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction on a pro forma basis, the Company or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(4) immediately after giving effect to such transaction on a pro forma basis the Company or the Surviving Person, as the case may be, could Incur at least US$1.00 of Indebtedness under the proviso in clause (1) of the covenant described under "— Limitation on Indebtedness and Preferred Stock";

(5) the Company delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4) of this paragraph) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this covenant and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with;

(6) each Subsidiary Guarantor and JV Subsidiary Guarantor, unless such Subsidiary Guarantor or JV Subsidiary Guarantor is the Person with which the Company has entered into a transaction described under "— Consolidation, Merger and Sale of Assets," shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee or JV Subsidiary Guarantee, as applicable, shall apply to the obligations of the Company or the Surviving Person in accordance with the Notes and the Indenture; and

(7) no Rating Decline shall have occurred.

No Subsidiary Guarantor or JV Subsidiary Guarantor will consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Company or another Subsidiary Guarantor or, in the case of a JV Subsidiary Guarantor, other than to another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor), unless:

(1) such Subsidiary Guarantor or JV Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets shall be the Company, another Subsidiary Guarantor or shall become a Subsidiary Guarantor concurrently with the transaction (or, in the case of a JV Subsidiary Guarantor, another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor); and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of such Subsidiary Guarantor or JV Subsidiary Guarantor under the Indenture, the Notes and the Security Documents, as the case may be, including the obligation to pay Additional Amounts, and the Indenture, the Notes and the Security Documents, as the case may be, shall remain in full force and effect;

(2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(4) immediately after giving effect to such transaction on a pro forma basis, the Company could Incur at least US$1.00 of Indebtedness under the proviso in clause (1) of the covenant described under "— Limitation on Indebtedness and Preferred Stock";

(5) the Company delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4) of this paragraph) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and

(6) no Rating Decline shall have occurred;

provided that this paragraph shall not apply to any sale or other disposition that complies with the "— Limitation on Asset Sales" covenant or any Subsidiary Guarantor or JV Subsidiary Guarantor whose Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, is unconditionally released in accordance with the provisions described under "— The Subsidiary Guarantees — Release of the Subsidiary Guarantees."

Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

The foregoing requirements shall not apply to a consolidation or merger of any Subsidiary Guarantor or JV Subsidiary Guarantor with and into the Company or any other Subsidiary Guarantor or JV Subsidiary Guarantor, so long as the Company or such Subsidiary Guarantor or JV Subsidiary Guarantor survives such consolidation or merger.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Company that may adversely affect Holders.

No Payments for Consents

The Company will not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture and the Security Documents will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies and to hold monies for payment in trust) if, among other things:

(1) the Company (a) has deposited with the Trustee (or its agent), in trust, money and/or U.S. Government Obligations that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity for such payments in accordance with the terms of the Indenture and the Notes and (b) delivers to the Trustee an Opinion of Counsel or a certificate of an internationally-recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity for such payment in accordance with the terms of the Indenture;

(2) the Company has delivered to the Trustee (a) either (i) an Opinion of Counsel from a firm of recognized international standing with respect to U.S. federal income tax matters which is based on a change in applicable U.S. federal income tax law occurring after the Original Issue Date to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the Company’s exercise of its option under this “Defeasance and Discharge” provision and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred or (ii) a ruling directed to the Trustee received from the U.S. Internal Revenue Service to the same effect as the aforementioned Opinion of Counsel and (b) an Opinion of Counsel from a firm of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law; and

(3) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of

Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any of its Restricted Subsidiaries is a party or by which the Company or any of its Restricted Subsidiaries is bound.

In the case of either discharge or defeasance of the Notes, the Subsidiary Guarantees and JV Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture further will provide that the provisions of the Indenture applicable to the Notes will no longer be in effect with respect to clauses (3), (4), (5)(x) and (7) under the first paragraph, and clauses (3), (4), (5)(x) and (6) under the second paragraph under "— Consolidation, Merger and Sale of Assets" and all the covenants described herein under "— Certain Covenants," other than as described under "— Certain Covenants-Government Approvals and Licenses; Compliance with Law" and "— Certain Covenants-Anti-Layering," clause (3) under "Events of Default" with respect to clauses (3), (4), (5)(x) and (7) under the first paragraph, and clauses (3), (4), (5)(x) and (6) under the second paragraph under "Consolidation, Merger and Sale of Assets" and with respect to the other events set forth in such clause, clause (4) under "Events of Default" with respect to such other covenants and clauses (5) and (6) under "Events of Default" shall be deemed not to be Events of Default upon, among other things, the deposit with the Trustee (or its agent), in trust, of money, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, the satisfaction of the provisions described in clause (2)(b) of the preceding paragraph and the delivery by the Company to the Trustee of an Opinion of Counsel from a firm of recognized international standing with respect to U.S. federal income tax matters to the effect that beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance of certain covenants and Events of Default and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred.

Defeasance and Certain Other Events of Default

In the event that the Company exercises its option to omit compliance with certain covenants and provisions of the Indenture as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Company will remain liable for such payments.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture, the Intercreditor Agreement or any Security Document may be amended, without the consent of any Holder, to:

(1) cure any ambiguity, defect, omission or inconsistency in the Indenture, the Notes, the Intercreditor Agreement or any Security Document, *provided* that such amendment shall not adversely affect the interests of the Holders;

(2) comply with the provisions described under "— Consolidation, Merger and Sale of Assets";

(3) evidence and provide for the acceptance of appointment by a successor Trustee;

(4) add any Subsidiary Guarantor or JV Subsidiary Guarantor, or any Subsidiary Guarantee or JV Subsidiary Guarantee, or release any Subsidiary Guarantor or JV Subsidiary Guarantor

from any Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, as provided or permitted by the terms of the Indenture;

(5) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;

(6) add any Subsidiary Guarantor Pledgor or release any Subsidiary Guarantor Pledgor and the corresponding Collateral as provided or permitted by the terms of the Indenture;

(7) add additional Collateral to secure the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee;

(8) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;

(9) effect any changes to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream;

(10) permit Permitted Pari Passu Secured Indebtedness (including, without limitation, permitting the Trustee and the Shared Security Agent to enter into any amendments to the Intercreditor Agreement, the Security Documents or the Indenture and take any other action necessary to permit the creation and registration of Liens on the Collateral to secure Permitted Pari Passu Secured Indebtedness, in accordance with the Indenture);

(11) make any other change that does not materially and adversely affect the rights of any Holder; or

(12) conform the text of the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision in the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees.

Amendments With Consent of Holders

The Indenture, the Intercreditor Agreement or any Security Document may be amended with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes; *provided*, however, that no such amendment may, without the consent of each Holder affected thereby:

(1) change the Stated Maturity of the principal of, or any installment of interest on, any Note;

(2) reduce the principal amount of, or premium, if any, or interest on, any Note;

(3) change the place, currency or time of payment of principal of, or premium, if any, or interest on, any Note;

(4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note, any Subsidiary Guarantee or any JV Subsidiary Guarantee;

(5) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;

(6) waive a default in the payment of principal of, premium, if any, or interest on the Notes;

(7) release any Subsidiary Guarantor or JV Subsidiary Guarantor from its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, except as provided in the Indenture;

(8) release any Collateral, except as provided in the Intercreditor Agreement, the Indenture and the Security Documents;

(9) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;

(10) amend, change or modify any Subsidiary Guarantee or JV Subsidiary Guarantee in a manner that adversely affects the Holders;

(11) amend, change or modify any provision of the Intercreditor Agreement, any Security Document or the Indenture relating to the Collateral, in a manner that adversely affects the Holders, except in accordance with the other provisions of the Indenture;

(12) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale or, change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any

Asset Sale may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale;

(13) change the redemption date or the redemption price of the Notes from that stated under "— Optional Redemption" or "— Redemption for Taxation Reasons";

(14) amend, change or modify the obligation of the Company or any Subsidiary Guarantor or any JV Subsidiary Guarantor to pay Additional Amounts; or

(15) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee in a manner which adversely affects the Holders.

Unclaimed Money

Claims against the Company for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company, any of the Subsidiary Guarantors or any of the JV Subsidiary Guarantors in the Indenture, or in any of the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees, or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Company, any of the Subsidiary Guarantors or JV Subsidiary Guarantors, or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws.

Concerning the Trustee, Note Registrar, Paying Agent, Transfer Agent and Shared Security Agent

The Hongkong and Shanghai Banking Corporation Limited has been appointed as Trustee under the Indenture, as Shared Security Agent with respect to the Collateral under the Security Documents and the Intercreditor Agreement and as note registrar (the "Note Registrar"), transfer agent (the "Transfer Agent") and paying agent (the "Paying Agent" and, together with the Note Registrar and Transfer Agent, the "Agents") with regard to the Notes. Except during the continuance of a Default, the Trustee will not be liable, except for the performance of such duties as are specifically set forth in the Indenture. If an Event of Default has occurred and is continuing, the Trustee will use the degree of care and skill as required of it as Trustee in its exercise of the rights and powers vested in it under the Indenture.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions, including normal banking and trustee relationships, with the Company and its Affiliates and shall not be obligated to account for any profits therefrom; *provided, however*, that if it acquires any conflicting interest, it must eliminate such conflict or resign.

None of the Trustee, the Agents, the Shared Security Agent nor any of their respective officers, directors, employees, attorneys or agents will be responsible or liable for any action taken or omitted by it, for the existence, genuineness, value or protection of any Collateral securing the Notes, for the legality, enforceability, effectiveness or sufficiency of the Security Documents or the Intercreditor Agreement, for the creation, perfection, priority, sufficiency or protection of any of the Liens, for any defect or deficiency as to any such matters, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any of the Liens or Security Documents or any delay in doing so, except to the extent that a court of competent jurisdiction in a final, non-appealable judgment determines that any loss to any

Holder arises directly from the fraud, gross negligence or willful misconduct of the Trustee, any Agent, the Shared Security Agent or any of their respective officers, directors, employees, attorneys or agents, as the case may be.

The Hongkong and Shanghai Banking Corporation Limited will initially act as the Shared Security Agent under the Security Documents in respect of the Lien over the Collateral. The Shared Security Agent acting in its capacity as such, shall have only such duties with respect to the Collateral pledged, assigned or granted pursuant to the Security Documents as are expressly set forth in the Indenture, the Intercreditor Agreement and the Security Documents and no implied duties or obligations of any kind (including without limitation duties or obligations of a fiduciary or equitable nature) shall be read into the Indenture or any of the Security Documents against the Shared Security Agent. Under certain circumstances, the Shared Security Agent may have obligations under the Indenture, the Security Documents or the Intercreditor Agreement that are in conflict with the interests of the Holders, the holders of the 2011 Notes and the holders (or their representatives) of Permitted Pari Passu Secured Indebtedness (if any). Neither the Trustee, the 2011 Notes Trustee, the Agents nor the Shared Security Agent will be under any obligation to exercise any rights or powers conferred under the Indenture, the Intercreditor Agreement or any of the Security Documents for the benefit of the Holders, the holders of the 2011 Notes or the holders (or their representatives) of Permitted Pari Passu Secured Indebtedness (if any), unless such Holders, the holders of the 2011 Notes and/or the holders (or their representatives) of Permitted Pari Passu Secured Indebtedness (if any) have offered to the Trustee, the 2011 Notes Trustee, the Agents and/or the Shared Security Agent indemnity and/or security satisfactory to the Trustee, the 2011 Notes Trustee, the Agents and/or the Shared Security Agent against any loss, liability or expense. Furthermore, each Holder by accepting the Notes, will agree, for the benefit of the Trustee, the 2011 Notes Trustee, the Agents and the Shared Security Agent, that it is solely responsible for its own independent appraisal of and investigation into all risks arising under or in connection with the Security Documents and has not relied on and will not at any time rely on the Trustee, the 2011 Notes Trustee, the Agents and/or the Shared Security Agent in respect of such risks.

If the Company maintains a paying agent with respect to the Notes in a member state of the European Union, such paying agent will be located in a member state of the European Union that is not obligated to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive or such other directive.

Book-Entry; Delivery and Form

The Notes will be represented by a global note in registered form without interest coupons attached (the "Global Note"). On the Original Issue Date, the Global Note will be deposited with a common depositary and registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream.

Global Note

Ownership of beneficial interests in the Global Note (the "book-entry interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under "— Individual Definitive Notes," the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Note for all purposes under the Indenture and "holders" of book-entry interests will not be considered the owners or "Holders" of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Company, the Trustee or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Note

Payments of any amounts owing in respect of the Global Note (including principal, premium, interest and Additional Amounts) will be made to the principal paying agent in U.S. dollars. The principal paying agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. Each of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under — Additional Amounts."

Under the terms of the Indenture, the Company, any Subsidiary Guarantor, any JV Subsidiary Guarantor and the Trustee will treat the registered holder of the Global Note (i.e., the common depositary or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or

- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

Redemption of the Global Note

In the event any Global Note, or any portion thereof, is redeemed, the common depositary will distribute the amount received by it in respect of the Global Note so redeemed to Euroclear and/or Clearstream, as applicable, who will distribute such amount to the holders of the book-entry interests in such Global Note. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the amount received by the common depositary, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Company understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; provided, however, that no book-entry interest of US$200,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder of Notes only at the direction of one or more participants to whose account the book-entry interests in the Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note. If there is an Event of Default under the Notes, however, each of Euroclear and Clearstream reserves the right to exchange the Global Note for individual definitive notes in certificated form, and to distribute such individual definitive notes to their participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Note in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Note will be subject to the restrictions on transfer discussed under the heading "Plan of Distribution."

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Global Clearance and Settlement Under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

We understand as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee or any of their respective agents will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Individual Definitive Notes

If (1) the common depositary or any successor to the common depositary is at any time unwilling or unable to continue as a depositary for the reasons described in the Indenture and a successor depositary is not appointed by the Company within 90 days, (2) either Euroclear or Clearstream, or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with "— Events of Default" and the Company has received a written request from a Holder, the Company will issue individual definitive notes in registered form in exchange for the Global Note.

Upon receipt of such notice from the common depositary or the Trustee, as the case may be, the Company will use its best efforts to make arrangements with the common depositary for the exchange of interests in the Global Note for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the registrar in sufficient quantities and authenticated by the registrar for delivery to Holders. Persons exchanging interests in a Global Note for individual definitive notes will be required to provide the registrar, through the relevant clearing system, with written instruction and other information required by the Company and the registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid, in the United States mails (if intended for the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor) addressed to the Company, such Subsidiary Guarantor or JV Subsidiary Guarantor, the Note Registrar, the Paying Agent, the Transfer Agent, the Shared Security Agent or the Trustee, as the case may be, at the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of Euroclear or Clearstream, as the case may be. Any such notice shall be deemed to have been delivered on the day such notice is delivered to Euroclear or Clearstream, as the case may be, or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Company and each of the Subsidiary Guarantors will irrevocably (1) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, any Subsidiary Guarantee, any JV Subsidiary Guarantee, the Indenture or any transaction contemplated thereby; and (2) designate and appoint Law Debenture Corporate Services Inc. for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York without giving effect to applicable principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby. The relevant pledge documents pursuant to "— Security" will be governed under the laws of the Hong Kong Special Administrative Region.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of the Notes" for which no definition is provided.

"2011 Notes" means any and all currently outstanding notes of the Company's US$250,000,000 13.50% Senior Notes due 2016 issued on January 14, 2011.

"2011 Notes Trustee" means The Hongkong and Shanghai Banking Corporation Limited as the trustee with respect to the 2011 Notes.

"Acquired Indebtedness" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

"Adjusted Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Affiliate" means, with respect to any Person, any other Person (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (2) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause

(1) of this definition; or (3) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in clause (1) or (2). For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Applicable Premium" means with respect to any Note at any redemption date, the greater of (1) 1.00% of the principal amount of such Note and (2) the excess of (A) the present value at such redemption date of (x) the redemption price of such Note at October 17, 2015 (such redemption price being set forth in the table appearing above under the caption "— Optional Redemption"), plus (y) all required remaining scheduled interest payments due on such Note through October 17, 2015 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 100 basis points, over (B) the principal amount of such Note on such redemption date.

"Asset Acquisition" means (1) an investment by the Company or any of its Restricted Subsidiaries in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Company or any of its Restricted Subsidiaries; or (2) an acquisition by the Company or any of its Restricted Subsidiaries of the property and assets of any Person other than the Company or any of its Restricted Subsidiaries that constitute substantially all of a division or line of business of such Person.

"Asset Disposition" means the sale or other disposition by the Company or any of its Restricted Subsidiaries (other than to the Company or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary; or (2) all or substantially all of the assets that constitute a division or line of business of the Company or any of its Restricted Subsidiaries.

"Asset Sale" means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including any sale of Capital Stock of a Subsidiary or issuance of Capital Stock by a Restricted Subsidiary) in one transaction or a series of related transactions by the Company or any of its Restricted Subsidiaries to any Person; *provided* that "Asset Sale" shall not include:

(1) sales or other dispositions of inventory, receivables and other current assets (including properties under development for sale and completed properties for sale) in the ordinary course of business;

(2) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under the "— Limitation on Restricted Payments" covenant;

(3) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US$1.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;

(4) any sale, transfer, assignment or other disposition of any property, or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or its Restricted Subsidiaries;

(5) any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien;

(6) a transaction covered by the covenant described under "— Consolidation, Merger and Sale of Assets";

(7) any sale, transfer or other disposition by the Company or any of its Restricted Subsidiaries, including the sale or issuance by the Company or any Restricted Subsidiary of any Capital Stock of any Restricted Subsidiary, to the Company or any Restricted Subsidiary; and

(8) sales of property units pursuant to Finance Lease Purchases.

"Attributable Indebtedness" means, in respect of a Sale and Leaseback Transaction, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

"Average Life" means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

"Board of Directors" means the board of directors of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

"Board Resolution" means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

"Business Day" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, London or Hong Kong (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

"Capitalized Lease" means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

"Capitalized Lease Obligations" means the discounted present value of the rental obligations under a Capitalized Lease.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

"Change of Control" means the occurrence of one or more of the following events:

(1) the merger, amalgamation or consolidation of the Company with or into another Person or the merger or amalgamation of another Person with or into the Company, or the sale of all or substantially all the assets of the Company to another Person;

(2) the Permitted Holders are the beneficial owners of less than 30% of the total voting power of the Voting Stock of the Company;

(3) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of total voting power of the Voting Stock of the Company greater than such total voting power held beneficially by the Permitted Holders;

(4) individuals who on the Original Issue Date constituted the board of directors of the Company, together with any new directors whose election to the board of directors was approved by a vote of at least a majority of the directors then still in office who were either directors on the Original Issue Date or whose election was previously so approved, cease for any reason to constitute a majority of the board of directors of the Company then in office; or

(5) the adoption of a plan relating to the liquidation or dissolution of the Company.

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Rating Decline.

"Clearstream" means Clearstream Banking, société anonyme, Luxembourg.

"Collateral" means all collateral securing, or purported to be securing, directly or indirectly, the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee pursuant to the Security Documents, and shall initially consist of the Capital Stock of the initial Subsidiary Guarantors.

"Commodity Hedging Agreement" means any spot, forward or option commodity price protection agreements or other similar agreement or arrangement designed to protect against fluctuations in commodity prices.

"Common Stock" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and includes, without limitation, all series and classes of such common stock or ordinary shares.

"Comparable Treasury Issue" means the U.S. Treasury security having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to October 17, 2015.

"Comparable Treasury Price" means, with respect to any redemption date:

(1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such redemption date, as set forth in the daily statistical release (of any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities"; or

(2) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (a) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (b) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations.

"Consolidated EBITDA" means, for any period, Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense,

(2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets), and

(3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period), less all non-cash items increasing Consolidated Net Income (other than accrual of revenue in the ordinary course of business),

all as determined on a consolidated basis for the Company and its Restricted Subsidiaries in conformity with GAAP; *provided* that (1) if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Company or any of its Restricted Subsidiaries and (2) in the case of any future PRC CJV (consolidated in accordance with GAAP), Consolidated EBITDA shall be reduced (to the extent not already reduced in accordance with GAAP) by any payments, distributions or amounts (including the Fair Market Value of any non-cash payments, distributions or amounts) required to be made or paid by such PRC CJV to the PRC CJV Partner, or to which the PRC CJV Partner otherwise has a right or is entitled, pursuant to the joint venture agreement governing such PRC CJV.

"Consolidated Fixed Charges" means, for any period, the sum (without duplication) of (1) Consolidated Interest Expense for such period and (2) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or any Wholly Owned Restricted Subsidiary, except for dividends payable in the Company's Capital Stock (other than Disqualified Stock) or paid to the Company or to a Wholly Owned Restricted Subsidiary.

"Consolidated Interest Expense" means, for any period, the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with GAAP for such period of the Company and its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by the Company and its Restricted Subsidiaries, without duplication, (1) interest expense attributable to Capitalized Lease Obligations, (2) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (3) the interest portion of any deferred payment obligation, (4) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (5) the net costs associated with Hedging Obligations (including the amortization of fees), (6) interest accruing on Indebtedness of any other Person that is Guaranteed by, or secured by a Lien on any asset of, the Company or any Restricted Subsidiary (other than Pre-Registration Mortgage Guarantees and Purchase Guarantees) and (7) any capitalized interest, *provided* that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a pro forma basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

"Consolidated Net Income" means, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; *provided* that the following items shall be excluded in computing Consolidated Net Income (without duplication):

(1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except that:

(a) subject to the exclusion contained in clause (5) below, the Company's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below); and

(b) the Company's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent funded with cash or other assets of the Company or Restricted Subsidiaries;

(2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any of its Restricted Subsidiaries or all or substantially all of the property and assets of such Person are acquired by the Company or any of its Restricted Subsidiaries;

(3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other similar constitutive documents, or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;

(4) the cumulative effect of a change in accounting principles;

(5) any net after tax gains realized on the sale or other disposition of (a) any property or assets of the Company or any Restricted Subsidiary which is not sold in the ordinary course of its business or (b) any Capital Stock of any Person (including any gains by the Company realized on sales of Capital Stock of the Company or other Restricted Subsidiaries);

(6) any translation gains or losses due solely to fluctuations in currency values and related tax effects; and

(7) any net after-tax extraordinary or non-recurring gains.

"Consolidated Net Worth" means, at any date of determination, stockholders' equity as set forth on the most recently available semi-annual or annual consolidated balance sheet of the Company and its Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Company, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Company or any of its Restricted Subsidiaries, each item to be determined in conformity with GAAP.

"Contractor Guarantees" means any Guarantee by the Company or any Restricted Subsidiary of Indebtedness of any contractor, builder or other similar Person engaged by the Company or such Restricted Subsidiary in connection with the development, construction or improvement of real or personal property or equipment to be used in a Permitted Business by the Company or any Restricted Subsidiary in the ordinary course of business, which Indebtedness was Incurred by such contractor, builder or other similar Person to finance the cost of such development, construction or improvement.

"Cross Border Secured Indebtedness" means Indebtedness of any PRC Restricted Subsidiary that is secured in a way that is permitted under PRC law in order to obtain credit support from a financial institution incorporated in the PRC to a financial institution incorporated outside the PRC that extends a credit to the Company or any non-PRC Restricted Subsidiary.

"Currency Agreement" means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Disqualified Stock" means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the date that is 183 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the date that is 183 days after the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the Stated Maturity of the Notes; *provided* that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the Stated Maturity of the Notes shall not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in the "— Limitation on Asset Sales" and "— Repurchase of Notes upon a Change of Control Triggering Event" covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company's repurchase of such Notes as are required to be repurchased pursuant to the "— Limitation on Asset Sales" and "— Repurchase of Notes upon a Change of Control Triggering Event" covenants.

"Dollar Equivalent" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

"Entrusted Loans" means borrowings by a PRC Restricted Subsidiary from a bank that are secured by a pledge of deposits made by another PRC Restricted Subsidiary to the lending bank as security for such borrowings, *provided* that such borrowings are not reflected on the consolidated balance sheet of the Company.

"Equity Offering" means (i) any underwritten primary public offering or private placement of Common Stock of the Company after the Original Issue Date or (ii) any underwritten secondary public offering or secondary private placement of Common Stock of the Company beneficially owned by a Permitted Holder, after the Original Issue Date, to the extent that a Permitted Holder or a company controlled by a Permitted Holder concurrently with such public offering or private placement purchases in cash an equal amount of Common Stock from the Company at the same price as the public offering or private placing price; *provided* that any offering or placing referred to in (A) clause (i), (B) clause (ii), or (C) a combination of clauses (i) and (ii) results in the aggregate gross cash proceeds received by the Company being no less than US$20.0 million (or the Dollar Equivalent thereof).

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended.

"Euroclear" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"Fair Market Value" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution, except in the case of a determination of the Fair Market Value of total assets for the purposes of determining a JV Entitlement Amount, in which case such price shall be determined by an accounting, appraisal or investment banking firm of recognized international standing appointed by the Company.

"Finance Lease Purchase" means a purchase by a customer of a property unit from the Company or any Restricted Subsidiary in the ordinary course of business pursuant to an arrangement that is treated as a finance lease in accordance with GAAP where the outright sale or transfer of such property unit is restricted by applicable PRC law or regulation.

"Fixed Charge Coverage Ratio" means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent two fiscal semi-annual periods prior to such Transaction Date for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements) (the "Two Semi-Annual Period") to (2) the aggregate Consolidated Fixed Charges during such Two Semi-Annual Period. In making the foregoing calculation:

(a) pro forma effect shall be given to any Indebtedness, Disqualified Stock or Preferred Stock Incurred, repaid or redeemed during the period (the "Reference Period") commencing on and including the first day of the Two Semi-Annual Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Two Semi-Annual Period), in each case as if such Indebtedness, Disqualified Stock or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period; *provided* that, in the event of any such repayment or redemption, Consolidated EBITDA for such period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay or redeem such Indebtedness, Disqualified Stock or Preferred Stock;

(b) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a pro forma basis and bearing a floating interest rate shall be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;

(c) pro forma effect shall be given to the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;

(d) pro forma effect shall be given to Asset Dispositions and Asset Acquisitions (including giving pro forma effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and

(e) pro forma effect shall be given to asset dispositions and asset acquisitions (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period;

provided that to the extent that clause (d) or (e) of this sentence requires that pro forma effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such pro forma calculation shall be based upon the two full fiscal semi-annual periods immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

"GAAP" means generally accepted accounting principles in Hong Kong as in effect from time to time.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"Hedging Obligation" of any Person means the obligations of such Person pursuant to any Commodity Hedging Agreement, Currency Agreement or Interest Rate Agreement.

"Holder" means the Person in whose name a Note is registered in the Note register.

"Incur" means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount, the accrual of interest, the accrual of dividends, the payment of interest in the form of additional Indebtedness and the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock shall not be considered an Incurrence of Indebtedness. The terms "Incurrence," "Incurred" and "Incurring" have meanings correlative with the foregoing.

"Indebtedness" means, with respect to any Person at any date of determination (without duplication):

(1) all indebtedness of such Person for borrowed money;

(2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments;

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;

(5) all Capitalized Lease Obligations and Attributable Indebtedness;

(6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness shall be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness;

(7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;

(8) to the extent not otherwise included in this definition, Hedging Obligations; and

(9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase or redemption price plus accrued dividends.

For the avoidance of doubt, a mandatory put option granted to a Person that obligates the Company or any Restricted Subsidiary to repurchase the Capital Stock of any Restricted Subsidiary or any other Person shall be deemed to be "Indebtedness."

Notwithstanding the foregoing, Indebtedness shall not include any capital commitments, deferred payment obligations, Entrusted Loans, pre-sale receipts in advance from customers or similar obligations Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of real or personal property (including land use rights) to be used in a Permitted Business; *provided* that such Indebtedness is not reflected on the balance sheet of the Company or any Restricted Subsidiary (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected as borrowings on the balance sheet will not be deemed to be reflected on such balance sheet).

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; *provided*

(1) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP,

(2) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be "Indebtedness" so long as such money is held to secure the payment of such interest, and

(3) that the amount of Indebtedness with respect to any Hedging Obligation shall be: (i) zero if Incurred pursuant to clause (2)(f) under the "Limitation on Indebtedness and Preferred Stock" covenant, or (ii) equal to the net amount payable by such Person if such Hedging Obligation terminated at that time if not Incurred pursuant to such clause.

"Independent Third Party" means any Person that is not an Affiliate of the Company.

"Intercreditor Agreement" has the meaning set forth under "— Security."

"Interest Rate Agreement" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates.

"Investment" means:

(1) any direct or indirect advance, loan or other extension of credit to another Person;

(2) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);

(3) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person; or

(4) any Guarantee of any obligation of another Person to the extent such obligation is outstanding and to the extent guaranteed by such Person.

For the purposes of the provisions of the "Designation of Restricted and Unrestricted Subsidiaries" and "Limitation on Restricted Payments" covenants: (1) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Fair Market Value of the Company's proportional interest in the assets (net of the Company's proportionate interest in the liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, and (2) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

"Investment Grade" means a rating of "AAA," "AA," "A" or "BBB," as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns or a rating of "Aaa," or "Aa," "A" or "Baa," as modified by a "1," "2" or "3" indication, or an equivalent rating representing one of the four highest rating categories, by Moody's, or any of its successors or assigns or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for S&P or Moody's or both, as the case may be.

"JV Entitlement Amount" means, with respect to any JV Subsidiary Guarantor and its Subsidiaries, an amount that is equal to the product of (i) the Fair Market Value of the total assets of such JV Subsidiary and its Subsidiaries, on a consolidated basis (without deducting any Indebtedness or other liabilities of such JV Subsidiary Guarantor and its subsidiaries) as of the date of the last fiscal year end of the Company; and (ii) a percentage equal to the direct equity ownership percentage of the Company and/or its Restricted Subsidiaries in the Capital Stock of such JV Subsidiary Guarantor and its Subsidiaries.

"JV Subsidiary Guarantee" has the meaning set forth under "— The Subsidiary Guarantees."

"JV Subsidiary Guarantor" means a Restricted Subsidiary that executes a JV Subsidiary Guarantee.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

"Measurement Date" means January 14, 2011.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Net Cash Proceeds" means:

(1) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:

    (a) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale;

    (b) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and its Restricted Subsidiaries, taken as a whole;

    (c) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;

    (d) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and

(2) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Non-Guaranteed Portion" means, at any time of determination with respect to all of the JV Subsidiary Guarantors then existing and their respective Restricted Subsidiaries, the aggregate value (without duplication) of the equity interests held by each Independent Third Party in any JV Subsidiary Guarantor as determined by multiplying (x) the total assets as shown on the balance sheet of the relevant JV Subsidiary Guarantor for its most recently ended semi-annual period (or, in the case of the JV Subsidiary Guarantor executing such JV Subsidiary Guarantee and any other Restricted Subsidiary of the Company that became a JV Subsidiary Guarantor after the end of the most recently ended semi-annual period, as shown on the balance sheet of such JV Subsidiary Guarantor after giving pro forma effect to the sale or issuance of Capital Stock to the relevant Independent Third Parties) by (y) the proportionate ownership of all Capital Stock held by such Independent Third Party in such JV Subsidiary Guarantor, provided that (A) assets attributable to any Unrestricted Subsidiary of such JV Subsidiary Guarantor and (B) assets which would be eliminated from the calculation of Total Assets of the Company for the relevant semi-annual period shall be excluded from the calculation of total assets in clause (x) above.

"Offer to Purchase" means an offer to purchase Notes by the Company from the Holders commenced by the Company mailing a notice by first class mail, postage prepaid, to the Trustee, the Paying Agent, the Transfer Agent and each Holder at its last address appearing in the Note register stating:

(1) the provision in the Indenture pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

(2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Offer to Purchase Payment Date");

(3) that any Note not tendered will continue to accrue interest pursuant to its terms;

(4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;

(5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled "Option of the Holder to Elect Purchase" on the reverse side of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of US$200,000 or integral multiples of US$1,000.

On the Offer to Purchase Payment Date, the Company shall (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; (b) deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof so accepted; and (c) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers' Certificate specifying the Notes or portions thereof accepted for payment by the Company. The Paying Agent shall promptly mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Trustee or an authenticating agent shall promptly authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of US$200,000 or integral multiples of US$1,000. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

To the extent that the provisions of any securities laws or regulations of any jurisdiction conflict with the provisions of the Indenture governing any Offer to Purchase, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance. The Company will not be required to make an Offer to Purchase if a third party makes the Offer to Purchase in compliance with the requirements set forth in the Indenture applicable to an Offer to Purchase made by the Company and purchases all Notes properly tendered and not withdrawn under the Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

"Officer" means one of the executive officers of the Company or, in the case of a Subsidiary Guarantor or JV Subsidiary Guarantor, one of the directors or officers of such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be.

"Officers' Certificate" means a certificate signed by two Officers.

"Opinion of Counsel" means a written opinion addressed to the Trustee from legal counsel who is, and in a form, reasonably acceptable to the Trustee.

"Original Issue Date" means the date on which the Notes are originally issued under the Indenture.

"Pari Passu Subsidiary Guarantee" means a guarantee by any Subsidiary Guarantor or any JV Subsidiary Guarantor of Indebtedness of the Company (including Additional Notes); *provided* that (1) the Company was permitted to Incur such Indebtedness under the covenant described under "— Limitation on Indebtedness and Preferred Stock" and (2) such guarantee ranks *pari passu* with any outstanding Subsidiary Guarantee of such Subsidiary Guarantor, or with any outstanding JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be.

"Payment Default" means (1) any default in the payment of interest on any Note when the same becomes due and payable, (2) any default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise, (3) the failure by the Company to make or consummate a Change of Control Offer in the manner described under "— Repurchase of Notes upon a Change of Control Triggering Event," or an Offer to Purchase in the manner described under "— Limitation on Asset Sales" or (4) any Event of Default specified in clause (4) of the definition of Events of Default.

"Permitted Businesses" means any business which is the same as or related, ancillary or complementary to any of the businesses of the Company and its Restricted Subsidiaries on the Original Issue Date.

"Permitted Holders" means any or all of the following:

(1) Mr. Cheng Chung Hing, Mr. Cheng Tai Po and Mr. Leung Moon Lam;

(2) any Affiliate (other than an Affiliate as defined in clauses (2) or (3) of the definition of Affiliate) or the estate of any of the Persons specified in clause (1); and

(3) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% or more by one or more of the Persons specified in clauses (1) and (2).

"Permitted Investment" means:

(1) any Investment in the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged in a Permitted Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to, the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business;

(2) any Investment in cash or Temporary Cash Investments;

(3) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;

(4) stock, obligations or securities received in satisfaction of judgments;

(5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;

(6) any Investment pursuant to a Hedging Obligation designed solely to protect the Company or any Restricted Subsidiary against fluctuations in commodity prices, interest rates or foreign currency exchange rates;

(7) receivables owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(8) Investments consisting of consideration received in connection with an Asset Sale made in compliance with the covenant described under "— Limitation on Asset Sales."

(9) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "— Limitation on Liens";

(10) any Investment pursuant to Pre-Registration Mortgage Guarantees, Purchase Guarantees or Contractor Guarantees by the Company or any Restricted Subsidiary otherwise permitted to be Incurred under the Indenture;

(11) Investments in securities of trade creditors, trade debtors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor, trade debtor or customer;

(12) advances to contractors and suppliers for the acquisition of assets or consumables or services in the ordinary course of business that are recorded as deposits or prepaid expenses on the Company's consolidated balance sheet;

(13) deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title in the ordinary course of business;

(14) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers compensation claims and other purposes specified by statute or regulation from time to time in the ordinary course of business;

(15) deposits made in order to secure the performance of the Company or any of its Restricted Subsidiaries and prepayments made in connection with the direct or indirect acquisition of real property or land use rights by the Company or any of its Restricted Subsidiaries, in each case in the ordinary course of business;

(16) advances or deposits paid to government authorities or government-affiliated or supervised entities in the PRC in connection with the financing of land acquisition, land development or land re-development activities in the ordinary course of business that are recorded as assets on the Company's balance sheet to the extent each such advance or deposit is on normal commercial terms; and

(17) repurchases of Notes.

"Permitted Liens" means:

(1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);

(4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and its Restricted Subsidiaries, taken as a whole;

(5) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Company or its Restricted Subsidiaries relating to such property or assets;

(6) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets acquired; *provided further* that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;

(7) Liens in favor of the Company or any Restricted Subsidiary;

(8) Liens arising from the rendering of a final judgment or order against the Company or any Restricted Subsidiary that does not give rise to an Event of Default;

(9) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

(10) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business, in each case, securing Indebtedness under Hedging Obligations permitted by clause (2)(f) of the covenant described under "— Limitation on Indebtedness and Preferred Stock";

(11) Liens existing on the Original Issue Date;

(12) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (2)(e) of the covenant described under "— Limitation on Indebtedness and Preferred Stock"; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;

(13) Liens under the Security Documents;

(14) Liens securing any Permitted Pari Passu Secured Indebtedness that complies with each of the requirements set forth under "— Security — Permitted Pari Passu Secured Indebtedness";

(15) any interest or title of a lessor in the property subject to any operating lease;

(16) Liens securing Indebtedness of the Company or any Restricted Subsidiary under any Pre-Registration Mortgage Guarantee or Purchase Guarantee;

(17) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favor of governmental agencies or utility companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Company or any Restricted Subsidiary;

(18) Liens (including extensions and renewals thereof) upon real or personal property; *provided* that, (a) such Lien is created solely for the purpose of securing Indebtedness of the type described under clause (2)(h) of the covenant described under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock" and such Lien is created prior to, at the time of or within 180 days after the later of the acquisition or the completion of development, construction or improvement of such property, (b) the principal amount of the Indebtedness secured by such Lien does not exceed 100% of the cost of such property, development, construction or improvement and (c) such Lien shall not extend to or cover any property or assets other than such item of property and any improvements on such item; *provided* that, in the case of clauses (b) and (c), such Lien may cover other property or assets (instead of or in addition to such item of property or improvements) and the principal amount of Indebtedness secured by such Lien may exceed 100% of such cost if (x) such Lien is incurred in the ordinary course of business and (y) the aggregate book value of property or assets (as reflected in the most recent available consolidated financial statements of the Company (which may be internal consolidated financial statements) or, if any such property or assets have been acquired since the date of such financial statements, the cost of such property or assets) subject to Liens incurred pursuant to this clause (18) does not exceed 130% of the aggregate principal amount of Indebtedness secured by such Liens;

(19) Liens on deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

(20) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers compensation claims and other purposes specified by statute made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

(21) Liens on deposits made in order to secure the performance of the Company or any of its Restricted Subsidiaries in connection with the acquisition of real property or land use rights by the Company or any of its Restricted Subsidiaries in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

(22) Liens Incurred or deposits made to secure Entrusted Loans;

(23) Liens on current assets securing Indebtedness which is permitted to be Incurred under clause (2)(n) of the covenant described under "— Limitation on Indebtedness and Preferred Stock";

(24) Liens securing Indebtedness of Restricted Subsidiaries (other than Subsidiary Guarantors or JV Subsidiary Guarantors) Incurred pursuant to clause (2)(p) of the covenant described under "— Limitation on Indebtedness and Preferred Stock";

(25) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods; and

(26) Liens Incurred to secure Cross Border Secured Indebtedness of the type described under clause (2)(o) of the covenant described under "– Certain Covenants – Limitation on Indebtedness and Preferred Stock," *provided* that, the aggregate book value of any property or assets (as reflected in the most recent available consolidated financial statements of the Company (which may be internal consolidated financial statements) or, if any such property or assets have been acquired since the date of such financial statements, the cost of such property or assets) subject to Liens incurred pursuant to this clause (26) does not exceed 130% of the aggregate principal amount of Indebtedness secured by such Liens.

provided that, with respect to the Collateral, "Permitted Liens" shall only refer to the Liens described in clauses (1), (6), (13) and (14) of this definition.

"Permitted Pari Passu Secured Indebtedness" has the meaning set forth under "— Security — Permitted Pari Passu Secured Indebtedness."

"Permitted Subsidiary Indebtedness" means Indebtedness of, and all Preferred Stock issued by, the Restricted Subsidiaries; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness (excluding the amount of any Public Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary permitted under clauses 2(a), (2)(b), (2)(d), (2)(f) and (2)(g) of the covenant described under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock") does not exceed an amount equal to 15% of Total Assets.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"PRC" means the People's Republic of China, excluding, solely for purposes of this definition, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.

"PRC CJV" means any Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures adopted on April 13, 1988 (as most recently amended on October 13, 2000) and the Detailed Rules for the Implementation of the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures promulgated on September 4, 1995, as such laws may be amended.

"PRC CJV Partner" means with respect to a PRC CJV, the other party to the joint venture agreement relating to such PRC CJV with the Company or any Restricted Subsidiary.

"PRC Restricted Subsidiary" means a Restricted Subsidiary organized under the laws of the PRC.

"Preferred Stock" as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its terms is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"Pre-Registration Mortgage Guarantee" means any Indebtedness of the Company or any Restricted Subsidiary consisting of a guarantee in favor of any bank or other similar financial institutions in the ordinary course of business of secured loans of purchasers of individual units of properties from the Company or any Restricted Subsidiary; *provided* that, any such guarantee shall be released in full on or before the perfection of a security interest in such properties under applicable law in favor of the relevant lender.

"Public Indebtedness" means any bonds, debentures, notes or similar debt securities issued in a public offering or a private placement (other than the Notes) to institutional investors.

"Purchase Guarantee" means Indebtedness of the Company or any Restricted Subsidiary consisting of a Guarantee in favor of any bank or other similar financial institution in the ordinary course of business of a loan financing a Finance Lease Purchase in a principal amount not exceeding the purchase price of the relevant property unit, *provided* that, following such Finance Lease Purchase, the Company or such Restricted Subsidiary retains the land use rights and possesses the building ownership certificates in respect of such property unit.

"Rating Agencies" means (1) S&P and (2) Moody's and (3) if S&P or Moody's or both shall not make a rating of the Notes publicly available, a recognized securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P or Moody's or both, as the case may be.

"Rating Category" means (1) with respect to S&P, any of the following categories: "BB," "B," "CCC," "CC," "C" and "D" (or equivalent successor categories); (2) with respect to Moody's, any of the following categories: "Ba," "B," "Caa," "Ca," "C" and "D" (or equivalent successor categories); and (3) the equivalent of any such category of S&P or Moody's used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories ("+" and "-" for S&P; "1," "2" and "3" for Moody's; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from "BB+" to "BB," as well as from "BB-" to "B+," will constitute a decrease of one gradation).

"Rating Date" means (1) in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (x) a Change of Control and (y) a public notice of the occurrence of a Change of Control or of the intention by the Company or any other Person or Persons to effect a Change of Control or (2) in connection with actions contemplated under "— Consolidation, Merger and Sale of Assets," that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) a public notice of the occurrence of any such actions.

"Rating Decline" means (1) in connection with a Change of Control Triggering Event, the occurrence on, or within six months after, the date, or public notice of the occurrence of, a Change of Control or the intention by the Company or any other Person or Persons to effect a Change of Control (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any of the events listed below, or (2) in connection with actions contemplated under "— Consolidation, Merger and Sale of Assets," the notification by any of the Rating Agencies that such proposed actions will result in any of the events listed below:

(a) in the event the Notes are rated by both Moody's and S&P on the Rating Date as Investment Grade, the rating of the Notes by either Rating Agency shall be below Investment Grade;

(b) in the event the Notes are rated by either, but not both, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by such Rating Agency shall be below Investment Grade; or

(c) in the event the Notes are rated below Investment Grade by both Rating Agencies on the Rating Date, the rating of the Notes by either Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

"Reference Treasury Dealer" means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Company in good faith.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to such Trustee by such Reference Treasury Dealer at 5:00 p.m. New York City time on the third Business Day preceding such redemption date.

"Replacement Assets" means, on any date, property or assets (other than current assets) of a nature or type or that are used in a Permitted Business, including the Capital Stock of any Person holding such property or assets that is primarily engaged in a Permitted Business and will, upon the acquisition by the Company or any of its Restricted Subsidiaries of such Capital Stock, become a Restricted Subsidiary.

"Restricted Subsidiary" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"S&P" means Standard & Poor's Ratings Services and its affiliates.

"Sale and Leaseback Transaction" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

"Securities Act" means the U.S. Securities Act of 1933, as amended.

"Security Documents" means, collectively, the pledge agreements and any other agreements or instruments that may evidence or create any security interest in favor of the Trustee and/or any Holders in any or all of the Collateral.

"Senior Indebtedness" of the Company or a Restricted Subsidiary, as the case may be, means all Indebtedness of the Company or the Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to (a) in respect of the Company, the Notes, (b) in respect of any Restricted Subsidiary that is a Subsidiary Guarantor, its Subsidiary Guarantee, or (c) in respect of any Restricted Subsidiary that is a JV Subsidiary Guarantor, its JV Subsidiary Guarantee; *provided* that Senior Indebtedness does not include (1) any obligation to the Company or any Restricted Subsidiary, (2) Trade Payables or (3) Indebtedness Incurred in violation of the Indenture.

"Stated Maturity" means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

"Subordinated Indebtedness" means any Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor that is contractually subordinated or junior in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

"Subsidiary" means, with respect to any Person, any corporation, association or other business entity of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person.

"Subsidiary Guarantee" means any Guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor.

"Subsidiary Guarantor" means any initial Subsidiary Guarantor named herein and any other Restricted Subsidiary which guarantees the payment of the Notes pursuant to the Indenture and the Notes; *provided* that "Subsidiary Guarantor" does not include (a) any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes or (b) any JV Subsidiary Guarantor.

"Subsidiary Guarantor Pledgor" means any initial Subsidiary Guarantor Pledgor named herein and any other Subsidiary Guarantor which pledges Collateral to secure the obligations of the Company under the Notes and the Indenture and of such Subsidiary Guarantor under its Subsidiary Guarantee; *provided* that "Subsidiary Guarantor Pledgor" does not include any person whose pledge under the Security Documents has been released in accordance with the Security Documents, the Indenture and the Notes.

"Temporary Cash Investment" means any of the following:

(1) direct obligations of the United States of America, any state of the European Economic Area, the People's Republic of China and Hong Kong or any agency of any of the foregoing or obligations fully and unconditionally Guaranteed by the United States of America, any state of the European Economic Area, the People's Republic of China and Hong Kong or any agency of any of the foregoing, in each case maturing within one year;

(2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any state thereof, any state of the European Economic Area or Hong Kong, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of US$100 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;

(4) commercial paper, maturing not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P;

(5) securities, maturing within one year of the date of acquisition thereof, issued or fully and unconditionally Guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or Moody's;

(6) any money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above; and

(7) demand or time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits with (i) Agricultural Bank of China, Bank of China Limited, Bank of

Communications Co., Ltd., Bank of Dongguan Corporation Limited, Bank of Guangzhou, Bank of Hangzhou, Bank of Jiangsu, Bank of Nanchang, China CITIC Bank, China Construction Bank Corporation, China Development Bank, Chinese Mercantile Bank, China Merchants Bank Co., Ltd., China Zheshang Bank Co., Ltd., Guangxi Beibu Gulf Bank, HSBC Bank (China) Company Limited, The Industrial Bank Co., Ltd., Industrial and Commercial Bank of China Limited, Nanyang Commercial Bank (China) Limited, Pingan Bank, Shanghai Pudong Development Bank Co., Ltd. and Shenzhen Development Bank Co., Ltd., (ii) any other bank, trust company or other financial institution organized under the laws of the PRC or Hong Kong whose long-term debt is rated as high or higher than any of those banks listed in clause (i), or (iii) any other bank, trust company or other financial institution organized under the laws of the PRC or Hong Kong; *provided* that, in the case of clause (iii), such deposits do not exceed US$10.0 million (or the Dollar Equivalent thereof) with any single bank or US$30.0 million (or the Dollar Equivalent thereof) in the aggregate, at any date of determination.

"Total Assets" means, as of any date, the total consolidated assets of the Company and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent semi-annual period for which consolidated financial statements of the Company (which the Company shall use its best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements); *provided* that only with respect to clause (2)(h) of "— Certain Covenants — Limitation on Indebtedness and Preferred Stock" covenant and the definition of "Permitted Subsidiary Indebtedness," Total Assets shall be calculated after giving pro forma effect to include the cumulative value of all of the real or personal property or equipment the acquisition, development, construction or improvement of which requires or required the Incurrence of Indebtedness and calculation of Total Assets thereunder, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Company or any of its Restricted Subsidiaries to the bank or other similar financial institutional lender providing such Indebtedness, *provided* further that only with respect to the calculation of "Non-Guaranteed Portion," in the case of a JV Subsidiary Guarantor executing a JV Subsidiary Guarantee and any other Restricted Subsidiary of the Company that became a JV Subsidiary Guarantor after the end of the most recently ended semi-annual or annual period, the amount of Total Assets shall be calculated after giving pro forma effect to the sale or issuance of Capital Stock to the relevant Independent Third Parties.

"Trade Payables" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

"Transaction Date" means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

"Unrestricted Subsidiary" means (1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (2) any Subsidiary of an Unrestricted Subsidiary.

"U.S. Government Obligations" means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally Guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the holder thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

"Voting Stock" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"Wholly Owned" means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director's qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person; *provided* that Subsidiaries that are PRC CJVs shall not be considered Wholly Owned Subsidiaries.

TAXATION

The following discussion summarizes certain Hong Kong, British Virgin Islands and PRC income tax consequences to prospective holders arising from the purchase, ownership and disposition of Notes. The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and is not intended as tax advice to any particular investor. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than the foregoing jurisdictions.

Prospective holders of Notes should consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of the Notes, including, in particular, the application of the tax considerations discussed below to their particular situations, as well as the application of any state, local, foreign or other tax laws.

Hong Kong Tax Considerations

Withholding Tax

No withholding tax in Hong Kong is payable on payments of principal (including any premium payable on redemption of the Notes) or interest in respect of the Notes.

Profits Tax

Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business.

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "Inland Revenue Ordinance") as it is currently applied, Hong Kong profits tax may be charged on profits arising on the sale, disposal or redemption of the Notes where such sale, disposal or redemption is effected in Hong Kong and such sale, disposal or redemption is or forms part of a trade, profession or business carried on in Hong Kong and such profits are determined to be trading profits. However, Hong Kong does not impose tax on gains arising from the sale of capital assets. It is a question of fact in each case as to whether Note holders hold the Notes as capital assets or as trading assets.

Interest on the Notes will be subject to Hong Kong profits tax where such interest is received by or accrued to:

- a financial institution (as defined in the Inland Revenue Ordinance) and such interest arises through or from the carrying on by the financial institution of its business in Hong Kong; or

- a corporation carrying on a trade, profession or business in Hong Kong and such interest is derived from Hong Kong; or

- a person, other than a corporation, carrying on a trade, profession or business in Hong Kong, and such interest is derived from Hong Kong and is in respect of the funds of the trade, profession or business.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Note.

British Virgin Islands Tax Considerations

There is no income or other tax in the British Virgin Islands imposed by withholding or otherwise on any payment to be made to or by the Subsidiary Guarantors to persons who are not resident in the British Virgin Islands pursuant to the Subsidiary Guarantees.

PRC Taxation

The following summary of certain PRC tax consequences of the purchase, ownership and disposition of Notes is based upon applicable laws, rules and regulations in effect as of the date of this offering memorandum, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Notes should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of Notes, including such possible consequences under the laws of their country of citizenship, residence or domicile.

Under the PRC EIT Law and implementation regulations issued by the State Council, if we are treated as a PRC "resident enterprise," PRC income tax at the rate of 10% (or lower treaty rate, if any) is applicable to interest payable to investors that are "non-resident enterprises" and 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 interest income is not effectively connected with the establishment or place of business, to the extent such interest is derived from sources within the PRC. Similarly, any gain realized on the transfer of the Notes by such investors is also subject to a 10% (or lower treaty rate, if any) PRC income tax if such gain is regarded as income derived from sources within the PRC. As advised by Commerce & Finance Law Offices, our PRC legal counsel, there is uncertainty as to whether we will be treated as a PRC "resident enterprise" for the purpose of the EIT Law. If we are treated as a PRC "resident enterprise," the interest we pay in respect of the Notes, and the gain any investor may realize from the transfer of the Notes, would be treated as income derived from sources within the PRC and may be subject to PRC tax, which may materially and adversely affect the value of investment in the Notes.

No PRC stamp tax will be chargeable upon the issue or transfer (for so long as the register of holders of the Notes is maintained outside the PRC) of a Note.

PLAN OF DISTRIBUTION

UBS AG, Hong Kong Branch is acting as the Sole Global Coordinator for the offering of the Notes. UBS AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited and Merrill Lynch International are acting as the Joint Lead Managers and Joint Bookrunners for the offering and as the Initial Purchasers named below. Subject to the terms and conditions stated in the purchase agreement dated the date of this offering memorandum, each Initial Purchaser named below has severally agreed to purchase, and we have agreed to sell to such Initial Purchaser, the principal amount of the Notes set forth opposite such Initial Purchaser's name.

Initial Purchaser	**Principal Amount of Notes**
UBS AG, Hong Kong Branch	US$58,653,226
The Hongkong and Shanghai Banking Corporation Limited	US$39,575,269
Merrill Lynch International	US$26,771,505
Total	US$125,000,000

The purchase agreement provides that the obligations of the Initial Purchasers to purchase the Notes are subject to approval of legal matters by counsel and to other conditions. The Initial Purchasers must purchase all the Notes if they purchase any of the Notes.

The Initial Purchasers propose to resell the Notes at the offering price set forth on the cover page of this offering memorandum in reliance on Regulation S. The price at which the Notes are offered may be changed at any time without notice. BNP Paribas, Hong Kong Branch, as the senior co-manager, and China Merchants Securities (HK) Co., Limited, DBS Bank Ltd., Guangdong Securities Limited and Yuanta Securities (Hong Kong) Company Limited, each as a co-manager, will assist the Joint Lead Managers with the offering of the Notes.

We have agreed that, for a period of 65 days from the date of this offering memorandum, we will not, without the prior written consent of the Initial Purchasers, offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or announce the offering of, any debt securities issued or guaranteed by us. The Initial Purchasers in their sole discretion may consent to the offering and sales of debt securities by us at any time without notice.

The Notes will constitute a new class of securities with no established trading market. Approval in-principle has been received for the listing and quotation of the Notes on the Official List of the SGX-ST. However, we cannot assure you that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this offering. The Initial Purchasers have advised us that they currently intend to make a market in the Notes. However, they are not obligated to do so and they may discontinue any market-making activities with respect to the Notes at any time without notice. Accordingly, we cannot assure you as to the liquidity of, or the trading market for, the Notes.

UBS AG, Hong Kong Branch (or its affiliates) (as stabilizing manager) may engage in over-allotment, stabilizing transactions, syndicate covering transactions and penalty bids to the extent permitted by applicable laws and regulations. Over-allotment involves sales in excess of the offering size, which creates a short position. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchase of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit UBS AG, Hong Kong Branch (or its affiliates) (as stabilizing manager) to reclaim a selling concession from a dealer when the Notes originally sold by such dealer are purchased in a stabilizing transaction or a covering transaction to cover short positions. Neither the Company nor the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor the Initial Purchasers make any representation that UBS AG, Hong Kong Branch (or its affiliates) (as stabilizing manager) will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

We expect to deliver the Notes against payment for the Notes on or about the date specified in the last paragraph of the cover page of this offering memorandum, which will be the fifth business day following the date of the pricing of the Notes.

The Initial Purchasers or their affiliates may, from time to time, engage in transactions with and perform services for us in the ordinary course of business for which they may receive customary fees and reimbursement of expenses.

We and the Subsidiary Guarantors have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchasers may be required to make because of any of those liabilities.

Selling Restrictions

General

No action has been taken or will be taken in any jurisdiction by us or the Initial Purchasers that would permit a public offering of the Notes, or the possession, circulation or distribution of this offering memorandum or any other material relating to the Notes or this offering, in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor such other material may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

United States

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) are being offered and sold outside of the United States within the meaning of and in reliance on Regulation S. In addition, until 40 days after the commencement of this offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each invitation or inducement to engage in investment activity (within the meaning of Section 21 of Financial Services and Markets Act 2000 (the "FSMA") in connection with the issue or sale of the Notes has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in circumstances in which Section 21(1) of FSMA does not apply to the Company. In addition, all applicable provisions of the FSMA with respect to anything done by the Initial Purchasers in relation to the Notes in, from or otherwise involving the United Kingdom has been complied and will be complied.

Hong Kong

The Notes has not been and will not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948) (as amended) (the "FIEL"), and disclosure under the FIEL has not been made with respect to the Notes. Accordingly, the Notes may not be offered or sold, directly or indirectly in Japan or to, or for the benefit of, any resident of Japan, or to others for reoffering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEL and otherwise in compliance with the FIEL and other applicable provisions of Japanese laws and regulations. As used in this paragraph, "resident of Japan" means any person residing in Japan, including any corporation or other entity organized under the laws of Japan.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law; or

(iv) as specified in Section 276(7) of the SFA.

PRC

This offering memorandum does not constitute a public offer of the Notes, whether by sale of by subscription, in the PRC. The Notes will not be offered or sold within the PRC by means of this offering memorandum or any other document.

British Virgin Islands

No invitation will be made directly or indirectly to any person resident in the British Virgin Islands to subscribe for any of the Notes, but the Notes may be acquired by British Virgin Islands persons who receive the offer of the Notes outside of the British Virgin Islands and in a manner which does not contravene the laws of the jurisdiction in which such offer is made.

RATINGS

The Notes are expected to be rated "B" by Standard and Poor's Ratings Services and "B2" by Moody's Investors Service. The ratings reflect the rating agencies' assessment of the likelihood of timely payment of the principal of and interest on the Notes. The ratings do not address the payment of any Additional Amounts and do not constitute recommendations to purchase, hold or sell the Notes inasmuch as such ratings do not comment as to market price or suitability for a particular investor. Additionally, we have been assigned a long-term corporate credit rating of "B+" with a stable outlook by Standard and Poor's Rating Services, and a corporate family rating of "B1" with a stable outlook by Moody's Investors Services. We cannot assure you that the ratings will remain in effect for any given period or that the ratings will not be revised by such rating agencies in the future if in their judgment circumstances so warrant. Each such rating should be evaluated independently of any other rating on the Notes, on other of our securities, or on us.

LEGAL MATTERS

Certain legal matters will be passed upon for us by Baker & McKenzie as to matters of Hong Kong law, United States federal law and New York law, Commerce & Finance Law Offices as to matters of PRC law and Maples and Calder as to matters of British Virgin Islands law. Certain legal matters will be passed upon for the Initial Purchasers by Linklaters as to matter of United States federal and New York law and Jia Yuan Law Firm as to PRC law.

INDEPENDENT AUDITORS

Our consolidated financial statements as of and for the years ended March 31, 2010, 2011 and 2012 included in this offering memorandum have been audited by Ernst & Young, our Independent Auditors. The auditors' report of Ernst & Young on the consolidated financial statements as of and for the fiscal years ended March 31, 2011 (which include the consolidated financial statements as of and for the fiscal year ended March 31, 2010) and 2012 are included herein.

GENERAL INFORMATION

Authorizations and Consents

We have obtained all necessary governmental consents, approvals and authorizations, as and when applicable, in Hong Kong and the British Virgin Islands in connection with the issue and performance of the Notes and the Subsidiary Guarantees. The entering into of the Indenture and the issue of the Notes have been authorized by resolutions of our board of directors on October 10, 2012, and the entering into of the Indenture and the giving of the Subsidiary Guarantees have been authorized by resolutions of the board of directors of each Subsidiary Guarantor on October 10, 2012.

Litigation

Save as disclosed in this offering memorandum, there are no legal or arbitration proceedings against or affecting us, any of our subsidiaries or any of our assets, nor are we aware of any pending or threatened proceedings, which are or might be material in the context of this issue of the Notes or the Subsidiary Guarantees.

No Material Adverse Change

Save as disclosed in this offering memorandum, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) of our general affairs and/or prospects since March 31, 2012 that is material in the context of the issue of the Notes.

Documents Available

For so long as any of the Notes are outstanding, copies of the Indenture may be inspected free of charge during normal business hours on any weekday (except public holidays) at the specified office of the Trustee.

For so long as any of the Notes are outstanding, copies of our audited consolidated financial statements for the last two financial years, if any, may be obtained during normal business hours on any weekday (except public holidays) at the specified office of the Trustee.

Clearing System and Settlement

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream, Luxemburg. The ISIN of the Notes is XS0835662726. The Common Code of the Notes is 083566272.

Only Notes evidenced by a Global Note have been accepted for clearance through Euroclear and Clearstream, Luxemburg, and only such Notes may trade on the SGX-ST.

LISTING OF THE NOTES

Approval in-principle has been received for the listing and quotation of the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this offering memorandum. Admission of the Notes to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST are not to be taken as an indication of the merits of our company and subsidiaries jointly controlled entities and associates or the Notes, Subsidiary Guarantees or JV Subsidiary Guarantees. The Notes will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies) for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, we will appoint and maintain a Paying Agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that a Global Note is exchanged for definitive Notes. In addition, in the event that a Global Note is exchanged for definitive Notes, an announcement of such exchange shall be made by or on behalf of us through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the Paying Agent in Singapore.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

(1) The independent auditors' report on the Company's consolidated financial statements set out herein is re-produced from the Company's annual report for the respective years. Page references referred to in the above-named reports refer to pages set out in such annual report.

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Independent Auditors' Report
獨立核數師報告

ERNST & YOUNG
安 永

To the shareholders of China South City Holdings Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of China South City Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 75 to 192, which comprise the consolidated and company statements of financial position as at 31 March 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

致華南城控股有限公司各股東
(於香港註冊成立之有限公司)

我們已審核列載於第75至192頁的華南城控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的財務報表，其中包括於2012年3月31日的綜合及公司財務狀況表，及截止該日止年度的綜合收益表、綜合全面收益表、綜合權益變動表和綜合現金流量表以及主要會計政策概要及其他説明資料。

董事就財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會刊發的香港財務報告準則及香港公司條例規定編制綜合財務報表，以令綜合財務報表作出真實而公平的反映，及落實其認為編製綜合財務報表所必要的內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

核數師的責任

我們的責任是根據我們的審核對該等綜合財務報表發表意見。本報告根據香港公司條例第141條僅向閣下(作為團體)報告，除此之外，別無其他目的。本核數師不會就本報告內容向任何其他人士負上或承擔任何責任。

我們已根據香港會計師公會刊發的香港審計準則進行審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定此等財務報表是否不存有任何重大錯誤陳述。

Auditors' responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2012, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

核數師的責任(續)

審核涉及執行程序以獲取有關綜合財務報表所載金額和披露資料的審核證據。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製報綜合財務報表以作出真實且反映相關的內部監控，以設計適當的審核程序，但並非對公司的內部監控的有效性發表意見。審核亦包括評估董事所採用的會計政策的合適性及作出的會計估計的合理性，以及評估綜合財務報表的整體列報方式。

我們相信，我們所獲得的審核證據充足且適當地為我們的審核意見提供基礎。

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映貴公司和貴集團於2012年3月31日的財務狀況及截至該日止年度貴集團的利潤和現金流量，並已按照香港公司條例妥為編製。

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

26 June 2012

安永會計師事務所
執業會計師
香港
中環
添美道1號
中信大廈22樓

2012年6月26日

Consolidated Income Statement
綜合收益表

Year ended 31 March 2012
截至2012年3月31日止年度

			For the year ended 31 March 截至3月31日止年度	
		Notes *附註*	**2012 HK$'000 千港元**	2011 HK$'000 千港元
REVENUE	**收入**	*5*	**3,670,767**	2,234,033
Cost of sales	銷售成本		**(1,434,671)**	(900,985)
Gross profit	毛利		**2,236,096**	1,333,048
Other income and gains	其他收入及收益	*5*	**547,191**	39,499
Fair value gains on investment properties	投資物業公平值收益	*5*	**1,117,696**	1,464,168
Selling and distribution costs	銷售及分銷成本		**(187,334)**	(111,805)
Administrative expenses	行政開支		**(350,918)**	(208,079)
Other expenses	其他開支		**477**	(34,566)
Finance costs	融資成本	*7*	**(58,873)**	(30,495)
Share of profits and losses of:	應佔下列各方的利潤及虧損：			
A jointly-controlled entity	一家共同控制實體	*20*	**1,497**	1,337
Associates	聯營公司		**(317)**	(331)
PROFIT BEFORE TAX	**稅前利潤**	*6*	**3,305,515**	2,452,776
Income tax expense	所得稅開支	*10*	**(1,257,953)**	(908,658)
PROFIT FOR THE YEAR	**本年度利潤**		**2,047,562**	1,544,118
Attributable to:	下列各方應佔：			
Owners of the parent	母公司擁有人	*11*	**2,070,708**	1,552,455
Non-controlling interests	非控股權益		**(23,146)**	(8,337)
			2,047,562	1,544,118
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	**歸屬於母公司普通股權益持有人之每股盈利**	*13*		
Basic	基本			
— for profit for the year	— 本年度利潤		**HK34.58 cents港仙**	HK25.95 cents 港仙
Diluted	攤薄			
— for profit for the year	— 本年度利潤		**HK34.51 cents港仙**	HK25.80 cents 港仙

Details of the dividends proposed for the year are disclosed in note 12 to the financial statements.

本年度擬派股息詳情於財務報表附註12披露。

Consolidated Statement of Comprehensive Income
綜合全面收益表

Year ended 31 March 2012
截至2012年3月31日止年度

		For the year ended 31 March 截至3月31日止年度	
		2012	2011
		HK$'000	HK$'000
		千港元	千港元
PROFIT FOR THE YEAR	**本年度利潤**	**2,047,562**	1,544,118
OTHER COMPREHENSIVE INCOME	**其他全面收入**		
Exchange differences on translation of foreign operations	換算海外業務的匯兑差額	**366,059**	302,644
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**本年度總全面收入**	**2,413,621**	1,846,762
Attributable to:	**下列各方應佔：**		
Owners of the parent	母公司擁有人	**2,434,132**	1,851,482
Non-controlling interests	非控股權益	**(20,511)**	(4,720)
		2,413,621	1,846,762

Consolidated Statement of Financial Position
綜合財務狀況表

31 March 2012
2012年3月31日

		Notes 附註	**31 March 2012 2012年3月31日 HK$'000 千港元**	31 March 2011 2011年3月31日 HK$'000 千港元
NON-CURRENT ASSETS	**非流動資產**			
Property, plant and equipment	物業、廠房及設備	*14*	**195,960**	204,119
Investment properties	投資物業	*15*	**13,637,107**	11,285,288
Properties under development	發展中物業	*16*	**2,878,003**	3,403,663
Prepaid land premiums	預付土地出讓金	*17*	**7,116**	7,036
Goodwill	商譽	*18*	**20,066**	20,066
Investments in jointly-controlled entities	於共同控制實體的投資	*20*	**2,850**	11,106
Investments in associates	於聯營公司的投資	*21*	**(1,531)**	(1,177)
Finance lease receivables	融資租賃應收款項	*22*	**38,445**	46,795
Deposits paid for purchase of land	購買土地支付的按金	*23*	**376,035**	261,316
Deferred tax assets	遞延税項資產	*32*	**267,388**	160,003
Total non-current assets	非流動資產總值		**17,421,439**	15,398,215
CURRENT ASSETS	**流動資產**			
Properties held for finance lease	持作融資租賃物業		**145,940**	161,571
Properties held for sale	持作銷售物業	*24*	**7,762,555**	482,607
Trade receivables	應收貿易賬款	*25*	**525,630**	589,943
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	*26*	**866,806**	34,005
Held for trading investments at fair value through profit or loss	透過損益以公平值列賬之持作買賣投資	*27*	**111,986**	153,065
Cash and cash equivalents and restricted cash	現金及現金等價物及受限制現金	*28*	**3,831,987**	4,564,491
Total current assets	流動資產總值		**13,244,904**	5,985,682
CURRENT LIABILITIES	**流動負債**			
Trade and other payables	貿易及其他應付款項	*29*	**6,529,731**	1,324,051
Interest-bearing bank and other borrowings	計息銀行及其他借貸	*30*	**2,740,273**	1,696,394
Tax payable	應付税項		**1,624,496**	900,503
Total current liabilities	流動負債總額		**10,894,500**	3,920,948
NET CURRENT ASSETS	**流動資產淨值**		**2,350,404**	2,064,734
TOTAL ASSETS LESS CURRENT LIABILITIES	**資產總值減流動負債**		**19,771,843**	17,462,949

31 March 2012
2012年3月31日

		Notes 附註	31 March 2012 2012年3月31日 HK$'000 千港元	31 March 2011 2011年3月31日 HK$'000 千港元
NON-CURRENT LIABILITIES	**非流動負債**			
Interest-bearing bank and other borrowings	計息銀行及其他借貸	*30*	**2,033,109**	2,546,303
Senior notes	優先票據	*31*	**1,844,984**	1,900,083
Amount due to non-controlling interests	應付非控股權益款項	*41(c)(ii)*	**53,113**	51,170
Deferred tax liabilities	遞延税項負債	*32*	**2,845,346**	2,347,357
Total non-current liabilities	非流動負債總額		**6,776,552**	6,844,913
Net assets	資產淨值		**12,995,291**	10,618,036
EQUITY	**權益**			
Equity attributable to owners of the parent	母公司擁有人應佔權益			
Issued capital	已發行股本	*33*	**59,876**	59,876
Reserves	儲備	*35(a)*	**12,429,737**	10,331,349
Proposed final dividends	擬派末期股息	*12*	**449,067**	149,689
			12,938,680	10,540,914
Non-controlling interests	非控股權益		**56,611**	77,122
Total equity	**權益總額**		**12,995,291**	10,618,036

CHENG CHUNG HING 鄭松興
Director 董事

LEUNG MOON LAM 梁滿林
Director 董事

Consolidated Statement of Changes in Equity
綜合權益變動表

Year ended 31 March 2012
截至2012年3月31日止年度

			Attributable to owners of the parent 母公司擁有人應佔										
			Issued capital 已發行股本	**Capital redemption reserve 資本贖回儲備**	**Statutory surplus reserve 法定盈餘儲備**	**Capital reserve 資本儲備**	**Share premium account 股份溢價賬**	**Share option reserve 購股權儲備**	**Exchange fluctuation reserve 匯兑波動儲備**	**Retained profits 保留利潤**	**Proposed final dividends 擬派末期股息**	**Total 總計**	**Non-controlling interests 非控股權益**	**Total equity 權益總額**
		Notes 附註	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元 *(note i)* *(附註i)*	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元
At 1 April 2010	於2010年4月1日		60,000	–	86,269	–	3,039,402	67,520	594,820	4,945,422	119,591	8,913,024	113,661	9,026,685
Profit for the year	本年度利潤		–	–	–	–	–	–	–	1,552,455	–	1,552,455	(8,337)	1,544,118
Other comprehensive income for the year:	本年度其他全面收入：													
Exchange differences on translation of foreign operations	換算海外業務的匯兑差額		–	–	4,640	–	–	–	294,387	–	–	299,027	3,617	302,644
Total comprehensive income for the year	本年度總全面收入		–	–	4,640	–	–	–	294,387	1,552,455	–	1,851,482	(4,720)	1,846,762
Repurchase of shares	購回股份	*33*	(204)	204	–	–	–	–	–	(24,616)	–	(24,616)	–	(24,616)
Exercise of share options	行使購股權	*34*	80	–	–	–	11,321	(3,001)	–	–	–	8,400	–	8,400
Equity-settled share option arrangement	以權益結算的購股權安排	*34*	–	–	–	–	–	396	–	–	–	396	–	396
Acquisition of non-controlling interests	收購非控股權益		–	–	–	(88,181)	–	–	–	–	–	(88,181)	(31,819)	(120,000)
Final 2010 dividend paid	已付2010年末期股息		–	–	–	–	–	–	–	–	(119,591)	(119,591)	–	(119,591)
Proposed final 2011 dividend	擬派2011年末期股息	*12*	–	–	–	–	–	–	–	(149,689)	149,689	–	–	–
Transfer from retained profits	轉撥自保留利潤		–	–	33,640	–	–	–	–	(33,640)	–	–	–	–
At 31 March 2011	於2011年3月31日		59,876	204*	124,549*	(88,181)*	3,050,723*	64,915*	889,207*	6,289,932*	149,689	10,540,914	77,122	10,618,036

		Notes 附註	Attributable to owners of the parent 母公司擁有人應佔 Issued capital 已發行股本 HK$'000 千港元	Capital redemption reserve 資本贖回儲備 HK$'000 千港元	Statutory surplus reserve 法定盈餘儲備 HK$'000 千港元 (note i) (附註i)	Capital reserve 資本儲備 HK$'000 千港元	Share premium account 股份溢價賬 HK$'000 千港元	Share option reserve 購股權儲備 HK$'000 千港元	Exchange fluctuation reserve 匯兌波動儲備 HK$'000 千港元	Retained profits 保留利潤 HK$'000 千港元	Proposed final dividends 擬派末期股息 HK$'000 千港元	Total 總計 HK$'000 千港元	Non-controlling interests 非控股權益 HK$'000 千港元	Total equity 權益總額 HK$'000 千港元
At 1 April 2011	於2011年4月1日		59,876	204	124,549	(88,181)	3,050,723	64,915	889,207	6,289,932	149,689	10,540,914	77,122	10,618,036
Profit for the year	本年度利潤		–	–	–	–	–	–	–	2,070,708	–	2,070,708	(23,146)	2,047,562
Other comprehensive income for the year:	本年度其他全面收入：													
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額		–	–	5,763	–	–	–	357,661	–	–	363,424	2,635	366,059
Total comprehensive income for the year	本年度總全面收入		–	–	5,763	–	–	–	357,661	2,070,708	–	2,434,132	(20,511)	2,413,621
Lapse of share options	購股權失效	34	–	–	–	–	–	(15,004)	–	15,004	–	–	–	–
Equity-settled share option arrangement	以權益結算的購股權安排	34	–	–	–	–	–	42,314	–	–	–	42,314	–	42,314
Disposal of subsidiaries	出售附屬公司	36	–	–	–	88,181	–	–	(17,172)	–	–	71,009	–	71,009
Final 2011 dividend paid	已付2011年末期股息		–	–	–	–	–	–	–	–	(149,689)	(149,689)	–	(149,689)
Proposed final 2012 dividend	擬派2012年末期股息	12	–	–	–	–	–	–	–	(449,067)	449,067	–	–	–
Transfer from retained profits	轉撥自保留利潤		–	–	73,906	–	–	–	–	(73,906)	–	–	–	–
At 31 March 2012	於2012年3月31日		59,876	204*	204,218*	–*	3,050,723*	92,225*	1,229,696*	7,852,671*	449,067	12,938,680	56,611	12,995,291

* These reserve accounts comprise the consolidated reserves of HK$12,429,737,000 (31 March 2011: HK$10,331,349,000) in the consolidated statement of financial position.

* 該等儲備賬包括綜合財務狀況表所載的綜合儲備12,429,737,000港元(2011年3月31日：10,331,349,000港元)。

Note:

(i) In accordance with the PRC Company Law, the Group's subsidiaries registered in the PRC are required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses) to the statutory surplus reserve. When the balance of the reserve fund reaches 50% of the entity's registered capital, any further appropriation is optional. The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital. However, the balance of the statutory surplus reserve must be maintained at a minimum of 25% of registered capital after such usages.

附註：

(i) 根據中國公司法，本集團於中國註冊的附屬公司須將年度法定稅後利潤(經抵銷任何過往年度虧損後)的10%撥入法定盈餘儲備。當儲備資金結餘達至實體註冊資本的50%時，可以選擇是否再次撥入資金。法定盈餘儲備可用於抵銷過往年度虧損或增加資本。然而，法定盈餘儲備於作出該等用途後的結餘必須最少維持於註冊資本的25%。

Consolidated Statement of Cash Flows
綜合現金流量表

Year ended 31 March 2012
截至2012年3月31日止年度

			For the year ended 31 March 截至3月31日止年度	
			2012	2011
		Notes	**HK$'000**	HK$'000
		附註	**千港元**	千港元
CASH FLOWS FROM OPERATING ACTIVITIES	**經營活動現金流量**			
Profit before tax	稅前利潤		**3,305,515**	2,452,776
Adjustments for:	調整：			
Finance costs	融資成本	7	**58,873**	30,495
Share of profits and losses of a jointly-controlled entity and associates	應佔一家共同控制實體及聯營公司利潤及虧損		**(1,180)**	(1,006)
Bank interest income	銀行利息收入	5	**(8,770)**	(5,700)
Loss on disposal of items of property, plant and equipment	出售物業、廠房及設備項目虧損	6	**32**	3,250
Gain on disposal of subsidiaries	出售附屬公司收益	36	**(545,720)**	–
Depreciation	折舊	6	**23,175**	35,451
Amortisation of prepaid land premiums	預付土地出讓金攤銷	6	**187**	180
Changes in fair value of investment properties	投資物業公平值變動	5	**(1,117,696)**	(1,464,168)
Provision for impairment of trade receivables	應收貿易賬款減值撥備	6	**–**	34,959
Write-back of impairment of investment in a jointly-controlled entity	於一家共同控制實體的投資減值撥回	6	**(477)**	(393)
Gain on repurchase of senior notes	購回優先票據收益	5	**(14,018)**	–
(Gains)/losses on held for trading investments at fair value through profit or loss, net	透過損益以公平值列賬之持作買賣投資(收益)／虧損淨額	5	**40,260**	(20,098)
Equity-settled share option expense	以權益結算的購股權開支	6	**42,314**	396
			1,782,495	1,066,142
(Increase)/decrease in properties held for sale	持作銷售物業(增加)／減少		**(3,379,785)**	619,774
Decrease in properties held for finance lease	持作融資租賃物業減少		**21,766**	121,593
Decrease in loan receivables	應收貸款減少		**–**	652
Decrease in finance lease receivables	融資租賃應收款項減少		**10,127**	9,854
Increase in trade receivables	應收貿易賬款增加		**(113,661)**	(380,394)
(Increase)/decrease in prepayments, deposits and other receivables	預付款項、按金及其他應收款項(增加)／減少		**(388,946)**	17,581
Increase in restricted cash	受限制現金增加		**(473,149)**	(34,330)
Increase in trade and other payables	貿易及其他應付款項增加		**3,636,667**	9,365
Cash generated from operations	經營所得的現金		**1,095,514**	1,430,237
Overseas taxes paid	已付海外稅項		**(159,794)**	(104,920)
Net cash flows from operating activities	經營活動現金流入淨額		**935,720**	1,325,317

		Notes 附註	For the year ended 31 March 截至3月31日止年度 2012 HK$'000 千港元	2011 HK$'000 千港元
Net cash flows from operating activities	經營活動現金流入淨額		**935,720**	1,325,317
CASH FLOWS FROM INVESTING ACTIVITIES	**投資活動現金流量**			
Purchases of items of property, plant and equipment	購買物業、廠房及設備項目		**(11,273)**	(22,417)
Dividends received from held for trading investments at fair value through profit or loss	透過損益以公平值列賬之持作買賣投資已收股息		**819**	–
Proceeds from disposal of items of property, plant and equipment	出售物業、廠房及設備項目所得款項		**332**	529
Purchase of held for trading investments at fair value through profit and loss	購買透過損益以公平值列賬之持作買賣投資		**–**	(28,937)
Acquisition of non-controlling interests	收購非控股權益		**(30,156)**	(89,844)
Disposal of subsidiaries	出售附屬公司	*36*	**286,264**	–
Net advances from jointly-controlled entities	共同控制實體所得墊款淨額		**10,674**	1
Additions to properties under development	發展中物業添置		**(2,315,650)**	(1,826,712)
Interest received	已收利息		**8,770**	5,700
Net cash flows used in investing activities	投資活動現金流出淨額		**(2,050,220)**	(1,961,680)
CASH FLOWS FROM FINANCING ACTIVITIES	**融資活動現金流量**			
Issue of senior notes	發行優先票據	*31*	**–**	1,842,887
Payment for repurchase of shares	購回股份付款	*33*	**–**	(24,616)
Payment for repurchase of senior notes	購回優先票據付款	*31*	**(54,069)**	–
Payment for interest on senior notes	優先票據利息付款	*31*	**(262,164)**	–
New bank and other borrowings	新借銀行及其他貸款		**2,171,514**	2,050,143
Repayment of bank and other borrowings	償還銀行及其他貸款		**(1,588,163)**	(2,196,016)
Exercise of share options	行使購股權		**–**	8,400
Dividend distribution	分派股息		**(149,689)**	(119,591)
Increase in amount due to non-controlling interests	應付非控股權益款項增加		**–**	51,170
Interest paid	已付利息		**(259,403)**	(210,506)
Net cash flows (used in)/from financing activities	融資活動現金(流出)／流入淨額		**(141,974)**	1,401,871
NET INCREASE IN CASH AND CASH EQUIVALENTS	**現金及現金等價物增加淨額**		**(1,256,474)**	765,508
Cash and cash equivalents at beginning of year	年初的現金及現金等價物	*28*	**4,521,310**	3,694,126
Effect of foreign exchange rate changes, net	匯率變動影響淨額		**50,821**	61,676
CASH AND CASH EQUIVALENTS AT END OF YEAR	**年終的現金及現金等價物**		**3,315,657**	4,521,310
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	**現金及現金等價物結餘分析**			
Cash and cash equivalents	現金及現金等價物	*28*	**3,315,657**	4,521,310

Statement of Financial Position
財務狀況表

31 March 2012
2012年3月31日

		Notes 附註	**31 March 2012 2012年3月31日 HK$'000 千港元**	31 March 2011 2011年3月31日 HK$'000 千港元
NON-CURRENT ASSETS	**非流動資產**			
Property, plant and equipment	物業、廠房及設備		**1,783**	1,639
Investments in subsidiaries	於附屬公司的投資	*19*	**2,953,675**	2,253,675
Total non-current assets	非流動資產總額		**2,955,458**	2,255,314
CURRENT ASSETS	**流動資產**			
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項		**529**	3,708
Due from subsidiaries	應收附屬公司款項	*19*	**2,250,736**	968,195
Cash and cash equivalents	現金及現金等價物	*28*	**477,387**	2,342,869
Total current assets	流動資產總額		**2,728,652**	3,314,772
CURRENT LIABILITIES	**流動負債**			
Due to subsidiaries	應付附屬公司款項	*19*	**899**	899
Other payables, accruals and deposits received	其他應付款項、應計項目及已收按金		**35,453**	34,055
Total current liabilities	流動負債總額		**36,352**	34,954
NET CURRENT ASSETS	**流動資產淨值**		**2,692,300**	3,279,818
TOTAL ASSETS LESS CURRENT LIABILITIES	**資產總額減流動負債**		**5,647,758**	5,535,132
NON-CURRENT LIABILITIES	**非流動負債**			
Senior notes	優先票據	*31*	**1,844,984**	1,900,083
Net assets	資產淨值		**3,802,774**	3,635,049
EQUITY	**權益**			
Issued capital	已發行股本	*33*	**59,876**	59,876
Reserves	儲備	*35(b)*	**3,293,831**	3,425,484
Proposed final dividends	擬派末期股息	*12*	**449,067**	149,689
Total equity	權益總額		**3,802,774**	3,635,049

CHENG CHUNG HING 鄭松興
Director 董事

LEUNG MOON LAM 梁滿林
Director 董事

1. Corporate Information

China South City Holdings Limited (the "Company") is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at Room 2205, 22/F, Sun Life Tower, The Gateway, 15 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

During the year, the Group is principally engaged in developing and operating the large-scale integrated logistics and trade centers, developing supporting residential and commercial facilities, property management and operation of hotels.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and held for trading investments at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2012. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

1. 公司資料

華南城控股有限公司(「本公司」)在香港註冊成立為有限公司。本公司註冊辦事處位於香港九龍尖沙咀廣東道15號港威大廈永明金融大樓22樓2205室。

年內,本集團主要從事發展及經營大型綜合物流及商貿中心、開發商住配套設施、物業管理及酒店運營。

2.1 編製基準

該等財務報表乃根據香港會計師公會頒佈之香港財務報告準則(「香港財務報告準則」)(當中包括所有香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋)、香港公認會計原則及香港公司條例之規定而編製,並按歷史成本法編製,惟投資物業及透過損益以公平值列帳之持作買賣投資按公平值計量則除外。除另有説明外,此等財務報表以港元呈列,所有數值均已四捨五入至最接近千位數。

綜合基準

綜合財務報表包括本公司及其附屬公司(統稱「本集團」)截至2012年3月31日止年度的財務報表。附屬公司的財務報表乃按與本公司相同的報告期間以一致的會計政策編製。附屬公司之業績自收購日期(即本集團取得控制權當日)起綜合入賬,直至該等控制權終止當日為止。所有本集團內公司間交易產生之結餘、交易、未變現盈虧及股息均於綜合賬目時悉數對銷。

2.1 Basis of Preparation (Continued)
Basis of consolidation (Continued)

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

2.2 Changes in Accounting Policy and Disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirements*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

2.1 編製基準(續)
綜合基準(續)

附屬公司之全面收益總額乃歸屬於非控股權益，即使引致結餘為負數。

一家附屬公司的所有權權益出現變動(並無失去控制權)，則按權益交易入賬。

倘本集團失去對附屬公司的控制權，則終止確認(i)該附屬公司的資產(包括商譽)及負債，(ii)任何非控股權益的賬面值及(iii)於權益內記錄的累計換算差額；及確認(i)已收代價的公平值，(ii)所保留任何投資的公平值及(iii)收益表中任何因此產生的盈餘或虧蝕。先前於其他全面收入內確認的本集團應佔部份重新分類至損益或保留利潤(如適用)。

2.2 會計政策的變更及披露

本集團於本年度財務報表內首次採納以下新訂及經修訂香港財務報告準則。

香港財務報告準則第1號修訂本	香港財務報告準則第1號*首次採納香港財務報告準則－首次採納者按可比較香港財務報告準則第7號披露的有限豁免之修訂*
香港會計準則第24號(經修訂)	*關連人士披露*
香港會計準則第32號修訂本	香港會計準則第32號*金融工具：呈報－供股的分類*之修訂
香港(國際財務報告詮釋委員會)－詮釋第14號修訂本	香港(國際財務報告詮釋委員會)－詮釋第14號*預付最低資金需求*之修訂
香港(國際財務報告詮釋委員會)－詮釋第19號	*以權益工具抵銷財務負債*
香港財務報告準則2010年之改進	2010年5月頒佈之多項香港財務報告準則之修訂

2.2 Changes in Accounting Policy and Disclosures (Continued)

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010 (Include other standards as appropriate)*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group. Details of the related party transactions, including the related comparative information, are included in note 41 to the consolidated financial statements.

2.2 會計政策的變更及披露(續)

除下述所進一步闡釋有關香港會計準則第24號(經修訂)、香港財務報告準則第3號之修訂、香港會計準則第1號及香港會計準則第27號包含於*香港財務報告準則2010之改進內(包括其他適用的準則)*的影響外，採納該等新訂及經修訂香港財務報告準則並無對該等財務報表產生重大財務影響。

採納該等香港財務報告準則的主要影響如下：

(a) 香港會計準則第24號(經修訂)*關連人士披露*

香港會計準則第24號(經修訂)釐清及簡化關連人士的定義。新定義強調關連人士關係的對稱性，並釐清人士及主要管理人員影響實體之關連人士關係的情況。此經修訂準則亦就與政府或受到作為報告實體的同一政府控制、共同控制或重大影響之實體進行之交易，引入可豁免遵守一般關連人士總體披露規定之情況。關連人士適用的會計政策已獲修訂，以反映在經修訂準則下關連人士定義之變動。採納經修訂準則對本集團財務狀況或業績並無造成任何影響。關連人士交易之詳情(包括相關可比較資料)，載於綜合財務報表附註41。

2.2 Changes in Accounting Policy and Disclosures (Continued)

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 *Business Combinations*: The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

  In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

  The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- HKAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

2.2 會計政策的變更及披露(續)

(b) 於2010年5月頒佈的*2010年香港財務報告準則的改進*載列多項香港財務報告準則修訂本。各項準則均設有個別過渡性條文。儘管採納部分修訂本或會導致會計政策變動,惟該等修訂本概不對本集團財務狀況或業績構成重大財務影響。最適用於本集團的主要修訂本詳情如下:

- 香港財務報告準則第3號*業務併購*:該修訂本闡明香港財務報告準則第7號、香港會計準則第32號及香港會計準則第39號的修訂本中消除對或然代價之豁免,但該修訂本並不適用於採用香港財務報告準則第3號(於2008年經修訂)之前進行業務併購所產生的或然代價。

  此外,該修訂本限制了非控股權益計量選擇範圍。只有屬於賦予持有人在清盤時按比例分佔被收購方資產淨值的現有所有權權益的非控股權益部分,方會按公平值或現有所有權工具對被收購方可識別資產淨值的應佔比例計量。所有其他非控股權益部分按收購日公平值計量,惟倘另一項香港財務報告準則規定另一項計量基準,則另作別論。

  該修訂本亦加入明文指引,以闡明尚未取代及自願取代的以股份基礎支付獎勵的會計處理方式。

- 香港會計準則第1號*財務報表的呈報*:該修訂本闡明其他全面收入各組成部分的分析,可於權益變動表或財務報表附註呈列。本集團已選擇於權益變動表呈列其他全面收入各組成部分的分析。

2.2 Changes in Accounting Policy and Disclosures (Continued)

(b) (Continued)

- HKAS 27 *Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

The Group has voluntarily changed its accounting policy regarding the current/non-current assets classification in respect of properties under development. In prior years, the Group initially classified the properties under development in non-current assets in the statement of financial position and transferred the properties under development to current assets when completed and ready for use as properties held for sale. Under the revised accounting policy, properties under development are initially classified as non-current assets and transferred to current assets when the construction of the relevant properties commences and the construction period of the relevant property development project is expected to complete within normal operating cycle. The basis of measurement of properties under development is not affected by the above change in accounting policy. In the opinion of the directors, the financial statements according to the revised policy will provide reliable and more relevant information to the users of the financial statements, and better reflect the financial position of the Group following the diversification of the Group's project portfolio during the year and would bring the Group more in line with the treatment adopted by other entities in the real estate industry.

This voluntary change of the accounting policy has had no effect on the consolidated income statement. The effect on the consolidated statement of financial position as at 31 March 2012 is to decrease the non-current assets properties under development of HK$5,636,286,000 and to increase the current assets properties held for sale for the same amount.

The above change has no material impact on the comparatives as at 31 March 2011 and 1 April 2010 accordingly comparatives for the year ended 31 March 2011 and the opening balances at 1 April 2010 were not restated.

2.2 會計政策的變更及披露（續）

(b) （續）

- 香港會計準則第27號*綜合及獨立財務報表*：該修訂本闡明香港會計準則第27號（於2008年經修訂）對香港會計準則第21號、香港會計準則第28號及香港會計準則第31號所作出的後續修訂將於2009年7月1日或之後開始之年度期間開始應用或提早應用（倘香港會計準則第27號獲提早應用）。

本集團主動更改發展中物業於流動資產／非流動資產分類的會計政策。於以往年度，本集團起始時把發展中物業於綜合財務狀況表中分類為非流動資產，並在完工及可開始使用時結轉至流動資產中的持作銷售物業。根據經修訂的會計政策，起始時發展中物業分類為非流動資產，並於有關物業的建設開始及預計有關發展項目之預計施工期於正常營運週期內時結轉至流動資產中的持作銷售物業。有關會計政策的改變對發展中物業計量的準則沒有影響。董事認為根據經修訂政策的財務報表可為財務報表使用者提供可靠及更多有關的資料，及更好地反映集團本年度於多個項目組合情況下的財務狀況，亦可使本集團的處理方法與房地產發展行業的其他公司更趨一致。

此主動更改會計政策對綜合收益表沒有影響。對2012年3月31日的綜合財務狀況表中非流動資產的發展中物業減少5,636,286,000港元，及對流動資產中的持作銷售物業增加相同金額。

上述改變對2011年3月31日及2010年4月1日的對比數字沒有重大影響。因此2011年3月31日的對比數字及2010年4月1日的起始金額沒有重列。

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*[4]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[4]
HKFRSs Amendments	*Annual improvements to HKFRSs 2009-2011 cycle*[4]
HKFRS 9	*Financial Instruments*[6]
HKFRS 10	*Consolidated Financial Statements*[4]
HKFRS 11	*Joint Arrangements*[4]
HKFRS 12	*Disclosure of Interests in Other Entities*[4]
HKFRS 13	*Fair Value Measurement*[4]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[3]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*[2]
HKAS 19 (2011)	*Employee Benefits*[4]
HKAS 27 (2011)	*Separate Financial Statements*[4]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[4]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[5]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[4]

2.3 已頒佈但尚未生效的香港財務報告準則

本集團於該等財務報表尚未採納下列已頒佈但仍未生效之新訂及經修訂香港財務報告準則。

香港財務報告準則第1號修訂本	香港財務報告準則第1號*首次採納香港財務報告準則－嚴重高通脹及剔除首次採用者的固定日期之修訂*[1]
香港財務報告準則第1號修訂本	香港財務報告準則第1號*首次採納香港財務報告準則－政府貸款之修訂*[4]
香港財務報告準則第7號修訂本	香港財務報告準則第7號*金融工具:披露－金融資產之轉移之修訂*[1]
香港財務報告準則第7號修訂本	香港財務報告準則第7號*金融工具:披露－抵銷金融資產及金融負債之修訂*[4]
香港財務報告準則修訂本	*香港財務報告準則2009年至2011年期間之年度改善*[4]
香港財務報告準則第9號	*金融工具*[6]
香港財務報告準則第10號	*綜合財務報表*[4]
香港財務報告準則第11號	*共同安排*[4]
香港財務報告準則第12號	*披露於其他實體之利益*[4]
香港財務報告準則第13號	*公平值計量*[4]
香港會計準則第1號修訂本	香港會計準則第1號*呈列財務報表－呈列其他全面收入項目之修訂*[3]
香港會計準則第12號修訂本	香港會計準則第12號*所得稅－遞延稅項:收回相關資產之修訂*[2]
香港會計準則第19號(2011年)	*僱員福利*[4]
香港會計準則第27號(2011年)	*獨立財務報表*[4]
香港會計準則第28號(2011年)	*於聯營公司及合營公司之投資*[4]
香港會計準則第32號修訂本	香港會計準則第32號*金融工具:呈列－抵銷金融資產及金融負債之修訂*[5]
香港(國際財務申報詮釋委員會)－詮釋第20號	*地表採礦生產階段的剝離成本*[4]

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards (Continued)

1 Effective for annual periods beginning on or after 1 July 2011

2 Effective for annual periods beginning on or after 1 January 2012

3 Effective for annual periods beginning on or after 1 July 2012

4 Effective for annual periods beginning on or after 1 January 2013

5 Effective for annual periods beginning on or after 1 January 2014

6 Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.3 已頒佈但尚未生效的香港財務報告準則(續)

1 於2011年7月1日或之後開始之年度期間生效

2 於2012年1月1日或之後開始之年度期間生效

3 於2012年7月1日或之後開始之年度期間生效

4 於2013年1月1日或之後開始之年度期間生效

5 於2014年1月1日或之後開始之年度期間生效

6 於2015年1月1日或之後開始之年度期間生效

本集團現正評估該等新訂及經修訂香港財務報告準則於首次採納時之影響。至目前為止，本集團認為該等新訂及經修訂香港財務報告準則對本集團之經營業績及財務狀況不大可能造成重大影響。

2.4 Summary of Significant Accounting Policies

Subsidiaries

A subsidiary is an entity in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors; or over which the Company has a contractual right to exercise a dominant influence with respect to that entity's financial and operating policies.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 are stated at cost less any impairment losses.

2.4 重大會計政策概要

附屬公司

附屬公司乃本公司直接或間接控制其過半數表決權或已發行股本或控制其董事會組成的實體，或本公司有合同權利對該實體的財務及營運政策行使重大影響力者。

附屬公司業績計入本公司收益表，以已收及應收股息為限。根據香港財務報告準則第5號，本公司於附屬公司不被分類為持作買賣的投資按成本減任何減值虧損列賬。

2.4 Summary of Significant Accounting Policies (Continued)

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits or losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

(a) a subsidiary, if the Group, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors; or over which the Company has a contractual right to exercise a dominant influence with respect to the joint venture's financial and operating policies;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

2.4 重大會計政策概要(續)

合營公司

合營公司乃按合同安排成立的實體，而本集團與其他方於其中從事經濟活動。合營公司以個別實體的身份經營，而本集團及其他方於當中擁有權益。

合營公司訂立的合營協議訂明合營各方的出資額、合營公司的年期及於解散時變現資產的基準。合營公司的經營利潤及虧損以及盈餘資產的任何分派，均由合營公司按其各自的出資比例或根據合營協議條款分配。

合營公司會被視為：

(a) 一家附屬公司，倘本集團於合營公司直接或間接控制其過半數表決權或已發行股本或控制其董事會組成；或本公司有合同權利對該合營公司的財務及營運政策行使重大影響力；

(b) 一家共同控制實體，倘本集團於合營公司並無單方面的控制權，但直接或間接擁有共同控制權；

(c) 一家聯營公司，倘本集團於合營公司並無單方面或共同控制權，但直接或間接持有整體上不少於20%的註冊資本，並處於可對合營公司行使重大影響力的地位；或

(d) 一項根據香港會計準則第39號入賬的權益投資，倘本集團直接或間接於合營公司持有少於20%的註冊資本，而於合營公司亦無共同控制權或並非處於可對合營公司行使重大影響力的地位。

2.4 Summary of Significant Accounting Policies (Continued)

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's investments in jointly-controlled entities are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated income statement and consolidated reserves, respectively. Where the profit sharing ratio is different to the Group's equity interest, the share of post-acquisition results of the jointly-controlled entities is determined based on the agreed profit sharing ratio. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group’s investments in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of jointly-controlled entities is included as part of the Group's investments in jointly-controlled entities.

The results of jointly-controlled entities are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in jointly-controlled entities are treated as non-current assets and are stated at cost less any impairment losses.

2.4 重大會計政策概要(續)

共同控制實體

共同控制實體乃受制於共同控制的合營公司，而所有參與方對該共同控制實體的經濟活動均無單方面的控制權。

本集團於共同控制實體的投資乃以權益會計法按本集團應佔資產淨值減任何減值虧損後在綜合財務狀況表中列賬，並會作出調整以使任何可能存在之不相似會計政策達至一致。本集團應佔共同控制實體的收購後業績及儲備分別計入綜合收益表及綜合儲備。倘利潤分配比率與本集團的權益不同，應佔共同控制實體的收購後業績則根據協議利潤比率釐定。本集團及其共同控制實體交易產生的未變現盈虧於本集團於共同控制實體的投資中抵銷，除未變現虧損有跡象顯示資產的減值經轉移。由收購共同控制實體帶來的商譽計入為本集團於共同控制實體的投資的一部份。

共同控制實體的業績計入本公司收益表已收及應收股息。本公司於共同控制實體的投資視作非流動資產及以成本減去任何減值虧損列賬。

2.4 Summary of Significant Accounting Policies (Continued)

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group’s investments in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates and is not individually tested for impairment.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

2.4 重大會計政策概要(續)

聯營公司

聯營公司乃本集團於其權益表決權擁有一般不少於20%的長期權益並處於可對其行使重大影響力的地位，而非附屬公司或共同控制實體的實體。

本集團於聯營公司的權益乃以權益會計法按本集團應佔資產淨值減任何減值虧損後在綜合財務狀況表中列賬，並會作出調整以使任何可能存在之不相似會計政策達至一致。本集團應佔聯營公司的收購後業績及儲備分別計入綜合收益表及綜合儲備。本集團及其共同控制實體交易產生的未變現盈虧於本集團於共同控制實體的投資中抵銷，除未變現虧損有跡象顯示資產的減值經轉移。由收購聯營公司帶來的商譽計入為本集團於聯營公司的投資的一部份，且並不單獨作出減值測試。

聯營公司的業績計入本公司收益表已收及應收股息。本公司於聯營公司的投資視作非流動資產及以成本減去任何減值虧損列賬。

2.4 Summary of Significant Accounting Policies (Continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS.

2.4 重大會計政策概要(續)

業務併購及商譽

業務併購乃使用收購法入賬。所轉讓之代價乃以收購日期之公平值計量，該公平值為本集團所轉讓之資產於收購日期之公平值、本集團自被收購方之前度擁有人承擔之負債，及本集團發行以換取被收購方控制權之股權之總和。就各業務合併而言，本集團選擇以公平值或被收購方可識別資產淨值之應佔比例，計算於被收購方中現時屬擁有權權益並賦予其持有人權利可於清盤時按比例分佔資產淨值之非控股權益。非控股權益之所有其他部分按公平值計量。收購成本於產生時支銷。

當本集團收購一項業務時，會根據合約條款、於收購日期之經濟環境及相關條件，評估將承接之財務資產及負債，以作出適合之分類及指定用途。此包括將被收購方主合約中之嵌入式衍生工具分開計算。

倘業務併購分階段進行，收購方先前持有之被收購方股權於收購日期之公平值應按收購日期公平值計入收益表重新計量。

由收購方將予轉讓的任何或然代價將於收購日期按公平值確認。或然代價(被視為一項資產或負債)公平值之其後變動根據香港會計準則第39號於收益表確認或確認為其他全面收入的變動。倘將或然代價分類為權益，則其毋須重新計量。其後結算於權益內入賬。在或然代價並不屬於香港會計準則第39號之範圍的情況下，則按適用之香港財務報告準則計量。

2.4 Summary of Significant Accounting Policies (Continued)

Business combinations and goodwill (Continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.4 重大會計政策概要（續）

業務併購及商譽（續）

商譽起初按成本計量，即已轉讓代價、已確認非控股權益及本集團先前持有的被收購方股權之公平值之總和，超逾與所收購可識別資產淨值及所承擔負債的差額。倘此代價及其他項目的總和低於所收購附屬公司資產淨值的公平值，於評估後其差額將於收益表內確認為議價購買收益。

於初始確認後，商譽按成本減任何累計減值虧損計量。商譽須每年作減值測試，倘有事件發生或情況改變顯示賬面值有可能減值，則會更頻密地進行檢討。本集團於3月31日進行商譽的年度減值測試。為進行減值測試，因業務合併而購入的商譽自購入之日被分配至預期可從合併產生的協同效益中獲益的本集團各個現金產單位或現金產出單位組別，而無論本集團其他資產或負債是否已分配予該等單位或單位組別。

減值乃通過評估與商譽相關之現金產生單位（或現金產生單位組別）之可收回金額釐定。倘現金產生單位（或現金產生單位組別）之可收回金額低於賬面值時，減值虧損則予以確認。已就商譽確認之減值虧損不得於其後期間撥回。

倘商譽組成現金產生單位（或現金產生單位組別）之一部分，而該單位內部分業務被出售，則出售業務相關商譽於釐定出售業務收益或虧損時列入業務之賬面值。在此情況下出售之商譽根據已出售業務及所保留現金產生單位部分之相對價值計算。

2.4 Summary of Significant Accounting Policies (Continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, investment properties and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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 assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 重大會計政策概要(續)

非財務資產減值

倘有跡象顯示減值存在，或當必須為資產(存貨、財務資產、投資物業及商譽除外)作出年度減值測試時，則會估計資產的可收回金額。資產的可收回金額為資產或現金產生單位的使用價值與其公平值兩者的較高者減出售成本，並就個別資產而釐定，惟不可產生大體上獨立於其他資產或資產組別的現金流入的資產則除外，在此情況下，可收回金額就資產所屬的現金產生單位而釐定。

僅於資產的賬面值超逾其可收回金額時，減值虧損方予確認。評估使用價值時，估計日後現金流量乃使用可反映金額時間值的現行市場評估及該資產特有的風險的稅前折現率折現至現值。減值虧損於其產生期間自收益表與該減值資產功能一致的該等費用類別內扣除。

於各申報日期結束時均評估是否有任何跡象顯示於過往確認的減值虧損可能不再存在或可能已經減少。如該等跡象存在，則會估計可收回金額。僅於用作釐定資產的可收回金額的估計出現變動時，資產(商譽除外)過往確認的減值虧損方可撥回；惟撥回金額不得高於(倘該資產於過往年度未有確認減值虧損)將可釐定的賬面值(扣除任何折舊/攤銷)。有關減值虧損的撥回於產生期間計入收益表，除該資產按重估金額入賬，於該情況下，該重估資產減值虧損的撥回根據相關會計政策入賬。

2.4 Summary of Significant Accounting Policies (Continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.4 重大會計政策概要(續)

關連人士

有關人士在下列情況下被視為與本集團有關連：

(a) 該人士為一名人士或該人士之近親，而該人士：

(i) 控制或共同控制本集團；

(ii) 對本集團有重大影響力；或

(iii) 為本集團或本集團母公司的其中一名主要管理層成員；

或

(b) 該人士為符合下列任何一項條件之實體：

(i) 該實體與本集團屬同一集團之成員公司；

(ii) 該實體為另一家實體之聯營公司或合營企業(或另一家實體之母公司、附屬公司或同系附屬公司)；

(iii) 該實體與本集團均為同一第三方之合營企業；

(iv) 該實體為第三方實體之合營企業，而另一家實體則為該第三方實體的聯營公司；

(v) 該實體為就本集團或與本集團有關連之實體之僱員之利益而設之離職後福利計劃；

(vi) 該實體受(a)項所識別之人士控制或共同控制；及

(vii) 於(a)(i)項所識別之人士對該實體有重大影響力或屬該實體(或該實體之母公司)之主要管理層成員之一。

2.4 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3%
Hotel properties	4.5% to 20%
Furniture, fixtures and equipment	9% to 18%
Motor vehicles	9% to 18%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

2.4 重大會計政策概要(續)

物業、廠房和設備及折舊

物業、廠房及設備(除在建工程外)乃按成本減累計折舊及任何減值虧損列賬。物業、廠房及設備項目的成本包括其購買價及使其投入現時運作狀況及將其運往擬定用途地點的任何直接應佔成本。

物業、廠房及設備項目投入使用後所產生的開支,如維修保養費用,通常於產生期間在收益表扣除。在符合確認條件的情況下,大的檢修開支於資產賬面值資本化,作為置換。倘大部分物業、廠房及設備須定期置換,本集團確認該等部分為具備特定可使用年期及據此折舊之個別資產。

折舊乃以直線法於估計可使用年期撇銷各物業、廠房及設備項目的成本至其剩餘價值計算。就此而言使用的主要年率如下:

樓宇	3%
酒店物業	4.5%至20%
傢俬、裝置及設備	9%至18%
汽車	9%至18%

倘物業、廠房及設備項目的部分有不同的可使用年期,則該項目的成本以合理基準在該等部分之間分配,而各部分將會分開折舊。至少於各財政年結日檢討剩餘價值、可使用年期及折舊方法,並在適當情況下調整。

2.4 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment and depreciation (Continued)

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

2.4 重大會計政策概要(續)

物業、廠房和設備及折舊(續)

物業、廠房及設備項目及初步確認之任何重大部分於出售或預期不會從使用或出售有關項目而取得未來經濟利益時終止確認。於終止確認資產的年度內在收益表確認的任何出售或報廢該等項目的盈虧乃指銷售所得款項淨額與有關資產賬面值的差額。

在建工程指在建中的大廈,以成本減去任何減值虧損列賬,且不予折舊。成本包括直接建築成本及建築期間相關借貸的資本化借貸成本。在建工程於落成及可予使用時,會重新分類至適當的類別,如物業、廠房及設備。

投資物業

投資物業指為賺取租金收入及/或資本增值目的而持有的土地及樓宇權益(包括不符合投資物業定義的物業的經營租賃下的租賃權益),但不包括用作生產或供應貨品或提供服務或行政管理用途;或用作於日常業務過程中出售的土地及樓宇權益。該等物業初步按成本(包括交易成本)計量。初步確認後,投資物業按反映各報告期末市場狀況的公平值列賬。

投資物業公平值變動產生的盈虧,會於產生年度計入收益表。

報廢或出售投資物業產生的任何盈虧,會於報廢或出售的年度在收益表確認。

2.4 Summary of Significant Accounting Policies (Continued)

Properties under development

Properties under development are stated at the lower of cost and net realisable value. Cost comprises the land costs, construction costs, capitalised borrowing costs and other cost directly attributed to such properties during the period of construction.

Properties under development are initially classified as non-current assets and transferred to current assets under the category of properties held for sale when the construction of the relevant properties commences and the construction period of the relevant property development project is expected to complete within normal operating cycle.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the income statement on the straight-line basis over the lease terms.

2.4 重大會計政策概要(續)

發展中物業

發展中物業按成本值及可變現淨值兩者的較低者列賬。成本包括土地成本、發展開支、借貸成本及其他於建築期間該等物業應佔的直接成本。

起始時發展中物業分類為非流動資產，並於有關物業的建設開始及有關發展項目之預計施工期於正常營運週期內結轉至流動資產中的持作銷售物業。

租賃

凡資產所有權(除法定業權外)的絕大部分回報及風險轉移予本集團，均列為融資租賃。於融資租賃生效時，租賃資產之成本按最低應付租金之現值資本化，並連同承擔(不包括利息部份)入賬，以反映購入及融資情況。根據資本化融資租約持有之資產(包括融資租約項下之預付土地租賃款項)均計入物業、廠房及設備，並於租期與資產之估計可使用年期(以較短者為準)內折舊。有關租賃之融資成本於收益表扣除，以便於租期內按固定比率扣除。

凡資產所有權的絕大部分回報及風險仍歸出租人所有，則有關租賃列為經營租賃。倘本集團為出租人，則本集團根據經營租賃出租的資產計入非流動資產，而經營租賃下的應收租金則以直線法於租賃期內計入收益表。倘本集團為承租人，則經營租賃下的應付租金以直線法於租賃期內在收益表扣除。

2.4 Summary of Significant Accounting Policies (Continued)

Leases (Continued)

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. 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.

The Group's financial assets include cash and cash equivalents, restricted cash, trade and other receivables, loan receivables, finance lease receivables and quoted financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

2.4 重大會計政策概要(續)

租賃(續)

經營租賃下的預付土地出讓金初步按成本列賬，其後則以直線法於租賃期內確認。

投資及其他財務資產

初步確認及計量

根據香港會計準則第39號，財務資產分類為透過損益以公平值列賬之財務資產、貸款及應收款項。本集團決定按初始確認分類其財務資產。財務資產在初始確認時以公平值加交易成本計量，惟透過以公平值列賬之財務資產則除外。

所有財務資產常規買賣均於交易日確認，即本集團承諾購買或出售該項資產的日期。常規買賣乃指需按法規規定或市場慣例在一定期間內轉移資產的財務資產買賣交易。

本集團的財務資產包括現金及現金等價物、受限制現金、應收貿易賬款及其他應收款項、應收貸款、融資租賃應收款項以及有報價金融工具。

其後計量

其後計量的財務資產視其以下分類而定：

2.4 Summary of Significant Accounting Policies (Continued)

Investments and other financial assets (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in other income and gains in the income statement. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policy set out for "Revenue recognition" below.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria under HKAS 39 are satisfied.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation as these instruments cannot be reclassified after initial recognition.

2.4 重大會計政策概要(續)

投資及其他財務資產(續)

透過損益以公平值列賬的財務資產

透過損益以公平值列賬之財務資產，包括持作買賣的財務資產。倘財務資產的收購目的為於短期內出售，則分類為持作買賣。

透過損益以公平值列賬之財務資產於財務狀況表按公平值列賬，而公平淨值變動於收益表內確認。該等公平淨值變動並未包括根據下文「收入確認」所載政策確認的該等金融資立的任何股息或所賺取的利息。

僅當符合香港會計準則第39號的條件時，在初步確認時指定為按公平值計入損益的財務資產方於初步確認日期指定。

本集團評估透過損益以公平值列賬之其財務資產(持作買賣)以估計其是否仍適合於短期內出售。在罕有的情況下當市場不活躍及管理層出售有關資產之意圖在可見將來會發生重大變動，致使本集團無法買賣此等財務資產，本集團或會於少數情況下對其重新分類。透過損益以公平值列賬之財務資產會根據資產性質而重新分類至貸款及應收款項、可供出售財務資產或持有至到期日投資。該估值並不影響採用指定時的公平值選擇權指定為按公平值計入損益的任何財務資產，此乃由於此等工具於初步確認後不可重新分類。

2.4 Summary of Significant Accounting Policies (Continued)

Investments and other financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The loss arising from impairment is recognised in the income statement in finance costs for loans and in other expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 重大會計政策概要(續)

投資及其他財務資產(續)

貸款及應收款項

貸款及應收款項指具有固定或可確定收回金額但無活躍市場報價的非衍生性財務資產。初步計量後，該等資產其後以實際利率法計算的攤餘成本減去任何減值撥備計量。計量攤餘成本時已考慮到收取時產生的任何折價或溢價，包括構成實際利率一部分的費用或成本。實際利率攤銷計入收益表中的財務收入內。減值產生之虧損在收益表中確認為貸款的融資成本及應收款項的其他開支。

終止確認財務資產

財務資產(或(如適用)財務資產的一部分或同類財務資產組別的一部分)在下列情況下終止確認：

- 從資產收取現金流量的權利屆滿時；或
- 本集團已轉讓其收取該項資產所得現金流量的權利，或須根據一項「轉付」安排，有責任在無重大延誤情況下將所收取現金流量悉數付予第三方；及(a)本集團已轉讓該項資產的絕大部分風險及回報，或(b)本集團並無轉讓或保留該項資產的絕大部分風險及回報，但已轉讓該項資產的控制權。

2.4 Summary of Significant Accounting Policies (Continued)

Derecognition of financial assets (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.4 重大會計政策概要(續)

終止確認財務資產(續)

當本集團已轉讓其收取該項資產所得現金流量的權利或已訂立一項轉付安排，會評估其是否保留該項資產所有權的風險及回報以及其程度。倘並無轉讓或保留該項資產的絕大部分風險及回報，且並無轉讓該項資產的控制權，該項資產將按本集團於資產的持續參與而確認入賬。在此情況下，本集團亦確認相關負債。已轉讓的資產及相關負債按反映本集團已保留的權利及責任的基準計量。

持續參與指就已轉讓資產作出的保證，並按該項資產的原賬面值及本集團或須償還的代價數額上限(以較低者為準)計算。

財務資產減值

本集團於各報告期末時對資產進行評估，以判斷是否存在客觀證據表明某項財務資產或某組財務資產可能已減值。當有客觀跡象顯示由於其初始確認後發生一項或多項事件(發生之「損失事件」)致使某項財務資產或一組財務資產能可靠估計的預計未來現金流量受影響而發生減值，則有關財務資產或一組財務資產被視為已減值。減值證據可能包括債務人或一組債務人出現重大財政困難、違約或拖欠利息或本金付款，有面臨破產或進行其他財務重組之可能以及有公開資料表明其預計未來現金流量已出現可計量之減幅，如債務人支付能力或所處經濟環境惡化。

2.4 Summary of Significant Accounting Policies (Continued)

Impairment of financial assets (Continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss 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). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

2.4 重大會計政策概要(續)

財務資產減值(續)

按攤銷成本入賬的財務資產

對於按攤銷成本列賬的財務資產，本集團首先對個別金額屬重大的財務資產單獨評估是否有客觀減值證據，或對個別金額屬不重大的財務資產共同進行評估。倘本集團認定單獨評估的財務資產並不存在客觀減值證據，無論其金額是否重大，亦應當包括具有類似信貸風險特性的財務資產組合內的資產進行集體減值評估。已個別進行減值測試及已確認減值虧損或繼續確認減值虧損的資產不應進行集體減值評估。

倘有客觀跡象顯示已發生減值虧損，虧損金額按該資產的賬面值與所估計未來現金流量(不包括尚未發生的未來信貸虧損)的現值兩者的差額計算。估計未來現金流量的現值按該財務資產的原實際利率(即初始確認時使用的實際利率)折現。對於浮動利率貸款，在計算減值虧損時可採用現行實際利率作為折現率。

該資產的賬面值乃透過使用撥備賬扣減，而虧損金額則於收益表確認。利息收入應繼續按照計量減值虧損時對未來現金流量進行折現採用的折現率為基準按扣減後的賬面值計算。當未來收回並無實質展望時，則撇銷貸款及應收款項及任何有關撥備，且所有抵押品已變現或轉讓予本集團。

2.4 Summary of Significant Accounting Policies (Continued)

Impairment of financial assets (Continued)

Financial assets carried at amortised cost (Continued)

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other expenses in the income statement.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, senior notes, and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

2.4 重大會計政策概要(續)

財務資產減值(續)

按攤銷成本入賬的財務資產(續)

倘在後續期間，確認減值後發生致使估計減值虧損金額增加或減少的事件，則調整撥備賬以增加或減少先前確認的減值虧損。倘未來撇銷款項其後收回，則收回金額於收益表以其他開支入賬。

財務負債

初始確認及計量

香港會計準則第39號範疇內的財務負債分類為按公平值計入損益的財務負債、貸款及借貸。本集團於初步確認時釐定其財務負債分類方式。

所有財務負債乃按公平值初步確認，而倘為貸款及借貸，則直接計入應佔交易成本。

本集團的財務負債包括貿易及其他應付款項、優先票據以及計息銀行及其他借貸。

其後計量

財務負債的計量取決於其分類如下：

貸款及借貸

於初步確認後，計息貸款及借貸其後用實際利率法按攤銷成本計量，惟倘貼現影響並不重大，則於該情況下，財務負債按成本列賬。損益乃於負債終止確認及於實際利率法攤銷過程中於收益表中確認。

攤銷成本乃計算自收購的任何折扣或溢價及屬於實際利率構成部分的費用或成本。實際利率攤銷乃計入收益表中的財務費用內。

2.4 Summary of Significant Accounting Policies (Continued)

Financial liabilities (Continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When 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 a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 重大會計政策概要(續)

財務負債(續)

財務擔保合同

本集團發行的財務擔保合同乃規定於特定債務人未能按照債務票據條款於到期時支付款項時須支付款項以補償持有人所蒙受損失。財務擔保合同初步以公平值確認為負債，並按與發出財務擔保合同有直接關係的交易成本予以調整。在初步確認後，本集團對財務擔保合同的計量以(i)於報告期末時履行有關責任的最佳估計開支金額；及(ii)按初步確認金額減(如適用)累計攤銷，兩者之較高者計算。

終止確認財務負債

當負債項下的責任已解除、取消或期滿，則終止確認財務負債。

如現有財務負債被同一貸款人按條款大部分不同的另一項財務負債取代，或現有負債的條款被大幅修改，有關置換或修改會被視作終止確認原有負債並確認新負債，而其各自賬面值間的差額於收益表確認。

金融工具的抵銷

當目前有可執行法定權利以抵銷已確認金額並擬按淨額基準結算，或同時將資產變現及償還負債時，財務資產及財務負債會互相抵銷，並在財務狀況表內以淨額列示。

2.4 Summary of Significant Accounting Policies (Continued)

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

Properties held for sale and held for finance lease

Properties held for sale includes completed properties held for sale and properties under development expected to be completed within normal operating cycle. Properties held for sale and held for finance lease are stated at the lower of cost and net realisable value. Cost includes land cost, all development expenditure, applicable borrowing costs and other direct costs attributable to such properties. Net realisable value is determined by reference to the prevailing market prices, on an individual property basis.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 重大會計政策概要(續)

金融工具的公平值

於活躍市場買賣的金融工具的公平值參照市場報價或交易商的報價表(好倉的買入價及淡倉的賣出價)而釐定，並且不會扣除任何交易成本。就無活躍市場的金融工具而言，則使用適當的估值技術釐定公平值。該等技術包括使用近期公平的市場交易；參照大致相同的另一工具的目前市值；折算現金流量分析；及期權定價模式。

持作銷售及持作融資租賃物業

持作銷售物業包括持作銷售已落成物業及建築期間預計在正常經營週期內的發展中物業。持作銷售及持作融資租賃物業按成本值及可變現淨值兩者的較低者列賬。成本包括土地成本、所有發展開支、適用的借貸成本及該等物業應佔的其他直接成本。可變現淨值乃參考當前市價按個別物業基準釐定。

現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金及活期存款，以及可隨時轉換為已知金額現金的短期高流動性投資，該筆現金承受價值轉變的較低風險，一般於收購起計三個月內到期，並已減去須應要求償還的銀行透支，而成為本集團現金管理的一部分。

就財務狀況表而言，現金及現金等價物包括手頭現金及銀行存款，當中包括定期存款及性質與現金相類的資產，該等存款用途不受限制。

2.4 Summary of Significant Accounting Policies (Continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or 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, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 重大會計政策概要(續)

撥備

撥備乃於本集團因以往的事件導致現行的責任(不論法定或推定)產生,並將有可能需要於日後作出資源流出以履行責任時確認,惟須可靠地估計有關責任的金額。

倘折現的影響重大,確認為撥備的金額則為預期須用作履行責任的日後開支於報告期末的現值。折現的現值因時間流逝而產生的升幅,乃於收益表中列作融資成本。

所得稅

所得稅包括即期及遞延稅項。於損益以外確認項目相關的所得稅於損益以外之其他全面收入或直接於權益確認。

即期及過往期間的即期稅項資產和負債按預期可自稅務機關收回或須支付予稅務機關的金額,基於報告期末時已頒佈或實際已頒佈的稅率(和稅法),計及本集團營運所在國家現行詮釋及慣例計量。

在申報期間結束時,資產與負債的稅基與作為財務報告用途的資產與負債賬面值之間的全部暫時性差異,須按負債法計提遞延稅項撥備。

2.4 Summary of Significant Accounting Policies (Continued)

Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 重大會計政策概要(續)

所得稅(續)

所有應課稅暫時性差異均確認為遞延稅項負債，惟下列各項除外：

- 倘若遞延稅項負債的起因，是由於商譽而產生，或在一宗非屬業務合併的交易中初步確認資產或負債，而於進行交易時，對會計利潤或應課稅利潤或虧損均無影響；及

- 對於與於附屬公司及聯營公司的投資及於合營公司的權益有關的應課稅暫時性差異而言，倘若撥回暫時性差異的時間可以控制，而暫時性差異不甚可能在可見將來撥回。

對於所有可扣減暫時性差異、結轉未動用稅項抵免及任何未動用稅項虧損，若日後有可能出現應課稅利潤，可用以抵銷該等可扣減暫時性差異、結轉未動用稅項抵免及未動用稅項虧損，則遞延稅項資產確認入賬，惟下列各項除外：

- 倘若有關可扣減暫時性差異的遞延稅項資產的起因，是由於在一宗非屬業務合併的交易中初步確認資產或負債，而於進行交易時，對會計利潤或應課稅利潤或虧損均無影響；及

- 對於與於附屬公司及聯營公司的投資及於合營公司的權益有關的可扣減暫時性差異而言，只有在暫時性差異有可能在可見將來撥回，而且日後有可能出現應課稅利潤，可用以抵銷該等暫時性差異時，方會確認遞延稅項資產。

2.4 Summary of Significant Accounting Policies (Continued)

Income tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of completed properties, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the properties sold;

(b) rental income, on a time proportion basis over the lease terms;

2.4 重大會計政策概要(續)

所得稅(續)

遞延稅項資產的賬面值,在各報告期末時予以審閱,若不再可能有足夠應課稅利潤可用以抵扣全部或部分遞延稅項資產,則扣減遞延稅項資產賬面值。過往未予確認的遞延稅項資產於各報告期末時重新評估,而在可能有足夠應課稅利潤可用以抵扣全部或部分遞延稅項資產,則確認過往未予確認的遞延稅項資產。

變現資產或清償負債的期間預期適用的稅率,會用作計量遞延稅項資產及負債,並以報告期末時已經生效或大致上已經生效的稅率(及稅法)為基準。

倘存在可依法執行的權利將即期稅項資產與即期稅項負債抵銷,而遞延稅項與相同應課稅實體及相同稅務機關有關,則遞延稅項資產及遞延稅項負債互相抵銷。

收入確認

收入乃於經濟利益有可能流入本集團,並能夠可靠地計量收入之時,按下列基準確認:

(a) 來自銷售竣工物業的收入,於所有權的重大風險及回報已轉移予買家,而本集團並不保留通常與所有權有關的管理權或對已售物業的有效控制;

(b) 租金收入,在租賃期內按時間比例基準;

2.4 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

(c) finance lease income, when the significant risks and rewards incidental to ownership of the properties have been transferred to the lessee;

(d) property management service and other fee income, when the services have been rendered;

(e) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(f) revenue from hotel operation and the provision of related services, when the services have been rendered.

Share-based payment transactions

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using an appropriate pricing model, further details of which are given in note 34 to the financial statements.

2.4 重大會計政策概要(續)

收入確認(續)

(c) 融資租賃收入，當物業擁有權相關的主要風險及回報已轉移予承租人；

(d) 物業管理服務及其他費用收入，於提供服務時；

(e) 利息收入，以累計基準計算，於金融工具的預期年期或較短期間(如適用)內採用實際利息法按估計未來現金收入準確折現至財務資產賬面淨額的折現率；及

(f) 酒店營運及提供相關服務收入，於提供服務時。

以股份形式付款的交易

本公司營運一項購股權計劃，向為本集團業務成就作出貢獻的合資格參與者提供獎勵及報酬。本集團僱員(包括董事)按以股份形式付款的交易方式收取薪酬，僱員以提供服務作為權益工具的代價(「以權益結算的交易」)。

與僱員之間於2002年11月7日後的以權益結算的交易成本乃參考授出日期的公平值計量。公平值乃由外聘估值師採用適當定價模式釐定，進一步詳情載於財務報表附註34。

2.4 Summary of Significant Accounting Policies (Continued)

Share-based payment transactions (Continued)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

2.4 重大會計政策概要(續)

以股份形式付款的交易(續)

以權益結算的交易成本連同相應的權益增值於達致表現及／或服務條件期間確認。於各申報期間結束時就直至歸屬日期以權益結算的交易確認的累計開支反映歸屬期的屆滿情況及本集團對最終將歸屬的權益工具數目的最佳估計。就某期間在收益表內扣除或計入的金額，為該期間期初及期末確認的累計開支變動。

不會就最終未有歸屬的獎勵確認任何開支，惟歸屬乃視乎市況或非歸屬條件而定者除外，有關獎勵不論市況如何或非歸屬條件是否達成，均視作已歸屬，前題是所有其他表現及/或服務條件均已達成。

當以權益結算的獎勵的條款經修改，倘符合獎勵的原有條款，則會確認最低額度的開支，猶如條款未經修改。此外，就引致以股份形式付款的交易的總公平值上升或以其他方式對僱員有利的任何改動(以改動當日的計量為準)確認開支。

2.4 Summary of Significant Accounting Policies (Continued)

Share-based payment transactions (Continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 10% to 20% of their respective payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

2.4 重大會計政策概要(續)

以股份形式付款的交易(續)

當一項以權益結算的獎勵註銷，會被視作猶如於註銷當日歸屬，及並未就獎勵確認的任何開支將即時確認。此乃包括受本集團或僱員控制的非歸屬條件未能達成的任何獎勵。然而，如一項新獎勵取代一項註銷獎勵，並於授出當日界定為取替的獎勵，如上段所述，註銷及新獎勵兩者會被視為原有獎勵的改動。

尚未行使購股權的攤薄影響用於計算每股盈利時反映為額外股份攤薄。

其他僱員福利

退休金計劃

本集團根據強制性公積金計劃條例為其所有僱員參與強制性公積金計劃(「強積金計劃」)營運一項定額供款強積金計劃。供款按僱員基本薪金的若干百分比作出，並於根據強積金計劃規則的規定於應付時自收益表扣除。強積金計劃的資產乃與本集團資產分開以獨立管理基金持有。本集團對強積金計劃作出的僱主供款，在供款作出時全數歸屬僱員。

本集團旗下在中國大陸營運的附屬公司的僱員，須參與由地方市政府營運的中央公積金計劃。該等附屬公司須按彼等各自的支薪成本的10%至20%，對中央公積金計劃作出供款。供款須按照中央公積金計劃規則的規定於應付時在收益表內扣除。

2.4 Summary of Significant Accounting Policies (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 重大會計政策概要(續)

借貸成本

因收購、建設或生產合資格資產(即須頗長期間準備方可用作其擬定用途或銷售的資產)直接產生的借貸成本，乃作為該等資產的部分成本予以資本化。當資產大致達到擬定用途或銷售時，該等借貸成本則不再予以資本化。待作出合資格資產開支的特定借貸臨時投資所賺取的投資收入於借貸成本資本化時扣除。所有其他借貸成本會於發生當期支銷。借貸成本包括利息及其他由公司借貸資金而產生之費用。

股息

董事建議的末期股息將於財務狀況表中權益項目下的保留利潤分類為獨立分配，直至該等股息於股東大會上獲股東批准為止。倘此等股息獲股東批准及宣派，將被確認為一項負債。

由於本公司組織章程大綱及細則授權董事宣派中期股息，故中期股息可同步建議及宣派。因此，中期股息於擬派及宣派時即時確認為負債。

2.4 Summary of Significant Accounting Policies (Continued)

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences arising on settlement or translation of monetary items are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on retranslation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, jointly-controlled entities and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

2.4 重大會計政策概要(續)

外幣

此等財務報表按港元呈列，而港元為本公司的功能及呈列貨幣。本集團內各實體決定其本身的功能貨幣，而各實體的財務報表內各項目均使用該功能貨幣計量。本集團實體所入賬的外幣交易初步按交易日期其各自的功能貨幣匯率入賬。以外幣為單位的貨幣資產及負債，乃按報告期末的功能貨幣匯率重新換算。因結算或換算貨幣項目產生的一切差額乃於收益表入賬。

按外幣的歷史成本計量的非貨幣項目按最初交易當日的匯率換算。按外幣公平值計量的非貨幣項目按釐定公平值當日的匯率換算。重新換算非貨幣項目產生的收益或虧損乃按與確認該項目的公平值變動產生的收益或虧損一致的方法處理(即公平值收益或虧損於其他全面收入或損益確認的項目的換算差額，亦分別於其他全面收入或損益確認)。

若干海外附屬公司、共同控制實體及聯營公司的功能貨幣為港元以外的貨幣。於申報期間結束時，該等實體的資產及負債按報告期末時的匯率換算為本公司的呈列貨幣，而該等公司的收益表按該年度的加權平均匯率換算為港元。

所產生的匯兑差額確認為其他全面收入，並計入匯兑波動儲備。出售海外實體時，在權益確認有關該特定海外業務的遞延累計金額在收益表確認。

2.4 Summary of Significant Accounting Policies (Continued)

Foreign currencies (Continued)

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

2.4 重大會計政策概要(續)

外幣(續)

就綜合現金流量表而言，海外附屬公司的現金流量按現金流量日期的匯率換算為港元。海外附屬公司於年內經常產生的現金流量則按該年度的加權平均匯率換算為港元。

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

3. 重大會計判斷及估計

編製本集團財務報表時需管理層作出影響於報告期末的收入、費用、資產及負債以及披露或然負債之呈報金額的判斷、預計及假設。然而，此等假設及預計的不明朗因素將引致受影響之資產或負債賬面值於將來或作出重大調整。

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

判斷

在應用本集團的會計政策的過程中，除該等涉及估計者外，管理層已作出下列對財務報表確認的金額有最重大影響的判斷：

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

經營租賃承擔－本集團作為出租人

本集團已就其投資物業組合訂立商業物業租賃。根據對該等安排的條款及條件作出的評估，本集團已釐定，按照經營租賃出租的該等物業所有權的所有重大風險及回報仍歸本集團所有。

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

投資物業與業主自用物業之間的分類

本集團釐定物業是否符合投資物業的條件，並已制定出一套判斷準則。投資物業是持作賺取租金或資本增值或兩者俱備的物業。因此，本集團考慮物業產生現金流量時是否大體獨立於本集團持有的其他資產。某些物業的部分是為賺取租金或資本增值而持有，而另一部分是為用於生產或供應貨品或服務或作行政用途而持有。倘若此等部分可以分開出售或根據融資租賃分開出租，本集團將把有關部分分開入賬。倘若該等部分無法分開出售，則僅在非主要部分持作生產或供應貨品或服務或作行政用途時，有關物業方會列作投資物業。本集團按個別基準對物業作出判斷，以決定配套服務是否重要，以致物業不符合投資物業資格。

3. Significant Accounting Judgements and Estimates (Continued)

Judgements (Continued)

Transfer from properties under development and completed properties held for sale to investment properties

Properties under development and completed properties held for sale are transferred to investment properties when there is a change in use with sufficient evidence. The Group determines whether a change in use has occurred based on assessment of all relevant facts and circumstances, which include but are not limited to: (a) a business plan that reflects the future rental income generated by the property; (b) the resources to hold and manage an investment property; (c) legal permissibility for the change in use; (d) the commencement of development if the property requires further development for the change in use. Any excess of fair value over the original carrying amount of such properties at the date of transfer was recognised as current year profit or loss. During the year ended 31 March 2012, properties under development and completed properties held for sale with a total carrying amount of HK$718,850,000 (2011: HK$312,388,000) were transferred to investment properties due to a change in use, giving rise to a net fair value gain of HK$904,897,000 (2011: HK$681,573,000) in the consolidated income statement.

During the year ended 31 March 2012, the investment properties excluding those newly transferred from properties under development and completed properties held for sale give rise to a net fair value gain of HK$212,799,000 (2011: HK$782,595,000) in the consolidated income statement.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 March 2012 was HK$20,066,000 (2011: HK$20,066,000). Further details are given in note 18.

3. 重大會計判斷及估計(續)

判斷(續)

發展中物業及持作銷售竣工物業結轉至投資物業

當有充足證明用途轉變時,發展中物業及持作銷售竣工物業結轉至投資物業。本集團乃基於所有相關事實及情況的評估釐定用途有否轉變,其中包括但不限於:(a)反映此物業將來產生租金收入的商業計劃;(b)持有及經營投資物業所需的資源;(c)容許改變有關用途的法律許可;(d)如物業改變用途需其他開發,有關開發需開始進行。於結轉日期該等物業的公平值超出原賬面值的任何金額確認為本年度損益。截至2012年3月31日止年度,賬面總值為718,850,000港元(2011年:312,388,000港元)的發展中物業及持作銷售竣工物業因用途轉變而結轉至投資物業,於綜合收益表中產生公平淨值收益904,897,000港元(2011年:681,573,000港元)。

原投資物業(不包括以上自發展中物業及持作銷售竣工物業新結轉的物業)於截至2012年3月31日止年度的綜合收益表中產生公平淨值收益212,799,000港元(2011年:782,595,000港元)。

估計的不確定因素

有關未來的主要假設以及於報告期末時存在重大風險導致於下一個財政年度對資產及負債的賬面值作出重大調整的其他主要估計不確定因素來源在下文論述。

商譽減值

本集團至少每年釐定商譽是否減值。這需要對獲分配商譽的現金產生單位使用價值作出估計。估計使用價值時,本集團須對現金產生單位的預期未來現金流量作出估計,亦須選擇適當的折現率以計算該等現金流量的現值。於2012年3月31日,商譽的賬面值為20,066,000港元(2011年:20,066,000港元)。詳情載於附註18。

3. Significant Accounting Judgements and Estimates (Continued)

Estimation uncertainty (Continued)

Estimation of fair value of investment properties

The Group engaged Savills Valuation and Professional Services Limited ("Savills"), independent professionally qualified valuers, to perform the valuation of the Group's investment properties at the end of the reporting period. The carrying amount of investment properties at 31 March 2012 was HK$13,637,107,000 (2011: HK$11,285,288,000).

Impairment allowances for trade receivables and other receivables

The Group estimates the impairment allowances for trade receivables and other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Allowances are applied to trade receivables and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade receivables and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances at the end of each reporting period. At 31 March 2012, the carrying amounts of trade receivables and other receivables were HK$1,354,331,000 (2011: HK$612,689,000).

3. 重大會計判斷及估計(續)

估計的不確定因素(續)

投資物業公平值估計

本集團委聘獨立專業合資格估值師第一太平戴維斯估值及專業顧問有限公司(「第一太平戴維斯」)進行本集團投資物業於申報期間結束時的估值。於2012年3月31日,投資物業的賬面值為13,637,107,000港元(2011年:11,285,288,000港元)。

應收貿易賬款及其他應收款項的減值撥備

本集團估計應收貿易賬款及其他應收款項的減值撥備,方法是透過基於信貸記錄及現行市況來評估可收回性。此舉需要使用估計及判斷。倘事件或情況變動顯示結餘不可收回,則須就應收貿易賬款及其他應收款項作出撥備。倘預計數額與原先估計有所不同,則此差額將影響有關估計變動期間的應收貿易賬款及其他應收款項的賬面值以及減值虧損。本集團於各申報期間結束時重新評估減值撥備。於2012年3月31日,應收貿易賬款及其他應收款項的賬面值為1,354,331,000港元(2011年:612,689,000港元)。

4. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

(a) the property development segment engages in the development of integrated logistics and trade centers and supporting residential properties;

(b) the property investment segment invests in integrated logistics and trade centres and supporting facilities;

(c) the property management segment engages in the management of the Group's developed properties;

(d) the hotel operation segment engages in the provision of hotel services; and

(e) the "others" segment comprises, principally, the provision of exhibition and other services.

4. 經營分部資料

就管理而言,本集團按其產品及服務劃分為不同的業務單位,並具備以下五個可申報營運分部:

(a) 物業發展分部從事發展綜合商貿物流中心及配套住宅物業;

(b) 物業投資分部投資綜合物流及展示交易中心及配套設施;

(c) 物業管理分部從事管理本集團的已建成物業;

(d) 酒店營運分部從事提供酒店服務;及

(e) 「其他」分部基本上包括提供展覽及其他服務。

4. Operating Segment Information (Continued)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, fair value gains from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, equity investments at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, senior notes, tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

No geographical segment analysis is presented as the majority of the assets and operation of the Group are located in PRC, which is considered as one geographical location in an economic environment with similar risk and returns.

There was no single customer who contributed to 10% or more of the Group's revenue during the year ended 31 March 2012 (2011: nil).

4. 經營分部資料(續)

管理層會獨立監察營運分部之業績而作出資源分配決定及評定其表現。分部表現乃根據可呈報分部利潤／(虧損)(即經調整稅前利潤／(虧損))評估。經調整稅前利潤／(虧損)與本集團稅前利潤計量方式一致,惟利息收入、融資成本、本集團金融工具公平值收益以及總辦事處及公司開支均無計算在內。

分部資產不包括現金及現金等價物、透過損益以公平值列賬之股本投資及其他未分配總辦事處及公司資產,原因為該等資產按集團整體管理。

分部負債不包括計息銀行及其他借貸、優先票據、應付稅項及其他未分配總辦事處及公司負債,原因為該等負債按集團整體管理。

分部間銷售及轉讓乃參考當時向第三方按市價作出銷售的售價進行。

由於本集團的大部分資產及經營均位於中國(被視為處於具類似風險及回報的經濟環境的一個地理位置),本集團並無呈列地理分部分析。

截至2012年3月31日止年度,並無單一客戶為本集團收入貢獻10%或以上(2011年:無)。

4. Operating Segment Information (Continued) 4. 經營分部資料(續)

Year ended 31 March 2012 截至2012年3月31日止年度		Property development 物業發展 HK$'000 千港元	Property investment 物業投資 HK$'000 千港元	Property management 物業管理 HK$'000 千港元	Hotel operation 酒店營運 HK$'000 千港元	Others 其他 HK$'000 千港元	Total 總計 HK$'000 千港元
Segment revenue:	**分部收入:**						
Sales to external customers	對外部客戶銷售	3,431,323	166,393	41,500	26,946	4,605	3,670,767
Intersegment sales	分部間銷售	–	–	7,586	37,469	–	45,055
		3,431,323	166,393	49,086	64,415	4,605	3,715,822
Elimination of intersegment sales	分部間銷售對銷						(45,055)
Revenue	收入						3,670,767
Segment results before increase in fair value of investment properties	投資物業公平值增加前分部業績	2,165,806	94,321	(26,173)	(356)	2,498	2,236,096
Increase in fair value of investment properties	投資物業公平值增加	–	1,117,696	–	–	–	1,117,696
Segment results after increase in fair value of investment properties	投資物業公平值增加後分部業績	2,165,806	1,212,017	(26,173)	(356)	2,498	3,353,792
Interest income	利息收入						11,985
Unallocated income and gains	未分配收入及收益						535,206
Unallocated expense	未分配開支						(537,775)
Finance costs	融資成本						(58,873)
Share of profit of a jointly-controlled entity	應佔一家共同控制實體利潤						1,497
Share of losses of associates	應佔聯營公司虧損						(317)
Profit before tax	税前利潤						3,305,515
Segment assets	**分部資產**	8,728,396	16,519,202	1,886	64,021	7,097	25,320,602
Reconciliation:	*對賬:*						
Investments in jointly-controlled entities	於共同控制實體的投資						2,850
Investments in associates	於聯營公司的投資						(1,531)
Unallocated assets	未分配資產						5,344,422
Total assets	資產總值						30,666,343
Segment liabilities	**分部負債**	5,430,907	3,551,468	6,793	2,142	1,124	8,992,434
Reconciliation:	*對賬:*						
Unallocated liabilities	未分配負債						8,678,618
Total liabilities	負債總額						17,671,052
Other segment information:	**其他分部資料:**						
Depreciation	折舊	294	–	653	3,814	204	4,965
Corporate and other unallocated amounts	公司及其他未分配金額						18,210
							23,175
Increase in fair value of investment properties	投資物業公平值增加	–	1,117,696	–	–	–	1,117,696
Capital expenditure*	資本開支*	7,127,810	2,180,737	179	160	8,990	9,317,876

4. Operating Segment Information (Continued) 4. 經營分部資料(續)

Year ended 31 March 2011 截至2011年3月31日止年度		Property development 物業發展 HK$'000 千港元	Property investment 物業投資 HK$'000 千港元	Property management 物業管理 HK$'000 千港元	Hotel operation 酒店營運 HK$'000 千港元	Others 其他 HK$'000 千港元	Total 總計 HK$'000 千港元
Segment revenue:	**分部收入:**						
Sales to external customers	對外部客戶銷售	2,046,309	133,453	30,695	21,670	1,906	2,234,033
Intersegment sales	分部間銷售	–	–	21,200	30,912	–	52,112
		2,046,309	133,453	51,895	52,582	1,906	2,286,145
Elimination of intersegment sales	分部間銷售對銷						(52,112)
Revenue	收入						2,234,033
Segment results before increase in fair value of investment properties	投資物業公平值增加前分部業績	1,315,764	61,964	(33,158)	(13,427)	1,905	1,333,048
Increase in fair value of investment properties	投資物業公平值增加	–	1,464,168	–	–	–	1,464,168
Segment results after increase in fair value of investment properties	投資物業公平值增加後分部業績	1,315,764	1,526,132	(33,158)	(13,427)	1,905	2,797,216
Interest income	利息收入						9,978
Unallocated income and gains	未分配收入及收益						29,521
Unallocated expense	未分配開支						(354,450)
Finance costs	融資成本						(30,495)
Share of profit of a jointly-controlled entity	應佔一家共同控制實體利潤						1,337
Share of losses of associates	應佔聯營公司虧損						(331)
Profit before tax	稅前利潤						2,452,776
Segment assets	**分部資產**	1,950,534	14,243,061	2,255	67,041	119	16,263,010
Reconciliation:	*對賬:*						
Investments in jointly-controlled entities	於共同控制實體的投資						11,106
Investments in associates	於聯營公司的投資						(1,177)
Unallocated assets	未分配資產						5,110,958
Total assets	資產總值						21,383,897
Segment liabilities	**分部負債**	163,091	3,004,583	8,837	2,664	189	3,179,364
Reconciliation:	*對賬:*						
Unallocated liabilities	未分配負債						7,586,497
Total liabilities	負債總額						10,765,861
Other segment information:	**其他分部資料:**						
Depreciation	折舊	–	6,327	590	10,812	121	17,850
Corporate and other unallocated amounts	公司及其他未分配金額						17,601
							35,451
Increase in fair value of investment properties	投資物業公平值增加	–	1,464,168	–	–	–	1,464,168
Capital expenditure*	資本開支*	623,125	1,683,342	66	450	37	2,307,020

* *Capital expenditure consists of additions to property, plant and equipment, properties under development and investment properties.*

* *資本開支包括物業、廠房及設備、發展中物業及投資物業添置。*

5. Revenue, Other Income and Gains

Revenue, which is also the Group's turnover, represents the net sales of completed properties, finance lease income, rental income, hotel income and income from the provision of property management services and other fee income, net of business tax.

An analysis of revenue, other income and gains is as follows:

5. 收入、其他收入及收益

收入(亦即本集團的營業額),指扣除營業稅後竣工物業銷售淨額、融資租賃收入、租金收入、酒店收入及提供物業管理服務收入及其他費用收入。

收入、其他收入及收益分析如下:

			For the year ended 31 March 截至3月31日止年度	
		Notes *附註*	**2012 HK$'000 千港元**	2011 HK$'000 千港元
Revenue	**收入**			
Sale of properties	物業銷售		**3,010,808**	1,832,580
Finance lease income	融資租賃收入		**420,515**	213,729
Rental income	租金收入		**166,393**	133,453
Hotel income	酒店收入		**26,946**	21,670
Property management service income	物業管理服務收入		**41,500**	30,695
Other fee income	其他費用收入		**4,605**	1,906
			3,670,767	2,234,033
Other income	**其他收入**			
Interest income from:	來自下列各項的利息收入:			
Banks	銀行		**8,770**	5,700
Finance lease receivables	融資租賃應收款項		**3,215**	4,278
Others	其他		**9,365**	9,423
			21,350	19,401
Gains	**收益**			
Gain on disposal of subsidiaries	出售附屬公司收益	*36*	**545,720**	–
Gains/(losses) on held for trading investments at fair value through profit or loss, net	透過損益以公平值列賬之持作買賣投資收益╱(虧損)淨額		**(40,260)**	20,098
Gain on repurchase of senior notes	購回優先票據收益	*31*	**14,018**	–
Others	其他		**6,363**	–
			525,841	20,098
			547,191	39,499
Fair value gains on investment properties	**投資物業公平值收益**	*15*	**1,117,696**	1,464,168

6. Profit Before Tax

The Group's profit before tax is arrived at after charging/(crediting):

6. 稅前利潤

本集團的稅前利潤已扣除╱(計入)下列各項:

			For the year ended 31 March 截至3月31日止年度	
			2012	2011
		Notes	**HK$'000**	HK$'000
		附註	**千港元**	千港元
Cost of properties sold	已售物業成本		**1,044,147**	610,004
Cost of properties held for finance lease	融資租賃物業成本		**221,370**	120,541
Cost of services provided	提供服務成本		**169,154**	170,440
Depreciation	折舊	*14*	**23,705**	35,638
Less: Depreciation capitalised in respect of properties under development	減:就發展中物業資本化折舊		**(530)**	(187)
			23,175	35,451
Amortisation of prepaid land premiums	預付土地出讓金攤銷	*17*	**187**	180
Minimum lease payments under operating leases in respect of land and buildings and vehicles	土地及樓宇及汽車經營租賃下的最低租金		**10,305**	6,853
Auditors' remuneration	核數師薪酬		**2,880**	3,018
Employee benefit expense (including directors' remuneration):	僱員福利開支(包括董事薪酬):			
Wages and salaries*	工資及薪金*		**206,876**	136,227
Equity-settled share option expense	以權益結算的購股權開支		**42,314**	396
Pension scheme contributions	退休金計劃供款		**13,626**	6,739
			262,816	143,362
Foreign exchange differences, net	外匯差額淨額		**(18,385)**	(2,838)
Provision for impairment of trade receivables**	應收貿易賬款減值撥備**		**–**	34,959
Loss on disposal of items of property, plant and equipment	出售物業、廠房及設備項目虧損		**32**	3,250
Write-back of impairment of investment in a jointly-controlled entity**	於一家共同控制實體的投資減值撥回**		**(477)**	(393)

* Included amounts of HK$34,138,000 and HK$22,718,000 for the years ended 31 March 2012 and 2011, respectively, which were capitalised under properties under development.

** Included in "other expenses" in the consolidated income statement.

* 包括截至2012年及2011年3月31日止年度的金額分別34,138,000港元及22,718,000港元,已予以資本化計入發展中物業。

** 計入綜合收益表「其他開支」項內。

7. Finance Costs

An analysis of finance costs is as follows:

7. 融資成本

融資成本之分析如下：

		For the year ended 31 March 截至3月31日止年度 Group 本集團	
		2012 HK$'000 千港元	2011 HK$'000 千港元
Interest on bank and other borrowings, net	銀行及其他借貸利息淨額		
Wholly repayable within five years	須於五年內全數償還	**236,729**	198,528
Wholly repayable beyond five years	須於五年後全數償還	**30,818**	19,360
Interest on senior notes *(note 31)*	優先票據利息*(附註31)*	**275,152**	57,196
Less: Interest capitalised	減：資本化利息	**(483,826)**	(244,589)
Total	總計	**58,873**	30,495

8. Directors' Emoluments

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

8. 董事薪金

根據上市規則及香港公司條例第161條，於本年度的董事薪酬披露如下：

		For the year ended 31 March 截至3月31日止年度 Group 本集團	
		2012 HK$'000 千港元	2011 HK$'000 千港元
Fees	袍金	**3,948**	3,652
Other emoluments:	其他酬金：		
Salaries, allowances, and benefits in kind	薪金、津貼及實物福利	**13,200**	9,400
Performance-related bonuses*	與表現掛鉤的花紅*	**18,989**	12,099
Equity-settled share option expense	以權益結算的購股權開支	**3,468**	–
Pension scheme contributions	退休金計劃供款	**24**	24
		39,629	25,175

* Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the Group's consolidated net profit after taxation and non-controlling interests but before extraordinary items of the financial year.

* 本公司若干執行董事有權收取按本集團除税及非控股權益後但計及本財政年度非經常性項目前綜合淨利潤百分比釐定的花紅。

8. Directors' Emoluments (Continued)

During the year, one of the directors was granted share options, in respect of his services to the Group, under the share option scheme of the Company, further details of which are set out in note 34 to the financial statements. The fair value of such options which has been recognised in the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

8. 董事薪金(續)

年內，一名董事就向其本集團提供之服務而根據本公司購股權計劃獲授購股權，其進一步詳情載於財務報表附註34。該等購權股的公平值(已於歸屬期間於收益表確認)乃於授出日期釐定，而載於本年度財務報表的金額已包括於上文董事的酬金披露資料。

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

(a) 獨立非執行董事

年內付予獨立非執行董事的袍金如下：

		For the year ended 31 March 截至3月31日止年度 Group 本集團	
		2012	2011
		HK$'000	HK$'000
		千港元	千港元
Shi Wan Peng	石萬鵬	**256**	300
Leung Kwan Yuen Andrew	梁君彥	**300**	300
Li Wai Keung	李偉強	**300**	300
Hui Chui Chung Stephen	許照中	**292**	–
		1,148	900

There were no other emoluments payable to the independent non-executive directors during the year (2011: Nil).

年內，概無其他應付獨立非執行董事的薪金(2011年：無)。

8. Directors' Emoluments (Continued)
(b) Executive directors and non-executive directors

8. 董事薪金(續)
(b) 執行董事及非執行董事

		Fees 袍金 HK$'000 千港元	Salaries, allowances, and benefits in kind 薪金、津貼及實物福利 HK$'000 千港元	Performance-related bonuses 與表現掛鈎的花紅 HK$'000 千港元	Equity-settled share option expense 以權益結算的購股權開支 HK$'000 千港元	Pension scheme contributions 退休金計劃供款 HK$'000 千港元	Total 總計 HK$'000 千港元
2012	2012年						
Executive directors:	執行董事:						
Cheng Chung Hing	鄭松興	–	5,800	9,322	–	12	15,134
Leung Moon Lam	梁滿林	–	5,800	9,322	–	12	15,134
Xu Yang	許揚	–	1,600	345	3,468	–	5,413
		–	13,200	18,989	3,468	24	35,681
Non-executive directors:	非執行董事:						
Ma Kai Cheung	馬介章	1,000	–	–	–	–	1,000
Sun Kai Lit Cliff	孫啟烈	600	–	–	–	–	600
Ma Wai Mo	馬偉武	600	–	–	–	–	600
Cheng Tai Po	鄭大報	600	–	–	–	–	600
		2,800	–	–	–	–	2,800
		2,800	13,200	18,989	3,468	24	38,481

8. Directors' Emoluments (Continued)
(b) Executive directors and non-executive directors (Continued)

8. 董事薪金(續)
(b) 執行董事及非執行董事(續)

		Fees 袍金 HK$'000 千港元	Salaries, allowances, and benefits in kind 薪金、津貼及實物福利 HK$'000 千港元	Performance-related bonuses 與表現掛鈎的花紅 HK$'000 千港元	Equity-settled share option expense 以權益結算的購股權開支 HK$'000 千港元	Pension scheme contributions 退休金計劃供款 HK$'000 千港元	Total 總計 HK$'000 千港元
2011	2011年						
Executive directors:	執行董事:						
Cheng Chung Hing	鄭松興	–	3,900	5,632	–	12	9,544
Leung Moon Lam	梁滿林	–	3,900	5,632	–	12	9,544
Xu Yang	許揚	–	1,600	835	–	–	2,435
		–	9,400	12,099	–	24	21,523
Non-executive directors:	非執行董事:						
Ma Kai Cheung	馬介章	1,000	–	–	–	–	1,000
Sun Kai Lit Cliff	孫啟烈	600	–	–	–	–	600
Ma Wai Mo	馬偉武	600	–	–	–	–	600
Cheng Tai Po	鄭大報	552	–	–	–	–	552
		2,752	–	–	–	–	2,752
		2,752	9,400	12,099	–	24	24,275

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2011: Nil).

年內,概無董事放棄或同意放棄酬金的安排(2011年:無)。

9. Five Highest Paid Employees

The five highest paid employees during the year included three (2011: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2011: two) non-director, highest paid employees for the year are as follows:

9. 五位最高薪人士

年內，五位最高薪僱員分別包括三名董事(2011年：三名)，其酬金已載於上文附註8。其餘兩名非董事(2011年：兩名)，年內最高薪僱員薪金的詳情如下：

		For the year ended 31 March 截至3月31日止年度 Group 本集團	
		2012 HK$'000 千港元	2011 HK$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	**6,024**	5,480
Bonuses	花紅	**–**	7,450
Equity-settled share option expense	以權益結算的購股權開支	**14,400**	–
Pension scheme contributions	退休金計劃供款	**24**	24
		20,448	12,954

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

介乎以下範圍的非董事最高薪僱員薪金人數如下：

		Number of employees 僱員人數	
		2012	2011
HK$2,000,001 to HK$2,500,000	2,000,001港元至2,500,000港元	**–**	1
HK$4,500,001 to HK$5,000,000	4,500,001港元至5,000,000港元	**1**	–
HK$10,500,001 to HK$11,000,000	10,500,001港元至11,000,000港元	**–**	1
HK$15,500,001 to HK$16,000,000	15,500,001港元至16,000,000港元	**1**	–
		2	2

9. Five Highest Paid Employees (Continued)

During the year, share options were granted to non-director, highest paid employees in respect of their services to the Group, further details of which are included in the disclosure in note 34 to the financial statements. The fair value of such options, which has been recognised in the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director, highest paid employees' remuneration disclosures.

10. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year (2011: Nil).

Taxes on profits assessable in Mainland China are calculated at the rates of tax prevailing in the provinces in which the Group operates.

During the 5th session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law was approved. It became effective on 1 January 2008. The PRC Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of income tax rates for domestic-invested and foreign-invested enterprises at 25%. Accordingly, the corporate income tax ("CIT") as at 31 March 2012 and 2011 have been provided at the enacted corporate tax rates.

Subsidiaries of the Group operated in Shenzhen, Mainland China, had enjoyed preferential CIT rate granted for foreign investment enterprise established before March 16, 2007. The preferential tax rate was gradually transited to the unified tax rate of 25% over a five-year transitional period. Hence, the applicable CIT tax rates for the subsidiaries in Shenzhen were 25% and 24% for the year ended 31 March 2012 and 2011, respectively.

9. 五位最高薪人士(續)

年內，非董事最高薪僱員就其向本集團提供之服務而獲授購股權，其進一步詳情載於財務報表附註34。該等購權股的公平值(已於歸屬期間於收益表確認)乃於授出日期釐定，而載於本年度財務報表的金額已包括於上文非董事最高薪僱員酬金的披露資料。

10. 所得税

年內，於香港產生的估計應課税溢利乃按16.5%(2011年：16.5%)的税率計提。年內，由於本集團概無源自香港的應課税利潤，故並無計提香港利得税撥備(2011年：無)。

中國大陸的應課税溢利税項乃按本集團營運所在省份的現行税率計提。

於2007年3月16日舉行的第十屆全國人民代表大會第五次會議上通過中國企業所得税法，其於2008年1月1日起生效。中國企業所得税法引入多項大範圍變動，包括(但不限於)將內資及外資企業所得税率統一為25%。因此，於2012年及2011年3月31日企業所得税項(「企業所得税項」)按已制定的企業所得税率作出撥備。

本集團在中國大陸深圳營運的附屬公司，享有授予於2007年3月16日之前成立的外資企業的優惠企業所得税税率。優惠税率於五年過渡期間逐漸過渡至25%的統一税率。因此，深圳附屬公司於截至2012年及2011年3月31日止年度的適用企業所得税税率分別為25%及24%。

10. Income Tax (Continued)

The PRC land appreciation tax ("LAT") is levied 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 amortisation of land use rights, borrowing costs and all property development expenditures. Amounts of LAT of HK$403,171,000 and HK$284,174,000 were charged to the consolidated income statement for the years ended 31 March 2012 and 2011, respectively.

The major components of income tax expense for the year are as follows:

10. 所得稅(續)

土地增值(即物業銷售所得款項減包括土地使用權攤銷、借貸成本及所有物業發展開支在內的可扣減開支所得金額)須按30%至60%不等的累進稅率繳納中國土地增值稅(「土地增值稅」)。為數403,171,000港元及284,174,000港元的土地增值稅,已分別在截至2012年及2011年3月31日止年度的綜合收益表內扣除。

年內,所得稅開支主要部分如下:

		For the year ended 31 March 截至3月31日止年度	
		2012	2011
		HK$'000	HK$'000
Group:	**本集團:**	**千港元**	千港元
Current – Mainland China	即期-中國大陸	**569,597**	221,824
LAT in Mainland China	中國大陸土地增值稅	**403,171**	284,174
Deferred Mainland China corporate income tax *(note 32)*	遞延中國大陸企業所得稅 *(附註32)*	**285,185**	402,660
Total tax charge for the year	年度稅項支出總額	**1,257,953**	908,658

10. Income Tax (Continued)

A reconciliation of the tax expense applicable to profit before tax at the statutory rate to the tax expense at the Group's effective income tax rate is as follows:

10. 所得稅(續)

按法定稅率計算適用於稅前利潤的稅項開支與按本集團本年度實際稅率計算的稅項開支的對賬如下：

		For the year ended 31 March 截至3月31日止年度	
		2012	2011
		HK$'000	HK$'000
		千港元	千港元
Profit before tax	稅前利潤	**3,305,515**	2,452,776
Tax at the statutory tax rate of 16.5%	按16.5%法定稅率計算的稅項	**545,410**	404,708
Higher tax rates enacted by local authorities	地方機關制定的較高稅率	**317,329**	185,503
Income not subject to tax	毋須繳稅收入	**(472)**	(6,106)
Expenses not deductible for tax	不可扣稅開支	**9,546**	3,006
Tax losses utilised from previous years	動用過往年度的稅項虧損	**(19,745)**	(9,054)
Profit attributable to jointly-controlled entities and associates	共同控制實體及聯營公司應佔利潤	**(421)**	(336)
Tax losses not recognised	未確認的稅項虧損	**11,052**	20,565
LAT	土地增值稅	**403,171**	284,174
Tax effect of LAT	土地增值稅的稅務影響	**(100,793)**	(68,721)
Effect of change in tax rate	稅率變動影響	**(713)**	13,838
Withholding tax effect	預扣稅影響	**93,589**	81,081
Tax charge at the Group's effective rate	按本集團實際稅率計算的稅項支出	**1,257,953**	908,658

The share of tax attributable to associates and jointly-controlled entities amounting to nil (2011: nil) and HK$79,000 (2011: HK$64,000), respectively, is included in "Share of profits and losses of a jointly-controlled entity and associates" in the consolidated income statement.

聯營公司及共同控制實體應佔稅項分別為零(2011年：零)及79,000港元(2011年：64,000港元)，並計入綜合收益表的「應佔一家共同控制實體及聯營公司利潤及虧損」內。

11. Profit Attributable to Owners of the Parent

The consolidated profit attributable to owners of the parent for the year ended 31 March 2012 includes a loss of HK$62,478,000 (loss for the year ended 31 March 2011: HK$41,886,000) which has been dealt with in the financial statements of the Company (note 35(b)).

11. 母公司擁有人應佔利潤

截至2012年3月31日止年度，母公司擁有人應佔綜合利潤包括已於本公司財務報表列賬的虧損62,478,000港元(截至2011年3月31日止年度虧損41,886,000港元)(附註35(b))。

12. Dividends

12. 股息

	For the year ended 31 March 截至3月31日止年度 2012 HK$'000 千港元	2011 HK$'000 千港元
Proposed final dividends – HK7.5 cents per ordinary share (2011: HK2.5 cents) 建議末期股息－每股普通股7.5港仙(2011年:2.5港仙)	**449,067**	149,689

The proposed final dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

擬派末期股息須待本公司股東於應屆股東週年大會批准後,方可作實。

13. Earnings Per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 5,987,564,000 (2011: 5,982,908,219) in issue during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all potentially dilutive ordinary shares into ordinary shares.

13. 歸屬於母公司普通股權益持有人之每股盈利

每股基本盈利乃根據母公司普通股權益持有人應佔年內利潤及年內已發行5,987,564,000股(2011年:5,982,908,219股)普通股的加權平均數計算。

每股攤薄盈利乃根據母公司普通股權益持有人應佔年內利潤計算。計算所用的普通股加權平均數乃為計算每股基本盈利所用的年內已發行普通股股數,而加權平均普通股數目乃假設行使或轉換所有具潛在攤薄性的普通股為普通股按無償發行。

13. Earnings Per Share Attributable to Ordinary Equity Holders of the Parent (Continued)

The calculations of basic and diluted earnings per share are based on:

13. 歸屬於母公司普通股權益持有人之每股盈利(續)

每股基本及攤薄盈利的計算乃基於:

		For the year ended 31 March 截至3月31日止年度 2012 HK$'000 千港元	2011 HK$'000 千港元
Earnings	**盈利**		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	用於計算每股基本盈利之母公司普通股權益持有人應佔利潤	**2,070,708**	1,552,455

		Number of shares 股數 2012	2011
Shares	**股份**		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	用於計算每股基本盈利之年內已發行普通股的加權平均數	**5,987,564,000**	5,982,908,219
Effect of dilution – weighted average number of ordinary shares:	攤薄影響-普通股加權平均數:		
Share options	購股權	**13,482,984**	33,361,963
		6,001,046,984	6,016,270,182

14. Property, Plant and Equipment Group

14. 物業、廠房及設備 本集團

31 March 2012	2012年3月31日	Buildings 樓宇 HK$'000 千港元	Hotel properties 酒店物業 HK$'000 千港元	Furniture, fixtures and equipment 傢俬、裝置及設備 HK$'000 千港元	Motor vehicles 汽車 HK$'000 千港元	Total 總計 HK$'000 千港元
At 1 April 2011:	於2011年4月1日:					
Cost	成本	166,272	121,395	59,284	27,284	374,235
Accumulated depreciation	累計折舊	(56,931)	(67,810)	(36,507)	(8,868)	(170,116)
Net carrying amount	賬面淨額	109,341	53,585	22,777	18,416	204,119
At 1 April 2011, net of accumulated depreciation	於2011年4月1日,已扣除累計折舊	109,341	53,585	22,777	18,416	204,119
Additions	添置	–	–	5,822	5,451	11,273
Disposals	出售	–	–	(172)	(192)	(364)
Disposal of a subsidiary *(note 36)*	出售一家附屬公司*(附註36)*	–	–	(1,798)	(1,252)	(3,050)
Depreciation provided during the year *(note 6)*	年度折舊撥備*(附註6)*	(7,199)	(3,614)	(7,259)	(5,633)	(23,705)
Exchange realignment	匯兑調整	4,152	2,035	853	647	7,687
At 31 March 2012, net of accumulated depreciation	於2012年3月31日,已扣除累計折舊	106,294	52,006	20,223	17,437	195,960
At 31 March 2012:	於2012年3月31日:					
Cost	成本	172,585	126,801	64,553	31,119	395,058
Accumulated depreciation	累計折舊	(66,291)	(74,795)	(44,330)	(13,682)	(199,098)
Net carrying amount	賬面淨額	106,294	52,006	20,223	17,437	195,960

14. Property, Plant and Equipment (Continued) Group (Continued)

14. 物業、廠房及設備(續) 本集團(續)

31 March 2011	2011年3月31日	Buildings 樓宇 HK$'000 千港元	Hotel properties 酒店物業 HK$'000 千港元	Furniture, fixtures and equipment 傢俬、裝置及設備 HK$'000 千港元	Motor vehicles 汽車 HK$'000 千港元	Total 總計 HK$'000 千港元
At 1 April 2010:	於2010年4月1日：					
Cost	成本	110,314	115,023	51,715	13,134	290,186
Accumulated depreciation	累計折舊	(42,766)	(54,416)	(29,682)	(5,638)	(132,502)
Net carrying amount	賬面淨額	67,548	60,607	22,033	7,496	157,684
At 1 April 2010, net of accumulated depreciation	於2010年4月1日，已扣除累計折舊	67,548	60,607	22,033	7,496	157,684
Additions	添置	154	359	6,619	15,285	22,417
Transfer from properties under development *(note 16)*	轉撥自發展中物業*(附註16)*	56,525	–	–	–	56,525
Disposals	出售	(3,255)	–	(183)	(341)	(3,779)
Depreciation provided during the year *(note 6)*	年度折舊撥備*(附註6)*	(14,619)	(10,061)	(6,637)	(4,321)	(35,638)
Exchange realignment	匯兑調整	2,988	2,680	945	297	6,910
At 31 March 2011, net of accumulated depreciation	於2011年3月31日，已扣除累計折舊	109,341	53,585	22,777	18,416	204,119
At 31 March 2011:	於2011年3月31日：					
Cost	成本	166,272	121,395	59,284	27,284	374,235
Accumulated depreciation	累計折舊	(56,931)	(67,810)	(36,507)	(8,868)	(170,116)
Net carrying amount	賬面淨額	109,341	53,585	22,777	18,416	204,119

14. Property, Plant and Equipment (Continued)
Group (Continued)

Certain of the Group's buildings and hotel properties with aggregate carrying values of approximately HK$42,002,000 and HK$42,017,000 as at 31 March 2012 and 2011, respectively, were pledged to secure general banking facilities granted to the Group (note 30).

At 31 March 2012, certificates of ownership in respect of certain buildings of the Group in the PRC with an aggregate net book value of HK$3,426,000 (2011: HK$3,428,000) had not been issued by the relevant PRC authorities. The Group is in the process of obtaining the relevant certificates of ownership.

14. 物業、廠房及設備(續)
本集團(續)

於2012年及2011年3月31日，本集團賬面總值分別約42,002,000港元及42,017,000港元的若干樓宇及酒店物業已抵押作為本集團獲授一般銀行融資的擔保(附註30)。

於2012年3月31日，本集團於中國賬面淨值合共3,426,000港元(2011年：3,428,000港元)的若干樓宇未獲相關中國機關發出所有權證。本集團正在領取相關所有權證。

15. Investment Properties
Group

15. 投資物業
本集團

		Notes 附註	**2012** **HK$'000** **千港元**	2011 HK$'000 千港元
Carrying amount at beginning of year	年初的賬面值		**11,285,288**	9,077,250
Additions	添置		**71,135**	–
Transfer from properties under development	轉撥自發展中物業	16	**572,213**	312,388
Transfer from properties held for sale	轉撥自持作銷售物業		**146,637**	–
Net gain from a fair value adjustment	公平值調整淨收益	5	**1,117,696**	1,464,168
Exchange realignment	匯兑調整		**444,138**	431,482
Carrying amount at end of year	年終的賬面值		**13,637,107**	11,285,288

The above investment properties are held under medium term leases and are situated in Mainland China.

上述投資物業按中期租賃持有，並位於中國大陸。

15. Investment Properties (Continued)

Group (Continued)

The Group's investment properties were revalued on 31 March 2012 and 2011 by Savills Valuation and Professional Services Limited ("Savills"), independent professionally qualified valuers, at RMB11,061,000,000 and RMB9,501,000,000, respectively, (equivalent to HK$13,637,107,000 and HK$11,285,288,000, respectively) on an open market, existing use basis. The investment properties are leased to third parties under operating leases, further summary details of which are included in note 39(a) to the financial statements.

The Group's investment properties with aggregate carrying values of approximately HK$8,595,019,000 and HK$9,172,434,000 as at 31 March 2012 and 2011, respectively, were pledged to secure general banking facilities granted to the Group (note 30).

The Group's investment properties with aggregate carrying values of approximately HK$13,637,107,000 and HK$11,285,288,000 as at 31 March 2012 and 2011, respectively, are restricted for sale (note 19(vii) (viii)).

15. 投資物業(續)

本集團(續)

獨立專業合資格估值師第一太平戴維斯估值及專業顧問有限公司(「第一太平戴維斯」)於2012年及2011年3月31日重估本集團的投資物業,按公開市場現有用途基準的價值分別為人民幣11,061,000,000元及人民幣9,501,000,000元(分別相等於13,637,107,000港元及11,285,288,000港元)。投資物業按經營租賃租予第三方,進一步詳情概要載於財務報表附註39(a)。

於2012年及2011年3月31日,本集團賬面總值分別約8,595,019,000港元及9,172,434,000港元的投資物業已抵押作為本集團獲授一般銀行融資的擔保(附註30)。

於2012年及2011年3月31日,本集團賬面總值分別約13,637,107,000港元及11,285,288,000港元的投資物業受到銷售限制(附註19(vii) (viii))。

16. Properties Under Development 16. 發展中物業
Group 本集團

		Notes 附註	**2012 HK$'000 千港元**	2011 HK$'000 千港元
Carrying amount at beginning of year	年初的賬面值		**3,403,663**	1,978,789
Additions	添置		**9,235,468**	2,284,603
Disposal of a subsidiary	出售一家附屬公司	*36*	**(321,633)**	–
Transfer to property, plant and equipment	轉撥至物業、廠房及設備	*14*	**–**	(56,525)
Transfer to investment properties	轉撥至投資物業	*15*	**(572,213)**	(312,388)
Transfer to properties held for sale and held for finance lease	轉撥至持作銷售物業及持作融資租賃		**(8,996,307)**	(577,881)
Exchange realignment	匯兑調整		**129,025**	87,065
Carrying amount at end of year	年終的賬面值		**2,878,003**	3,403,663

The above properties under development are held under medium term leases and are situated in Mainland China.

上述發展中物業按中期租賃持有,並位於中國大陸。

Certain of the Group's properties under development with aggregate carrying values of approximately HK$115,060,000 and HK$121,395,000 and as at 31 March 2012 and 2011, respectively, were pledged to secure general banking facilities granted to the Group (note 30).

於2012年及2011年3月31日,本集團賬面總值分別約115,060,000港元及121,395,000港元的若干發展中物業已抵押作為本集團獲授一般銀行融資的擔保(附註30)。

17. Prepaid Land Premiums
Group

17. 預付土地出讓金
本集團

		Notes 附註	2012 HK$'000 千港元	2011 HK$'000 千港元
Carrying amount at beginning of year	年初的賬面值		**7,207**	7,082
Recognised during the year	年內確認	6	**(187)**	(180)
Exchange realignment	匯兑調整		**283**	305
Carrying amount at end of year	年終的賬面值		**7,303**	7,207
Current portion included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收款項的即期部分		**(187)**	(171)
Non-current portion	非即期部分		**7,116**	7,036

The leasehold land is held under a medium term lease and is situated in Mainland China.

Certain of the Group's leasehold lands with aggregate carrying values of approximately HK$2,530,000 and HK$2,496,000 as at 31 March 2012 and 2011, respectively, were pledged to secure general banking facilities granted to the Group (note 30).

租賃土地按中期租賃持有，並位於中國大陸。

於2012年及2011年3月31日，本集團賬面總值分別約2,530,000港元及2,496,000港元的若干租賃土地已抵押作為本集團獲授一般銀行融資的擔保(附註30)。

18. Goodwill

18. 商譽

Group	**本集團**	HK$'000 千港元
At 31 March 2012 and 2011:	於2012年及2011年3月31日：	
Cost and net carrying amount	成本及賬面淨額	20,066

Impairment testing of goodwill

Goodwill acquired through a business combination has been allocated to the hotel operation cash-generating unit for impairment testing. The recoverable amount of the hotel operation cash-generating unit is determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period. The discount rate applied to the cash flow projection is 12% (2011: 12%). The growth rates used to extrapolate the cash flows of the hotel operation beyond the five-year period is assumed to be 3% (2011: 3%). The key assumptions adopted on growth rates and discount rate used in the value-in-use calculation are determined by considering both internal and external factors relating to the relevant segment.

商譽減值測試

透過業務合併收購的商譽已分配至酒店營運的現金產生單位作減值測試。酒店營運的現金產生單位的可收回金額乃根據高級管理層批准的五年期財務預算以現金流量預測計算的使用價值釐定。現金流量預測採用的折現率為12%(2011年：12%)。用以推斷酒店營運於五年期間後現金流量的增長率乃假設為3%(2011年：3%)。使用價值計算時就增長率及貼現率採納的主要假設乃考慮相關分部之內外在因素後釐定。

19. Investments in Subsidiaries
Company

19. 於附屬公司的投資
本公司

		2012 HK$'000 千港元	2011 HK$'000 千港元
Unlisted investments, at cost	非上市投資,按成本	**2,201,275**	1,501,275
Loan to a subsidiary	向一家附屬公司貸款	**752,400**	752,400
Due from subsidiaries	應收附屬公司款項	**2,250,736**	968,195
Due to subsidiaries	應付附屬公司款項	**(899)**	(899)
		5,203,512	3,220,971

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities of HK$2,250,736,000 (2011: HK$968,195,000) and HK$899,000 (2011: HK$899,000) are unsecured, interest-free and are repayable on demand or within one year.

The loan to a subsidiary bears fixed interest of 8%, and is unsecured and repayable from 2012 to 2015. The carrying amount of the loan to a subsidiary approximates to its fair value.

於本公司流動資產及流動負債列賬之應收及應付附屬公司款項2,250,736,000港元(2011年:968,195,000港元)及899,000港元(2011年:899,000港元)為無抵押、免息及須應要求或於一年內償還。

向一家附屬公司作出之貸款按8%之固定利息計息,為無抵押及須於2012年至2015年內償還。向一家附屬公司作出之貸款的賬面值與其公平值相若。

19. Investments in Subsidiaries (Continued)

19. 於附屬公司的投資(續)

Particulars of the subsidiaries are as follows:

附屬公司詳情如下：

Name 名稱	Place of incorporation/ registration and operations 註冊成立/註冊及經營地點	Nominal value of issued ordinary/ registered share capital as at 31 March 2012 於2012年3月31日已發行普通/註冊股本面值	Date of incorporation/ registration 註冊成立/註冊日期	Percentage of equity attributable to the Company 本公司應佔權益百分比 Direct 直接 %	 Indirect 間接 %	Principal activities 主要業務
China South International Industrial Materials City (Shenzhen) Co., Ltd. (ii) (vi) (vii) 華南國際工業原料城(深圳)有限公司(ii) (vi) (vii)	PRC/Mainland China 中國/中國大陸	HK$2,200,000,000 2,200,000,000港元	18 December 2002 18-12-2002	100	–	Development and management of integrated logistics trade centres 綜合商貿物流及商品交易中心開發及營運
Shenzhen First Asia Pacific Property Management Co., Ltd. (i) (vi) 深圳第一亞太物業管理有限公司(i) (vi)	PRC/Mainland China 中國/中國大陸	RMB5,000,000 人民幣5,000,000元	31 December 2003 31-12-2003	25	75	Provision of property management services 提供物業管理服務
Shenzhen International Electronics Procurement Centre Co., Ltd. (iii) (vi) 深圳跨國電子採購中心有限公司(iii) (vi)	PRC/Mainland China 中國/中國大陸	RMB20,000,000 人民幣20,000,000元	6 November 2003 06-11-2003	–	95	Dormant 暫無業務
Shenzhen China South City Investment Holdings Co., Ltd. (iii) (vi) 深圳華南城投資控股有限公司(iii) (vi)	PRC/Mainland China 中國/中國大陸	RMB300,000,000 人民幣300,000,000元	20 July 2004 20-07-2004	–	100	Investment holding 投資控股
Shenzhen China South City Advertising Co., Ltd. (iii) (vi) 深圳市華南城廣告有限公司(iii) (vi)	PRC/Mainland China 中國/中國大陸	RMB1,500,000 人民幣1,500,000元	20 July 2004 20-07-2004	–	100	Provision of advertising services 提供廣告服務
Shenzhen China South International Convention and Exhibition Centre Co., Ltd. (iii) (vi) 深圳市華南城國際會展中心有限公司(iii) (vi)	PRC/Mainland China 中國/中國大陸	RMB2,000,000 人民幣2,000,000元	10 February 2006 10-02-2006	–	100	Provision of exhibition services 提供展覽服務

19. Investments in Subsidiaries (Continued) 19. 於附屬公司的投資(續)

Name 名稱	Place of incorporation/ registration and operations 註冊成立/註冊及經營地點	Nominal value of issued ordinary/ registered share capital as at 31 March 2012 於2012年3月31日已發行普通/註冊股本面值	Date of incorporation/ registration 註冊成立/註冊日期	Percentage of equity attributable to the Company 本公司應佔權益百分比 Direct 直接 %	 Indirect 間接 %	Principal activities 主要業務
Harbin China South City Company Limited (iii) (iv) (viii) 哈爾濱華南城有限公司(iii) (iv) (viii)	PRC/Mainland China 中國/中國大陸	RMB200,000,000 人民幣200,000,000元	10 February 2012 10-02-2012	–	100	Development and management of integrated logistics trade centres 綜合商貿物流及商品交易中心開發及營運
Grand City Hotel (Shenzhen) Co., Ltd. (i) (vi) 華麗城酒店(深圳)有限公司(i) (vi)	PRC/Mainland China 中國/中國大陸	RMB40,000,000 人民幣40,000,000元	16 June 2005 16-06-2005	–	100	Hotel operations 酒店營運
Grand City Hotel Investment Limited (v) 華麗城酒店投資有限公司(v)	Hong Kong 香港	HK$10,000 10,000港元	9 April 2005 09-04-2005	100	–	Investment holding 投資控股
Nanchang China South City Company Limited (i) (vi) (viii) 南昌華南城有限公司(i) (vi) (viii)	PRC/Mainland China 中國/中國大陸	RMB1,100,000,000 人民幣1,100,000,000元	16 November 2007 16-11-2007	–	100	Development and management of integrated logistics trade centres 綜合商貿物流及商品交易中心開發及營運
Zhuji Pan-Asia Property Management Enterprise Ltd. (iii) (vi) 諸暨泛亞物業管理有限公司(iii) (vi)	PRC/Mainland China 中國/中國大陸	RMB500,000 人民幣500,000元	8 November 2007 08-11-2007	–	80	Dormant 暫無業務
Tieling First Asia Pacific Property Management Co., Ltd. (iii) (vi) 鐵嶺第一亞太物業管理有限公司(iii) (vi)	PRC/Mainland China 中國/中國大陸	RMB500,000 人民幣500,000元	26 December 2007 26-12-2007	–	100	Dormant 暫無業務
China Central City (BVI) Limited (v) 華中城(BVI)有限公司(v)	British Virgin Islands 英屬處女群島	US$1 1美元	23 October 2007 23-10-2007	100	–	Investment holding 投資控股
ASEAN City (BVI) Limited (v) 東盟城(BVI)有限公司(v)	British Virgin Islands 英屬處女群島	US$1 1美元	23 October 2007 23-10-2007	100	–	Investment holding 投資控股

19. Investments in Subsidiaries (Continued) 19. 於附屬公司的投資(續)

Name 名稱	Place of incorporation/ registration and operations 註冊成立/註冊及經營地點	Nominal value of issued ordinary/ registered share capital as at 31 March 2012 於2012年3月31日已發行普通/註冊股本面值	Date of incorporation/ registration 註冊成立/註冊日期	Percentage of equity attributable to the Company 本公司應佔權益百分比		Principal activities 主要業務
				Direct 直接 %	Indirect 間接 %	
China Central City (Hong Kong) Limited (v) 華中城(香港)有限公司(v)	Hong Kong 香港	HK$1 1港元	9 November 2007 09-11-2007	–	100	Dormant 暫無業務
China South City Management Company Limited (v) 華南城管理有限公司(v)	Hong Kong 香港	HK$1 1港元	9 November 2007 09-11-2007	–	100	Dormant 暫無業務
Nanning China South City Company Limited (iii) (vi) (viii) 南寧華南城有限公司(iii) (vi) (viii)	PRC/Mainland China 中國/中國大陸	RMB150,000,000 人民幣150,000,000元	28 August 2009 28-08-2009	–	100	Development and management of integrated logistics trade centres 綜合商貿物流及商品交易中心開發及營運
Xi'an China South City Company Limited (iii) (vi) (viii) 西安華南城有限公司(iii) (vi) (viii)	PRC/Mainland China 中國/中國大陸	US$30,000,000 30,000,000美元	12 November 2009 12-11-2009	–	65	Development and management of integrated logistics trade centres 綜合商貿物流及商品交易中心開發及營運
Andarton Investments Limited (v)	British Virgin Islands 英屬處女群島	US$1 1美元	23 November 2009 23-11-2009	–	100	Investment holding 投資控股
Grow Rich Holdings Limited (v)	British Virgin Islands 英屬處女群島	US$1 1美元	16 October 2009 16-10-2009	100	–	Investment holding 投資控股
河源華南城商貿有限公司(iii) (vi)	PRC/Mainland China 中國/中國大陸	RMB20,000,000 人民幣20,000,000元	17 March 2011 17-03-2011	–	100	Dormant 暫無業務
深圳華盛商業發展有限公司(iii) (vi)	PRC/Mainland China 中國/中國大陸	RMB10,000,000 人民幣10,000,000元	19 November 2010 19-11-2010	–	100	Management of integrated logistics trade centres 綜合商貿物流及商品交易中心營運
西安泰盛商業運營管理有限公司(iii) (iv)	PRC/Mainland China 中國/中國大陸	RMB5,000,000 人民幣5,000,000元	15 March 2012 15-03–2012	–	100	Management of integrated logistics trade centres 綜合商貿物流及商品交易中心營運

19. Investments in Subsidiaries (Continued)

Notes:

(i) Sino-foreign equity joint ventures under PRC law.

(ii) A wholly-foreign-owned enterprise under PRC law.

(iii) Limited companies under PRC law.

(iv) No audited financial statements have been prepared for these companies as they were newly incorporated/registered and had not conducted any business since the dates of their incorporation/registration.

(v) No audited financial statements have been issued for these companies up to the date of the financial statements of the Group.

(vi) The statutory financial statements of these companies for the year ended 31 December 2011 were prepared in accordance with PRC Generally Accepted Accounting Principles ("PRC GAAP"), and were audited by Shenzhen Yida Certified Public Accountants Co. Ltd, Jiangxi Zhongrun United Certified Public Accountants' Firm, Xi'an Yongming Certified Public Accountants Ltd, and Guangxi Zhongzhongyi Certified Public Accountants Co. Ltd, which are registered in the PRC.

(vii) Pursuant to several land grant contracts entered by China South International Industrial Materials City (Shenzhen) Co., Ltd., the saleable gross floor area of properties built on these parcels of land is limited to 30% of the total gross floor area that can be built. The Group holds and constructs the properties with sales restrictions for leasing and self use.

(viii) Pursuant to the land grant contracts entered by Nanchang China South City Company Limited and Nanning China South City Company Limited in 2009, respectively, the saleable gross floor area of trade centres and storage facilities built on these parcels of land are limited to 60% of the total buildable gross floor area. This restriction does not apply to the properties that are built for residential, commercial and other uses, also does not apply for the land obtained by Nanchang China South City Company Limited and Xi'an China South City Company Limited in 2011, nor the land acquired by Harbin China South City Company Limited in June 2012.

19. 於附屬公司的投資(續)

附註:

(i) 中國法律下的中外合資經營公司。

(ii) 中國法律下的外商獨資企業。

(iii) 中國法律下的有限公司。

(iv) 由於該等公司近期註冊成立/註冊及於其註冊成立/註冊日期以來並無進行任何業務,故概無就該等公司編製經審核財務報表。

(v) 直至本集團財務報表日期,並無就該等公司刊發經審核財務報表。

(vi) 該等公司截至2011年12月31日止年度的法定財務報表乃根據中國公認會計原則(「中國公認會計原則」)編製而成,並經於中國註冊的深圳市義達會計師事務所有限責任公司、江西中潤會計師事務所、西安永明有限責任會計師事務所及廣西中眾益會計師事務所有限公司審核。

(vii) 根據華南國際工業原料城(深圳)有限公司訂立的數份土地出讓合同,建在該等地塊上的物業的可銷售建築面積限於總建築面積的30%。本集團持有及建設此等受到銷售限制的物業作出租及自用。

(viii) 根據南昌華南城有限公司和南寧華南城有限公司各自於2009年訂立的若干土地出讓合同,建在該項目若干地塊上的交易中心商舖和倉儲物業的可銷售建築面積限於該等物業總可建築面積的60%。此限制不適用於住宅、商務及其他用途的物業,亦不適用於南昌華南城有限公司及西安華南城有限公司於2011年獲得的土地及哈爾濱華南城於2012年6月取得之土地。

20. Investments in Jointly-Controlled Entities

20. 於共同控制實體的投資

		2012 HK$'000 千港元	2011 HK$'000 千港元
Share of net assets	應佔資產淨值	**8,048**	6,291
Due from jointly-controlled entities	應收共同控制實體款項	**1,208**	11,479
		9,256	17,770
Provision for impairment	減值撥備	**(6,406)**	(6,664)
		2,850	11,106

The amounts due from the jointly-controlled entities included in the investments in jointly-controlled entities above are unsecured, have no fixed terms of repayment and bear interest at 7%. The carrying amounts of these amounts due from jointly-controlled entities approximate to their fair values.

計入上述於共同控制實體投資的應收共同控制實體款項為無抵押、無固定還款期及按7%計息。該等應收共同控制實體款項的賬面值與其公平值相若。

20. Investments in Jointly-Controlled Entities (Continued)

20. 於共同控制實體的投資(續)

Particulars of the jointly-controlled entities are as follows:

共同控制實體詳情如下：

Name 名稱	Place of registration and operations 註冊及經營地點	Nominal value of issued and fully paid-up registered capital as at 31 March 2012 於2012年3月31日已發行及繳足註冊資本面值	Date of incorporation/ registration 註冊成立／註冊日期	Percentage of equity attributable to the Group as at 31 March 於3月31日本集團應佔權益百分比 2012 %	2011 %	Principal activities 主要業務
China South National Express Logistics (Shenzhen) Co., Ltd.# 深圳市華南城新國線物流有限公司#	PRC/Mainland China 中國／中國大陸	RMB3,000,000 人民幣3,000,000元	2 July 2004 02-07–2004	51	51	Provision of logistics services 提供物流服務
China South Royal Restaurant (Shenzhen) Co., Ltd.# (i) 華南富豪酒樓(深圳)有限公司#(i)	PRC/Mainland China 中國／中國大陸	RMB5,000,000 人民幣5,000,000元	16 June 2005 16-06–2005	50.5	50.5	Restaurant operations 酒樓營運

Notes:

\# The Group holds 51% and 50.5% of the registered capital of China South National Express Logistics (Shenzhen) Co., Ltd. and China South Royal Restaurant (Shenzhen) Co., Ltd., respectively. Pursuant to memorandums of the shareholders' agreements and articles of association of the jointly-controlled entities, none of the parties has unilateral control or unanimous consent over the operating and financing decisions of these jointly-controlled entities. Accordingly, the directors consider it appropriate to continue to account for the Group's interests therein as investments in jointly-controlled entities.

(i) Sino-foreign equity joint venture.

附註：

\# 本集團分別持有深圳市華南城新國線物流有限公司及華南富豪酒樓(深圳)有限公司註冊資本的51%及50.5%。根據股東協議備忘錄及共同控制實體組織章程細則，任何一方對該等共同控制實體的經營及財務決策均無單方面控制或一致同意的權利。因此，董事認為，繼續將本集團於其中的權益入賬列為於共同控制實體的權益乃屬恰當。

(i) 中外合資經營公司。

20. Investments in Jointly-Controlled Entities (Continued)

The Company holds the jointly-controlled entities indirectly. The jointly-controlled entities have financial years ended 31 December. The consolidated financial statements are adjusted for the material transactions between the jointly-controlled entities and group companies between 1 January and 31 March.

The following table illustrates the summarised financial information of the Group's jointly-controlled entities:

20. 於共同控制實體的投資(續)

本公司間接擁有共同控制實體。共同控制實體的財政年度乃截至12月31日止。綜合財務報表就1月1日至3月31日期間共同控制實體與集團成員公司之間的重大交易作出調整。

下表説明本集團共同控制實體的財務資料概要:

		2012 HK$'000 千港元	2011 HK$'000 千港元
Share of jointly-controlled entities' assets and liabilities:	應佔共同控制實體資產及負債:		
Current assets	流動資產	**8,509**	6,175
Non-current assets	非流動資產	**740**	214
Current liabilities	流動負債	**(1,201)**	(98)
Net assets	資產淨值	**8,048**	6,291
Share of jointly-controlled entities' results:	應佔共同控制實體業績:		
Revenue	收入	**4,626**	4,055
Expenses	開支	**(3,129)**	(2,718)
Profit for the year	本年度利潤	**1,497**	1,337

21. Investments in Associates

21. 於聯營公司的投資

		2012 HK$'000 千港元	2011 HK$'000 千港元
Share of net assets	應佔資產淨值	**1,563**	1,807
Due to associates	應付聯營公司款項	**(3,094)**	(2,984)
		(1,531)	(1,177)

The amounts due to associates included in investments in associates above are unsecured, interest-free and has no fixed repayment terms.

計入上述於聯營公司的投資的應付聯營公司款項為無抵押、免息及無固定還款期。

Particulars of the associates are as follows:

聯營公司詳情如下：

Name 名稱	Place of registration and operations 註冊及經營地點	Nominal value of issued and fully or partly paid-up registered capital 已發行及繳足或部份繳足註冊資本面值	Date of incorporation/ registration 註冊成立/註冊日期	Percentage of equity attributable to the Group as at 31 March 於3月31日本集團應佔權益百分比 2012 %	 2011 %	Principal activities 主要業務
China South Intimex Technology (Shenzhen) Co., Ltd. (i) (ii) 華南泰美科技(深圳)有限公司(i) (ii)	PRC/Mainland China 中國/中國大陸	RMB10,000,000 人民幣10,000,000元	18 January 2004 18-01-2004	30	30	Website development and construction, maintenance and development of software, provision of consultancy services and trading of e-commerce hardware and software 網站發展及建設、軟件維護及開發、提供顧問服務及電子商貿硬件及軟件貿易
China South City Pico Exhibition (Shenzhen) Co., Ltd. (i) (ii) 深圳華南城筆克會展有限公司(i) (ii)	PRC/Mainland China 中國/中國大陸	HK$2,000,000 2,000,000港元	13 October 2009 13-10-2009	30	30	Provision of exhibition services 提供展覽服務

21. Investments in Associates (Continued)

Notes:

(i) Sino-foreign equity joint venture under PRC law.

(ii) The Company holds the associates indirectly.

The associates have financial years ended 31 December. The consolidated financial statements are adjusted for the material transactions between the associates and group companies between 1 January and 31 March.

The associates have been accounted for using the equity method in these financial statements.

The following table illustrates the summarised financial information of the Group's associates:

21. 於聯營公司的投資(續)

附註:

(i) 中國法律下的中外合資經營公司。

(ii) 本公司間接擁有聯營公司。

聯營公司的財政年度乃截至12月31日止。綜合財務報表就1月1日至3月31日期間聯營公司與集團成員公司之間的重大交易作出調整。

聯營公司乃以權益法於此等財務報表入賬。

下表列示摘錄本集團聯營公司的財務資料概要:

		2012 HK$'000 千港元	2011 HK$'000 千港元
Assets	資產	**8,089**	8,795
Liabilities	負債	**2,880**	2,772
Revenue	收入	**75**	75
Loss	虧損	**(1,056)**	(1,103)

22. Finance Lease Receivables

The balance represents entrusted loans provided by the Group to lessees through Shanghai Pudong Development Bank in connection with the finance lease of its properties. The finance lease receivables, which bear interest at a rate between 6.336% to 6.435% per annum, are repayable by monthly instalments within 10 years. The carrying amounts of the finance lease receivables approximate to their fair values. The amounts of the current portion of the finance lease receivables of HK$8,109,000 and HK$7,409,000 were included in prepayments, deposits and other receivables as at 31 March 2012 and 2011, respectively.

22. 融資租賃應收款項

結餘指本集團就其物業的融資租賃,透過上海浦東發展銀行向承租人提供的委託貸款。融資租賃應收款項按年利率介乎6.336%至6.435%計息,並須於10年內每月分期償還。融資租賃應收款項的賬面值與其公平值相若。於2012年及2011年3月31日,融資租賃應收款項的即期部分金額分別為8,109,000港元及7,409,000港元,已計入預付款項、按金及其他應收款項。

23. Deposits Paid for Purchase of Land

The balance represents deposits paid for acquisitions of parcels of land in Mainland China. The carrying amounts of the deposits paid for purchase of land approximate to their fair values.

23. 購買土地支付的按金

結餘指在中國大陸收購地塊支付的按金。購買土地支付的按金的賬面值與其公平值相若。

24. Properties held for sale

24. 持作銷售物業

		2012 HK$'000 千港元	2011 HK$'000 千港元
Completed properties held for sale	持作銷售竣工物業	**2,126,269**	482,607
Properties under development expected to complete within normal operating cycle	預期於正常營運週期內竣工的發展中物業	**5,636,286**	–
		7,762,555	482,607

Certain of the Group's completed properties held for sale with an aggregate carrying value of HK$100,476,000 (2011: Nil) at the end of the reporting period were pledged to secure the banking loans granted to the Group (note 30).

於報告期末時，賬面值合共100,476,000港元(2011年：無)的本集團若干持作銷售竣工物業已抵押作為本集團獲授銀行貸款的擔保(附註30)。

25. Trade Receivables

25. 應收貿易賬款

		2012 HK$'000 千港元	2011 HK$'000 千港元
Trade receivables	應收貿易賬款	**590,459**	652,401
Impairment	減值	**(64,829)**	(62,458)
		525,630	589,943

Trade receivables represent sales income, rentals receivable and service income receivables from customers which are payable on presentation of invoices or in accordance with the terms of the related sales and purchase agreements. The Group generally allows a credit period of not exceeding 60 days to its customers. Overdue balances are reviewed regularly by senior management. In view of this and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing. The carrying amounts of the trade receivables approximate to their fair values.

應收貿易賬款指於出示發票時應收或根據相關買賣協議條款應收客戶的銷售收入、應收租金及服務收入。本集團一般提供不超過60天信貸期予客戶。高級管理層定期審閱逾期結餘。有鑑於此及本集團的應收貿易賬款與大量不同客戶有關，故並無重大集中信貸風險。本集團並無就其應收貿易賬款的結餘持有任何抵押品或其他信用增級。應收貿易賬款為免息。應收貿易賬款賬面值與其公平值相若。

25. Trade Receivables (Continued)

An aged analysis of the trade receivables as at the end of the reporting period, net of provision, is as follows:

25. 應收貿易賬款（續）

於報告期末時，應收貿易賬款扣除撥備後的賬齡分析如下：

		2012 HK$'000 千港元	2011 HK$'000 千港元
Within 1 month	1個月以內	**415,754**	403,419
1 to 2 months	1至2個月	**17,072**	29,310
2 to 3 months	2至3個月	**43,530**	49,835
Over 3 months	逾3個月	**49,274**	107,379
		525,630	589,943

The movements in provision for impairment of trade receivables are as follows:

應收貿易賬款的減值撥備變動如下：

		2012 HK$'000 千港元	2011 HK$'000 千港元
Carrying amount at beginning of year	於年初的賬面值	**62,458**	25,512
Impairment losses recognised *(note 6)*	已確認減值虧損*（附註6）*	**–**	34,959
Exchange realignment	匯兑調整	**2,371**	1,987
Carrying amount at end of year	於年終的賬面值	**64,829**	62,458

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

個別或合計均不被視為減值的應收貿易賬款的賬齡分析如下：

		2012 HK$'000 千港元	2011 HK$'000 千港元
Neither past due nor impaired	未逾期及未減值	**400,297**	71,363
Less than 1 month past due	逾期少於1個月	**15,457**	332,056
1 to 3 months past due	逾期1至3個月	**60,602**	79,145
		476,356	482,564

Receivables that were neither past due nor impaired and past due but not impaired relate to a large number of diversified customers for whom there was no recent history of default. The Group has retained the legal ownership of the property sold to the purchasers for debtor balances.

未逾期及未減值以及已逾期但未減值的應收款項與大量不同客戶有關，彼等最近並無欠款記錄。本集團已就應收款項結餘保留售予買方的物業的法定擁有權。

26. Prepayments, Deposits and Other Receivables Group

26. 預付款項、按金及其他應收款項 本集團

		2012 HK$'000 千港元	2011 HK$'000 千港元
Prepayments	預付款項	**29,068**	6,839
Receivables for disposal of subsidiaries *(note 36)*	出售附屬公司的應收款項 *(附註36)*	**757,020**	–
Deposits and other receivables	按金及其他應收款項	**80,718**	27,166
		866,806	34,005

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

上述資產並無逾期或減值。於上述結餘入賬的財務資產最近並無欠款記錄。

27. Held for Trading Investments at Fair Value Through Profit Or Loss Group

27. 透過損益以公平值列賬之持作買賣投資 本集團

		2012 HK$'000 千港元	2011 HK$'000 千港元
Listed investment funds at market value	按市值計算的上市投資基金	**111,986**	153,065

The above listed investment funds at 31 March 2012 and 2011 were classified as held for trading upon initial recognition, designated by the Group as financial assets at fair value through profit or loss since they were acquired or incurred principally for the purpose of selling or repurchasing in the near term.

於2012年及2011年3月31日，上述上市投資基金初步確認時分類為持作買賣，由於收購或產生主要為於短期內銷售或購回，故本集團將其指定為透過損益以公平值列賬的財務資產。

28. Cash and Cash Equivalents and Restricted Cash 28. 現金及現金等價物及受限制現金

Group 本集團

		Note 附註	2012 HK$'000 千港元	2011 HK$'000 千港元
Cash and bank balances	現金及銀行結餘		**3,831,987**	4,564,491
Less: Restricted cash	減:受限制現金	*	**(516,330)**	(43,181)
Cash and cash equivalents	現金及現金等價物		**3,315,657**	4,521,310

Company 本公司

		2012 HK$'000 千港元	2011 HK$'000 千港元
Cash and cash equivalents	現金及現金等價物	**477,387**	2,342,869

* Restricted cash mainly comprises (i) guaranteed deposits for the mortgage loan facilities granted by the banks to purchasers of the Group's properties; (ii) guaranteed funds of construction projects to meet local authorities' requirements; (iii) certain amount of pre-sale proceeds of properties to place as guaranteed deposits for the construction of related properties; and (iv) certain amount of proceeds from leases of several properties which have been placed as guaranteed deposits for the borrowings.

* 受限制現金主要包括:(i)就購買本集團物業之買家獲銀行授予的按揭貸款融資的保證按金;(ii)建設項目的保證金,以符合當地機關的要求;(iii)物業預售的若干所得款項金額,以作為相關物業建設的保證按金;及(iv)租賃物業的若干出租所得款項金額以作為借貸的保證按金。

At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to HK$2,966,824,000 (2011: HK$2,822,949,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

於報告期末,本集團以人民幣(「人民幣」)為單位的現金及現金等價物2,966,824,000港元(2011年:2,822,949,000港元)。人民幣並不可自由兌換為其他貨幣,然而,根據中國大陸的外匯管制條例及結匯、付匯及售匯規定,本集團可以透過獲准進行外匯業務的銀行將人民幣兌換為其他貨幣。

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and restricted cash are deposited with creditworthy banks with no recent history of default.

存於銀行現金根據每日銀行存款利率按浮動利率賺取利息。短期定期存款的存款期各異,由一天至三個月不等,視乎本集團即時的現金需求而定,而利息則按各個短期定期存款利率賺取。銀行結餘及受限制現金乃存放於信譽良好且近期並無欠款記錄的銀行。

29. Trade and Other Payables
Group

29. 貿易及其他應付款項
本集團

		Note 附註	2012 HK$'000 千港元	2011 HK$'000 千港元
Other payables and accruals	其他應付款項及應計項目		**350,893**	348,014
Deposits and receipts in advance	按金及預收款項		**3,462,501**	144,212
Construction fee and retention payables	應付的建設費用及保留金	*(i)*	**2,716,337**	831,825
			6,529,731	1,324,051

(i) An aged analysis of the construction fee and retention payables as at the end of the reporting period is as follows:

(i) 於報告期末建設費用及保留金應付款項的賬齡分析如下：

		2012 HK$'000 千港元	2011 HK$'000 千港元
Within 1 year	1年內	**2,593,409**	605,813
Over 1 year	超過1年	**122,928**	226,012
		2,716,337	831,825

The construction fee and retention payables are non-interest-bearing and repayable within the normal operation cycle or on demand.

建設費用及保留金應付款項為免息及須於一般業務週期或應要求償還。

The other payables are non-interest-bearing.

其他應付款項為免息。

30. Interest-Bearing Bank and Other Borrowings

30. 計息銀行及其他借貸

		2012			2011		
		Effective interest rate (%)			Effective interest rate (%)		
Group	**本集團**	**實際利率 (%)**	**Maturity 到期**	**HK$'000 千港元**	實際利率 (%)	Maturity 到期	HK$'000 千港元
Current	**即期**						
Bank loans – unsecured	銀行貸款－無抵押	**6.56%–7.54%**	**On Demand/ 應要求／ 2012–2013**	**1,145,241**	4.78%–6.06%	On Demand/ 應要求／ 2011–2012	381,284
Bank loans – secured	銀行貸款－有抵押	**6.89%–7.87%**	**2012–2013**	**498,092**	–	–	–
Other borrowing – unsecured	其他借貸－無抵押	**6.65%**	**On Demand/ 應要求／ 2012-2013**	**163,976**	5.40%	On Demand/ 應要求／ 2011–2012	237,560
Current portion of long term bank and other borrowings:	長期銀行及其他借貸的即期部分：						
bank loans – unsecured	銀行貸款－無抵押	**6.65%**	**2012–2013**	**73,974**	5.40%–5.60%	2011–2012	264,484
bank loans – secured	銀行貸款－有抵押	**6.12%–6.65%**	**2012–2013**	**686,384**	5.15%–5.96%	2011–2012	741,798
Other borrowing – unsecured	其他借貸－無抵押	**6.65%**	**2012–2013**	**172,606**	6.10%	2011–2012	71,268
				2,740,273			1,696,394
Non-current	**非即期**						
Bank loans – unsecured	銀行貸款－無抵押	**6.65%**	**2013–2014**	**258,909**	5.40%–5.60%	2012–2013	225,682
Bank loans – secured	銀行貸款－有抵押	**5.98%–6.90%**	**2013–2020**	**1,774,200**	5.15%–5.96%	2012–2020	2,154,329
Other borrowing – unsecured	其他借貸－無抵押	**–**	**–**	**–**	6.10%	2012–2013	166,292
				2,033,109			2,546,303
				4,773,382			4,242,697

30. Interest-Bearing Bank and Other Borrowings (Continued) 30. 計息銀行及其他借貸(續)

		Group 本集團 2012 HK$'000 千港元	2011 HK$'000 千港元
Analysed into:	分析列為：		
Bank loans and overdrafts repayable:	須於以下期間償還的銀行貸款及透支：		
Within one year or on demand	一年內或應要求	**2,403,691**	1,387,566
In the second year	第二年	**576,599**	894,085
In the third to fifth years, inclusive	第三至第五年(包括首尾兩年在內)	**985,912**	829,001
Beyond five years	五年後	**470,598**	656,925
		4,436,800	3,767,577
Other borrowings repayable:	須於以下期間償還的其他借貸：		
Within one year or on demand	一年內或應要求	**336,582**	308,828
In the second year	第二年	**–**	166,292
		336,582	475,120
		4,773,382	4,242,697

30. Interest-Bearing Bank and Other Borrowings (Continued)

Certain of the Group's bank loans are secured by:

(i) Certain of the Group's buildings and hotel properties with aggregate carrying values of approximately HK$42,002,000 and HK$42,017,000 as at 31 March 2012 and 2011, respectively (note 14);

(ii) Certain of the Group's investment properties situated in Mainland China with aggregate carrying values of approximately HK$8,595,019,000 and HK$9,172,434,000 as at 31 March 2012 and 2011, respectively (note 15);

(iii) Certain of the Group's properties under development situated in Mainland China with aggregate carrying values of approximately HK$115,060,000 and HK$121,395,000 as at 31 March 2012 and 2011, respectively (note 16);

(iv) Certain of the Group's leasehold land with aggregate carrying values of approximately HK$2,530,000 and HK$2,496,000 as at 31 March 2012 and 2011, respectively (note 17); and

(v) Certain of the Group's properties held for sale with aggregate carrying values of approximately HK$100,476,000 and nil as at 31 March 2012 and 2011, respectively (note 24).

All interest-bearing bank and other borrowings bear interest at floating rates ranging from 5.98% to 7.87% per annum and are denominated in RMB.

The carrying amounts of the Group's bank and other borrowings approximate to their fair values, which have been calculated by discounting the expected future cash flows at the prevailing interest rates.

30. 計息銀行及其他借貸(續)

本集團若干銀行貸款由下列各項抵押：

(i) 於2012年及2011年3月31日賬面總值分別約42,002,000港元及42,017,000港元的本集團若干樓宇及酒店物業(附註14)；

(ii) 於2012年及2011年3月31日賬面總值分別約8,595,019,000港元及9,172,434,000港元的本集團位於中國大陸的若干投資物業(附註15)；

(iii) 於2012年及2011年3月31日賬面總值分別約115,060,000港元及121,395,000港元的本集團位於中國大陸的若干發展中物業(附註16)；

(iv) 於2012年及2011年3月31日賬面總值分別約2,530,000港元及2,496,000港元的本集團若干租賃土地(附註17)；及

(v) 於2012年及2011年3月31日賬面總值分別約100,476,000港元及零的本集團若干持作銷售物業(附註24)。

所有計息銀行及其他借貸按每年5.98%至7.87%不等的浮動利率計息，並以人民幣為單位。

本集團計息銀行及其他借貸的賬面值與其公平值相若，乃按預期日後現金流量以當時利率貼現計算。

31. Senior Notes

On 14 January 2011, the Company issued senior notes in an aggregate principal amount of US$250,000,000 ("the Senior Notes"). The Senior Notes are listed on the Singapore Exchange Securities Trading Limited. The Senior Notes carry interest at the rate of 13.5% per annum, payable semi-annually on January 14 and July 14 in arrears, and will mature on 14 January 2016, unless redeemed earlier. The offering price was at 97.381% of the principal amount of the Senior Notes.

At any time on or after 14 January 2014, the Company may redeem the Senior Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest to (but not including) the redemption date if redeemed during the twelve month period beginning on 14 January of each of the years indicated below:

Period	Redemption price
2014	106.750%
2015 and thereafter	103.375%

At any time prior to 14 January 2014, the Company may at its option redeem the Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Senior Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time prior to 14 January 2014, the Company may redeem up to 35% of the aggregate principal amount of the Senior Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 113.5% of the principal amount of the Senior Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the Senior Notes originally issued remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related sale of the Company's capital stock and subject to certain conditions.

31. 優先票據

於2011年1月14日，本公司發行本金總額250,000,000美元的優先票據(「優先票據」)。優先票據於新加坡證券交易所有限公司上市。優先票據按年利率13.5%計息，每半年於1月14日及7月14日期後支付，並將於2016年1月14日到期(除非提早贖回)。發售價為優先票據本金額的97.381%。

於2014年1月14日或之後任何時候，本公司可按相等於下述本金額百分比的贖回價，另加截至贖回日期(但不包括該日)的累計及未付利息，贖回全部或部分優先票據(倘於下文所示各年度1月14日開始的12個月期間內贖回)：

期間	贖回價
2014年	106.750%
2015年及之後	103.375%

於2014年1月14日前任何時間，本公司可按相等於優先票據本金額100%的贖回價，另加截至贖回日期(但不包括該日)優先票據的適用溢價以及累計及未付利息(如有)，贖回全部但非部分優先票據。

於2014年1月14日前任何時間，本公司可以在股份發售中進行一次或多次銷售本公司普通股所得的現金款項淨額，按優先票據本金額113.5%的贖回價，另加截至贖回日期(但不包括該日)的累計及未付利息(如有)，贖回最多優先票據本金總額的35%，惟每次贖回後優先票據原發行本金總額最少65%須仍未贖回，且任何有關贖回須於相關本公司股本銷售結束後60日內進行及受限於若干條件。

31. Senior Notes (Continued)

The Senior Notes contain a liability component and the above early redemption options:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the period is calculated by applying an effective interest rate of approximately 14.57% per annum to the liability component of the Senior Notes since they were issued.

(ii) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options is insignificant on initial recognition and at 31 March 2012.

On 30 September 2011 and 2 February 2012, the Company repurchased the Senior Notes with principal amount of US$5,000,000 and US$4,000,000, respectively, from the open market. The total consideration of the repurchase was US$6,932,000 (equivalent to HK$54,069,000), which includes repurchase price at 74.15% and 75.80%, respectively, of principal amount and pro rata accrued and unpaid interest. The carrying amount of the repurchased Senior Notes was US$8,729,000 (equivalent to HK$68,087,000), resulting in a gain on repurchase of the Senior Notes amounting to HK$14,018,000 in the current year. Up to the report date, the repurchased Senior Notes have been cancelled.

31. 優先票據(續)

優先票據含有負債部分及上述提早贖回權：

(i) 負債部分指合約所釐定未來現金流量按具有可資比較信貸評級並按相同條款提供大致相同現金流量但無嵌入衍生工具的工具當時適用的現行市場利率折現的現值。

期內收取的利息乃按優先票據發行以來的負債部份使用實際年利率約14.57%計算。

(ii) 提早贖回權被視為並非與主合約有密切關係的嵌入衍生工具。董事認為於初始確認及2012年3月31日，上述提早贖回權的公平值不大。

於2011年9月30日及2012年2月2日，本公司分別自公開市場購回本金額為5,000,000美元及4,000,000美元的優先票據。是項購回的總代價為6,932,000美元(相當於54,069,000港元)，包括分別以本金額74.15%及75.80%計算的購回價及按比例計算的累計及未付利息。所購回優先票據的賬面值為8,729,000美元(相當於68,087,000港元)，導致於本年度錄得購回優先票據的收益14,018,000港元。截至本報告日期，所購回優先票據已予註銷。

31. Senior Notes (Continued)

The Senior Notes recognised in the statement of financial position were calculated as follows:

31. 優先票據(續)

已於財務狀況表確認的優先票據計算如下：

		2012 HK$'000 千港元	2011 HK$'000 千港元
Carrying amount at the beginning of year	於年初的賬面值	**1,900,083**	–
Initial fair value on the date of issuance	於發行日期的初次公平值	**–**	1,898,930
Transaction cost	交易成本	**–**	(56,043)
Payment of interest	支付利息	**(262,164)**	–
Repurchase of Senior Notes	購回優先票據	**(68,087)**	–
Interest expenses	利息開支	**275,152**	57,196
Carrying amount at the end of year	於年終的賬面值	**1,844,984**	1,900,083

The fair value of the Senior Notes at 31 March 2012 amounted to HK$1,669,432,000 (2011: HK$1,831,635,000). The fair value is calculated using the market price of the Senior Notes on 31 March 2012.

於2012年3月31日，優先票據的公平值達1,669,432,000港元(2011年：1,831,635,000港元)。公平值乃使用優先票據於2012年3月31日的市場價格計算。

32. Deferred Tax

The movements in deferred tax liabilities and assets during the year are as follows:

32. 遞延稅項

年內，遞延稅項負債及資產變動如下：

Deferred tax liabilities

Group

遞延稅項負債

本集團

		Accelerated tax depreciation 加速稅項折舊 HK$'000 千港元	Revaluation of investment properties 投資物業重估 HK$'000 千港元	Withholding tax 預扣稅 HK$'000 千港元	Total 總計 HK$'000 千港元
At 1 April 2011	於2011年4月1日	**75,093**	**2,116,343**	**155,921**	**2,347,357**
Deferred tax charged to the income statement during the year *(note 10)*	年內於收益表內扣除的遞延稅項*(附註10)*	**30,207**	**279,424**	**93,589**	**403,220**
Exchange realignment	匯兌調整	**3,274**	**84,266**	**7,229**	**94,769**
At 31 March 2012	於2012年3月31日	**108,574**	**2,480,033**	**256,739**	**2,845,346**

32. Deferred Tax (Continued)

32. 遞延稅項(續)

Deferred tax assets
遞延稅項資產

Group
本集團

		Tax effect of LAT 土地增值稅的稅務影響 HK$'000 千港元	Loss available for offsetting against future taxable profits 可供抵銷未來應課稅利潤的虧損 HK$'000 千港元	Provision for impairment of accounts receivable 應收賬款減值撥備 HK$'000 千港元	Total 總計 HK$'000 千港元
At 1 April 2011	於2011年4月1日	**142,753**	**541**	**16,709**	**160,003**
Disposal of subsidiaries *(note 36)*	出售附屬公司*(附註36)*	**(17,704)**	**–**	**–**	**(17,704)**
Deferred tax credited to the income statement during the year *(note 10)*	年內計入收益表內的遞延稅項*(附註10)*	**100,793**	**16,529**	**713**	**118,035**
Exchange realignment	匯兑調整	**6,389**	**21**	**644**	**7,054**
At 31 March 2012	於2012年3月31日	**232,231**	**17,091**	**18,066**	**267,388**

Deferred tax liabilities
遞延稅項負債

Group
本集團

		Accelerated tax depreciation 加速稅項折舊 HK$'000 千港元	Revaluation of investment properties 投資物業重估 HK$'000 千港元	Withholding tax 預扣稅 HK$'000 千港元	Total 總計 HK$'000 千港元
At 1 April 2010	於2010年4月1日	37,724	1,667,579	69,764	1,775,067
Deferred tax charged to the income statement during the year *(note 10)*	年內於收益表內扣除的遞延稅項*(附註10)*	34,846	366,042	81,081	481,969
Exchange realignment	匯兑調整	2,523	82,722	5,076	90,321
At 31 March 2011	於2011年3月31日	75,093	2,116,343	155,921	2,347,357

32. Deferred Tax (Continued)
Deferred tax assets
Group

32. 遞延稅項（續）
遞延稅項資產
本集團

		Tax effect of LAT 土地增值稅的稅務影響 HK$'000 千港元	Loss available for offsetting against future taxable profits 可供抵銷未來應課稅利潤的虧損 HK$'000 千港元	Provision for impairment of accounts receivable 應收賬款減值撥備 HK$'000 千港元	Total 總計 HK$'000 千港元
At 1 April 2010	於2010年4月1日	69,282	518	5,613	75,413
Deferred tax credited to the income statement during the year *(note 10)*	年內計入收益表內的遞延稅項*(附註10)*	68,721	–	10,588	79,309
Exchange realignment	匯兑調整	4,750	23	508	5,281
At 31 March 2011	於2011年3月31日	142,753	541	16,709	160,003

The Group has tax losses arising in Hong Kong of HK$120,832,000 (2011: HK$79,135,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

本集團於香港產生的稅項虧損120,832,000港元（2011年：79,135,000港元），可無限期結轉，以抵銷產生虧損的公司未來應課稅溢利。

The Group also has tax losses in Mainland China of HK$104,772,000 (2011: HK$163,137,000) that will expire in one to five years for offsetting against future taxable profits.

本集團亦於中國大陸產生稅項虧損104,772,000港元（2011年：163,137,000港元），將於一至五年內屆滿，可用以抵銷未來應課稅溢利。

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

由於該等虧損由已出現虧損一段時期的附屬公司產生，且被認為並不可能有充足的應課稅溢利以對銷該等可動用的稅項虧損，故並無就該等虧損確認遞延稅項資產。

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. In the current year, the Group accrued withholding tax of HK$93,589,000 (2011: HK$81,081,000) for those subsidiaries established in Mainland China.

根據中國企業所得稅法，於中國內地成立的外商投資企業向海外投資者宣派的股息須繳納10%預扣稅。是項規定自2008年1月1日起生效，並適用於2007年12月31日後賺取的盈利。倘中國大陸與海外投資者所處司法權區訂立稅務條約，則可繳納較低預扣稅。因此，本集團須就於中國內地成立的附屬公司分派2008年1月1日後所賺取盈利的股息而繳納預扣稅。於本年度，本集團就其於中國內地成立的附屬公司作出之應計預扣稅為93,589,000港元（2011年：81,081,000港元）。

33. Share Capital

33. 股本

		2012 HK$'000 千港元	2011 HK$'000 千港元
Authorised:	法定:		
30,000,000,000 (31 March 2011: 30,000,000,000) ordinary shares of HK$0.01 each	30,000,000,000股(2011年3月31日:30,000,000,000股)每股面值0.01港元的普通股	**300,000**	300,000
Issued and fully paid:	已發行及繳足:		
5,987,564,000 (31 March 2011: 5,987,564,000) ordinary shares of HK$0.01 each	5,987,564,000股(2011年3月31日:5,987,564,000股)每股面值0.01港元的普通股	**59,876**	59,876

During the year ended 31 March 2012, there are no movements in issued capital.

截至2012年3月31日止年度,已發行股本概無變動。

		Number of shares in issue 已發行股份數目	Issued capital 已發行股本 HK$'000 千港元
At 1 April 2010	於2010年4月1日	6,000,000,000	60,000
Repurchase of shares	購回股份	(20,436,000)	(204)
Exercise of share options	行使購股權	8,000,000	80
At 31 March 2011 and 2012	於2011年及2012年3月31日	5,987,564,000	59,876

34. Share Options

(a) Pre-IPO Share Option Agreements

The Company has granted certain share options for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Grantees of the share options include Directors and certain employees of the Group. The share options were approved by the Company on 13 October 2006 ("Pre-IPO Options").

The number of Pre-IPO Options upon their exercise was equal to 3% of the Company's issued ordinary shares for Initial Public Offering ("IPO") of the listing on the Stock Exchange that was of 180,000,000 ordinary shares. The options must be exercised within two to three years following the IPO of the Company, and the exercise price shall be 50% of the offer price of each share in the IPO as at HK$1.05.

All Pre-IPO Options were granted in prior year, and their fair value of HK$67,521,000 was estimated by Vigers Appraisal & Consulting Ltd ("Vigers"). All the share option expenses were recognised in the consolidated income statement in prior years.

The following share options were outstanding under the Pre-IPO Share Option Agreements during the year:

34. 購股權

(a) 首次公開發售股份前購股權協議

本公司已授出若干購股權，向為本集團業務成就作出貢獻的合資格參與者提供獎勵及報酬。購股權承授人包括本集團董事及若干僱員。本公司已於2006年10月13日批准購股權(「首次公開發售股份前購股權」)。

首次公開發售股份前購股權獲行使時的股數相等於本公司於聯交所上市首次公開發售股份(「首次公開發售股份」)時已發行普通股的3%(即180,000,000股普通股)。購股權必須於本公司進行首次公開發售股份後兩至三年內行使，行使價為首次公開發售股份中每股發售價的50%，即1.05港元。

所有首次公開發售股份前購股權已於過往年度授出，其公平值為67,521,000港元，由威格斯資產評估顧問有限公司(「威格斯」)進行估計。於過往年度，所有購股權開支已於綜合收益表確認。

以下購股權根據首次公開發售股份前購股權協議於年內尚未行使：

		Year ended 31 March 截至3月31日止年度			
		2012		2011	
		Weighted average exercise price per share 每股加權平均行使價 HK$ 港元	**Number of options 購股權數目 '000 千份**	Weighted average exercise price per share 每股加權平均行使價 HK$ 港元	Number of options 購股權數目 '000 千份
At beginning of year	於年初	**1.0500**	**172,000**	1.0500	180,000
Exercised during the year	年內行使	**–**			(8,000)
Lapsed during the year	年內失效	**1.0500**	**(40,000)**	–	–
At end of year	於年終	**1.0500**	**132,000**	1.0500	172,000

During the current year, an aggregate amount of HK$15,004,000 was transferred from share option reserve to retained earnings for those share options that lapsed during the current year.

於本年度，合共15,004,000港元已就於本年度失效的購股權由購股權儲備轉撥至保留利潤。

34. Share Options (Continued)

(a) Pre-IPO Share Option Agreements (Continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

34. 購股權(續)

(a) 首次公開發售股份前購股權協議(續)

截至報告期末，未行使購股權的行使價及行使期如下：

2012 **2012年**

Number of options 購股權數目 '000 千股	**Exercise price 行使價 HK$ per share 每股港元**	**Exercise period 行使期**
132,000	**1.05**	**30-9-2009 to 29-9-2012 2009年9月30日至2012年9月29日**

2011 **2011年**

Number of options 購股權數目 '000 千股	Exercise price 行使價 HK$ per share 每股港元	Exercise period 行使期
132,000	1.05	30-9-2009 to 29-9-2012 2009年9月30日至2012年9月29日
40,000	1.05	30-9-2009 to 29-9-2011 2009年9月30日至2011年9月29日
172,000		

34. Share Options (Continued)

(b) Share Option Scheme

The Company has adopted a share option scheme on 4 September 2009 (the "Share Option Scheme") to provide incentives and reward to selected eligible persons which includes directors, employees, officers, agents, consultants or representatives of the Group for their contribution or potential contribution to the Company or its subsidiaries. The Share Option Scheme became effective on 30 September 2009 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. Further details of the Share Option Scheme are set out in "Report of the Directors" of this annual report.

On 2 December 2010, the Company granted 6,000,000 share options under the Share Option Scheme to an employee, with the exercise price of HK$1.41 per share and an exercise period ranging from 2 December 2011 to 1 December 2015. The fair value of the share options granted was estimated by Vigers at HK$1,992,000, of which the Group recognised a share option expense of HK$994,000 during the current year (2011: HK$396,000).

On 11 April 2011, a total of 226,900,000 share options under the Share Option Scheme were granted to an executive director and certain employees of the Company and its subsidiaries in respect of their services to the Group. These share options have an exercise price of HK$1.29 per share and an exercise period ranging from 11 April 2011 to 10 April 2016. Of the total 226,900,000 share options, 15,000,000 share options were granted to Xu Yang, an executive director of the Company, and 211,900,000 share options were granted to certain employees of the Group.

34. 購股權(續)

(b) 購股權計劃

本公司已於2009年9月4日採納購股權計劃(「購股權計劃」),向對本公司或其附屬公司作出貢獻或潛在貢獻的經甄選合資格人士(包括本集團董事、僱員、高級職員、代理、顧問或代表)提供獎勵及回報,購股權計劃自2009年9月30日起生效,並由當日起持續十年(除非取消或作出修訂)。購股權計劃的進一步詳情載於本年報中的「董事會報告」。

於2010年12月2日,本公司根據購股權計劃向一名僱員授出6,000,000份購股權,行使價為每股1.41港元,行使期為2011年12月2日至2015年12月1日。威格斯估計所授出購股權的公平值為1,992,000港元,當中於本年度確認購股權開支994,000港元(2011年:396,000港元)。

於2011年4月11日,根據購股權計劃向本公司及其附屬公司一名執行董事及若干僱員就彼等向本集團提供的服務授出合共226,900,000份購股權。該等購股權的行使價為每股1.29港元,行使期為2011年4月11日至2016年4月10日。於合共226,900,000份購股權中,15,000,000份購股權已授予本公司執行董事許揚,另211,900,000份購股權則授予本集團若干僱員。

34. Share Options (Continued)

(b) Share Option Scheme (Continued)

The fair value of the 226,900,000 share options granted was HK$58,175,000, of which the Group recognised a share option expense of HK$41,320,000 during the current year (2011: Nil). These share options were estimated as at the date of grant by Vigers, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model:

Share price at the date of grant (HK$)	1.26
Exercise price (HK$)	1.29
Dividend yield (%)	1.59
Expected volatility (%)	30.00
Risk-free interest rate (%)	2.04
Exercise multiple	1.63-2.20

The expected life of the options is based on historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility was determined based on the movement of the share price of the company since listing, which may also not necessarily be the actual outcome. No other feature of the options granted was incorporated into the measurement of fair value.

The following share options were outstanding under the Share Option Scheme during the year:

34. 購股權(續)

(b) 購股權計劃(續)

於本年度,所授出226,900,000份購股權之公平值為58,175,000港元,其中本集團確認購股權開支41,320,000港元(2011年:無)。威格斯於授出日期採用二項式模式對該等購股權進行估計,當中已考慮購股權獲授出時的條款及條件。下表列示所用模式的輸入值:

於授出日之股價(港元)	1.26
行使價(港元)	1.29
股息率(%)	1.59
預期波動性(%)	30.00
無風險利率(%)	2.04
行使倍數	1.63-2.20

購股權的預期年期乃按歷史數據得出,及未必顯示可能發生的行使情況。預期波動性乃按自上市日期起本公司股價之變動而釐定,未必是實際結果。計量公平值時,並無考慮所授出的購股權的其他特性。

下列購股權於年內根據購股權計劃尚未行使:

		Year ended 31 March 截至3月31日止年度			
		2012		2011	
		Weighted average exercise price per share 每股加權平均行使價 HK$ 港元	**Number of options 購股權數目 '000 千份**	Weighted average exercise price per share 每股加權平均行使價 HK$ 港元	Number of options 購股權數目 '000 千份
At beginning of year	於年初	**1.4100**	**6,000**	1.4100	6,000
Granted during the year	年內授出	**1.2900**	**226,900**	–	–
Forfeited during the year	年內沒收	**1.2900**	**(14,700)**	–	–
At end of year	於年終	**1.2933**	**218,200**	1.4100	6,000

34. Share Options (Continued)

(b) Share Option Scheme (Continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

34. 購股權(續)

(b) 購股權計劃(續)

截至報告期末，未行使購股權的行使價及行使期如下：

2012

2012年

Number of options 購股權數目 '000 千股	Exercise price 行使價 HK$ per share 每股港元	Exercise period 行使期
2,000	1.4100	2-12-2011 to 1-12-2015 2011年12月2日至2015年12月1日
2,000	1.4100	2-12-2012 to 1-12-2015 2012年12月2日至2015年12月1日
2,000	1.4100	2-12-2013 to 1-12-2015 2013年12月2日至2015年12月1日
78,700	1.2900	11-04-2011 to 10-04-2016 2011年4月11日至2016年4月10日
57,400	1.2900	11-04-2012 to 10-04-2016 2012年4月11日至2016年4月10日
57,400	1.2900	11-04-2013 to 10-04-2016 2013年4月11日至2016年4月10日
18,700	1.2900	11-04-2014 to 10-04-2016 2014年4月11日至2016年4月10日
218,200		

34. Share Options (Continued)

(b) Share Option Scheme (Continued)

2011

34. 購股權(續)

(b) 購股權計劃(續)

2011年

Number of options 購股權數目 '000 千股	Exercise price 行使價 HK$ per share 每股港元	Exercise period 行使期
2,000	1.4100	2-12-2011 to 1-12-2015 2011年12月2日至2015年12月1日
2,000	1.4100	2-12-2012 to 1-12-2015 2012年12月2日至2015年12月1日
2,000	1.4100	2-12-2013 to 1-12-2015 2013年12月2日至2015年12月1日
6,000		

At the end of reporting period, the Company had 350,200,000 share options outstanding under Pre-IPO Share Option Agreements and the Share Option Scheme, which represented approximately 5.85% of the Company's shares in issue as at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 350,200,000 additional ordinary shares of the Company and additional share capital HK$3,502,000 and share premium of HK$417,296,000 (before issue expenses).

Subsequent to the end of the reporting period, a total of 14,200,000 share options were lapsed due to the resignation of the granted employees, 6,000,000 of which have an exercise price of HK$1.41 per share while the rest have an exercise price of HK$1.29 per share.

At the date of approval of these financial statements, the Company had 336,000,000 share options outstanding under the Pre-IPO Share Option Agreements and the Share Option Scheme, which represented approximately 5.61% of the Company's shares in issue as at that date.

於報告期末時，根據首次公開發行股份前購股權協議及購股權計劃，本公司有350,200,000股未行使購股權，相當於本公司當日已發行股份約5.85%。根據本公司現時的資本結構而言，全數行使未行使購股權將會導致本公司發行350,200,000股額外普通股及額外股本3,502,000港元及417,296,000港元股份溢價(扣除發行開支前)。

於報告期末後，合共14,200,000份購股權因獲授僱員離職而失效。其中6,000,000份的行使價為每股1.41港元，而其餘的行使價為每股1.29港元。

於該等財務報表批准當日，根據首次公開發行股份前購股權協議及購股權計劃，本公司有336,000,000股未行使購股權，相當於本公司當日已發行股份約5.61%。

35. Reserves

(a) Group

The amounts of the Group's reserves and the movements therein for the current year and the prior year are presented in the consolidated statement of changes in equity on pages 79 to 80 of the financial statements.

Pursuant to the relevant laws and regulations for Sino-foreign joint venture enterprises, a portion of the profits of the Group's subsidiaries which are established in the PRC has been transferred to the statutory reserve which is restricted as to use.

35. 儲備

(a) 本集團

本集團的儲備金額及於本年度及過往年度的變動乃於財務報表第79至80頁的綜合權益變動表呈列。

根據中外合營企業相關法律及法規，本集團旗下在中國成立的附屬公司的部分利潤已轉撥至用途受限制的法定儲備金。

(b) Company

(b) 本公司

		Capital redemption reserve 資本贖回儲備 HK$'000 千港元	Share option reserve 購股權儲備 HK$'000 千港元	Share premium account 股份溢價賬 HK$'000 千港元	Retained profits 保留利潤 HK$'000 千港元	Total 總計 HK$'000 千港元
At 31 March 2010	於2010年3月31日	–	67,520	3,039,402	352,267	3,459,189
Profit for the year	年內利潤	–	–	–	131,680	131,680
Repurchase of shares *(note 33)*	購回股份*(附註33)*	204	–	–	(24,616)	(24,412)
Exercise of share options	行使購股權	–	(3,001)	11,321	–	8,320
Equity-settled share option arrangement	以權益結算的購股權安排	–	396	–	–	396
Proposed final dividend *(note 12)*	擬派末期股息*(附註12)*	–	–	–	(149,689)	(149,689)
At 31 March 2011	於2011年3月31日	204	64,915	3,050,723	309,642	3,425,484

35. Reserves (Continued) 35. 儲備(續)
(b) Company (Continued) (b) 本公司(續)

		Capital redemption reserve 資本贖回儲備 HK$'000 千港元	Share option reserve 購股權儲備 HK$'000 千港元	Share premium account 股份溢價賬 HK$'000 千港元	Retained profits 保留利潤 HK$'000 千港元	Total 總計 HK$'000 千港元
At 31 March 2011	於2011年3月31日	**204**	**64,915**	**3,050,723**	**309,642**	**3,425,484**
Profit for the year	年內利潤	–	–	–	275,100	275,100
Lapse of share option *(note 34)*	購股權失效*(附註34)*	–	(15,004)	–	15,004	–
Equity-settled share option arrangement *(note 34)*	以權益結算的購股權安排*(附註34)*	–	42,314	–	–	42,314
Proposed final dividend *(note 12)*	擬派末期股息*(附註12)*	–	–	–	(449,067)	(449,067)
At 31 March 2012	於2012年3月31日	**204**	**92,225**	**3,050,723**	**150,679**	**3,293,831**

36. Disposal of Subsidiaries

On 28 September 2011, the Group entered into a share transfer and loan assignment agreement (the "Agreement") with two independent third parties (the "Purchaser"). Pursuant to the Agreement, the Group transferred its 100% equity interests in three subsidiaries of the Group, namely China South City Enterprise (Heyuan) Co., Ltd. (the "Heyuan Enterprise"), Fortune Pace Investments Limited and Fortune Great Investment Limited to one of the independent parties for a cash consideration of RMB730,000,000 (equivalent to HK$894,469,000). Furthermore, pursuant to the Agreement, the Group's loan due from Heyuan Enterprise was assigned to the other independent party (the "Assigned Loan") with the consideration of RMB237,824,000 (equivalent to HK$291,406,000), which was the same as the carrying amount of the loan as at 28 September 2011.

36. 出售附屬公司

於2011年9月28日，本集團與兩名獨立第三方(「買方」)訂立股份轉讓及貸款出讓協議(「協議」)。根據協議，本集團以現金代價人民幣730,000,000元(相當於894,469,000港元)將其三家附屬公司(即華南城實業(河源)有限公司(「河源實業」)、祺迅投資有限公司及瑞鵬投資有限公司)的100%股本權益轉讓予其中一名獨立第三方。此外，根據協議，本集團應收河源實業的貸款已以代價人民幣237,824,000元(相當於291,406,000港元)出讓予另一名獨立第三方(「出讓貸款」)，該金額與該筆貸款於2011年9月28日的賬面值相同。

36. Disposal of Subsidiaries (Continued)

Net assets of the three disposed subsidiaries on the disposal date were as follows:

36. 出售附屬公司(續)

三家已售出附屬公司於售出日期之資產淨值如下：

		Notes 附註	28 September 2011 2011年9月28日 HK$'000 千港元
Net assets disposed of:	所售出資產淨值：		
Property, plant and equipment	物業、廠房及設備	14	3,050
Properties under development	開發中物業	16	321,633
Deferred tax assets	遞延稅項資產	32	17,704
Properties held for sale	持作出售物業		330,396
Trade receivables	貿易應收款項		200,373
Prepayments, deposits and other receivables	預付款項、按金及其他應付款項		23,046
Cash and bank balances	現金及銀行結餘		142,591
Trade and other payables	貿易及其他應付款項		(433,024)
Tax payable	應付稅項		(131,981)
Interest-bearing bank and other borrowings	計息銀行及其他借貸		(196,048)
			277,740
Release of capital reserve	解除資本儲備	*	88,181
Release of exchange fluctuation reserve	解除匯兌波動儲備		(17,172)
Gain on disposal of subsidiaries	出售附屬公司之收益	5	545,720
			894,469
Satisfied by:	償付方式：		
Cash received and receivables	已收現金及應收款項	**	894,469

* On 19 July 2010, the Group acquired a 30% non-controlling interest in Heyuan Enterprise with a consideration of HK$120,000,000. Following the purchase, Heyuan Enterprise was 100% owned by the Group. The difference of HK$88,181,000 between the carrying amount of HK$31,819,000 of the non-controlling interests as at the acquisition date and the purchase consideration of HK$120,000,000 was accounted for as a deduction of capital reserve in the consolidated financial statements for the year ended 31 March 2011. During the current year, the capital reserve was transferred to the consolidated income statement due to the disposal of Heyuan Enterprise.

* 於2010年7月19日，本集團以代價120,000,000港元收購河源實業的30%非控股權益。購買後，河源實業由本集團擁有100%權益。非控股權益於收購日期的賬面值31,819,000港元與收購代價120,000,000港元的差額88,181,000港元於截至2011年3月31日止年度的綜合財務報表入賬為資本儲備扣減。於本年度，由於出售河源實業，故資本儲備已轉撥至綜合收益表。

36. Disposal of Subsidiaries (Continued)

** As at 31 March 2012, the Group has collected in aggregate RMB350,000,000 (equivalent to HK$428,855,000) from the Purchaser for the cash consideration of RMB730,000,000 (equivalent to HK$894,469,000). The remaining cash consideration of RMB380,000,000 (equivalent to HK$465,614,000) will be settled by 15 June 2012 and by 31 July 2012 with RMB50,000,000 and RMB330,000,000, respectively, as agreed by the Group and the Purchaser on 28 March 2012. The Group had collected RMB50,000,000 on 14 June 2012 from the Purchaser accordingly.

The consideration of RMB237,824,000 (equivalent to HK$291,406,000) for the Assigned Loan will be settled by 31 July 2012 as agreed by the Group and the Purchaser on 28 March 2012.

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

36. 出售附屬公司(續)

** 於2012年3月31日，本集團已就總現金代價人民幣730,000,000元(相等於894,469,000港元)向買方收回合共人民幣350,000,000元(相等於428,855,000港元)。餘下的現金代價人民幣380,000,000元(相等於465,614,000港元)將按本集團與買方於2012年3月28日所協議，分別於2012年6月15日前及2012年7月31日前償付人民幣50,000,000元及人民幣330,000,000元。因此，本集團已於2012年6月14日向買方收回人民幣50,000,000元。

誠如本集團與買方於2012年3月28日所協議，出讓貸款的代價人民幣237,824,000元(相當於291,406,000港元)將於2012年7月31日前償付。

就出售附屬公司之現金及現金等價物流入淨額分析如下：

		Note 附註	2012 HK$'000 千港元
Cash consideration for the disposal of subsidiaries	出售附屬公司的現金代價		**894,469**
Cash consideration for the assigned loans	應收貸款轉讓現金代價		**291,406**
Cash receivables	現金應收款項	*26*	**(757,020)**
Cash and bank balances disposed of	所售出現金及銀行結餘		**(142,591)**
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	就出售附屬公司之現金及現金等價物流入淨額		**286,264**

37. Pledge of Assets

Details of the Group's bank and other borrowings, which are secured by the assets of the Group, are included in notes 14, 15, 16, 17, 24 and 30 to the financial statements.

37. 資產抵押

以本集團的資產作抵押的銀行及其他借貸詳情載於財務報表附註14、15、16、17、24及30。

38. Contingent Liabilities

At the end of each reporting period, contingent liabilities not provided for in the financial statements were as follows:

38. 或然負債

於各報告期末，財務報表內未有撥備的或然負債如下：

			Group 本集團		Company 本公司	
		Notes 附註	2012 HK$'000 千港元	2011 HK$'000 千港元	2012 HK$'000 千港元	2011 HK$' 000 千港元
Guarantees given to banks in connection with facilities granted to:	就以下各方獲授的融資而向銀行提供的擔保：					
Subsidiaries	附屬公司	*(i)*	**–**	–	**61,645**	138,577
Third parties	第三方	*(ii)*	**352,639**	152,621	**–**	–
Heyuan Enterprise	河源實業	*(iii)*	**78,906**	–	**–**	–
			431,545	152,621	**61,645**	138,577

38. Contingent Liabilities (Continued)

(i) As at 31 March 2012, the banking facilities granted to a subsidiary subject to guarantees given to the banks by the Company were utilised to the extent of approximately HK$61,645,000 (2011: HK$138,577,000).

(ii) The Group has provided guarantees in respect of banking facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's trade centres and residential properties and bank loans entered into by lesses of the Group's residential properties and commercial properties. Pursuant to the terms of the guarantees, if there is default of the loan payments by these purchasers and lessees, the Group is responsible to repay the outstanding loans together with accrued interest thereon and any penalty owed by the defaulted purchasers and lessees to banks. The Group is then entitled to take over the legal title and usage rights of the related properties. For trade centre units and residential properties sold, the guarantee period commences from the dates of grant of the relevant loans and ends when the purchasers obtain the building ownership certificate which will then be pledged with the banks. For leased residential and commercial properties, the guarantees will be released accordingly along with the repayment of loan principal by the lessees.

The Group did not incur any material losses during the financial years in respect of the guarantees provided for mortgage facilities granted to purchasers and lessees of the Group's properties. The directors consider that in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

(iii) The Group provided guarantees for bank facility granted to Heyuan Enterprise before its disposal. The guarantee balance was HK$78,906,000 as at 31 March 2012. As agreed by both the Group and the Purchaser on 28 March 2012, the guarantee provided by the Group for Heyuan Enterprise will be released by 31 July 2012 or otherwise the Purchaser will pay on behalf of the Group for any payments requested by the bank relating to the bank facility.

38. 或然負債(續)

(i) 於2012年3月31日，本公司向銀行提供擔保一家附屬公司獲授的銀行融資中約61,645,000港元(2011年：138,577,000港元)已動用。

(ii) 若干銀行與本集團交易中心及住宅物業買家及本集團住宅及商業物業承租人分別訂立按揭貸款及銀行貸款，本集團就該等銀行貸款提供擔保。根據該等擔保條款，倘該等買家及承租人拖欠貸款還款，本集團負責償還未付貸款，連同應計利息，以及欠款買家及承租人結欠銀行的任何罰金。其後，本集團有權接管相關物業的法律業權及使用權。已售交易中心商舖及住宅物業方面，擔保期由相關貸款授出日期起至買家取得其後抵押予銀行的房地產權證日期止。就租賃住宅及商業物業而言，擔保將隨承租人償還貸款本金解除。

本集團於財政年度內並無因向本集團物業買家及承租人獲授按揭融資所提供擔保錄得任何重大虧損。董事認為，倘出現拖欠款項的情況，相關物業的可變現淨值足以支付未償還按揭貸款連同任何應計利息及罰款，故無就擔保計提撥備。

(iii) 本集團就河源實業於出售前獲授出的銀行融資提供擔保。該擔保於2012年3月31日的金額為78,906,000港元。誠如本集團與買方於2012年3月28日所協議，本集團就河源實業提供的擔保將於2012年7月31日前解除，否則買方將代表本集團支付銀行就銀行融資要求之任何款項。

39. Operating Lease Arrangements

(a) As lessor

The Group leases its investment properties (note 15) and properties sold with cooperation arrangements and leasing arrangements under operating lease arrangements negotiated for terms ranging from 1 to 10 years. The terms of the leases also require the tenants to pay security deposits.

At the end of each reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

39. 經營租賃安排

(a) 作為出租人

本集團根據經營租賃安排租賃其投資物業(附註15)及以合作安排及租賃安排的出售物業,並磋商1至10年的租賃期。租賃條款亦規定租戶支付押金。

於各報告期末,本集團根據與租戶訂立的不可註銷經營租賃按下列到期日之未來最低應收租金總額如下:

Group **本集團**

		2012 HK$'000 千港元	2011 HK$'000 千港元
Within one year	一年內	**174,322**	127,856
In the second to fifth years, inclusive	第二至第五年(包括首尾兩年在內)	**246,209**	154,590
After five years	五年後	**151,645**	72,920
		572,176	355,366

(b) As lessee

The Group leases certain of its land and buildings, vehicles and properties sold under operating lease arrangements. Leases are negotiated for terms ranging from one to five years.

At the end of each reporting period, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

(b) 作為承租人

本集團以經營租賃安排租賃若干土地及房屋、汽車及已售物業,並磋商一至五年的租賃期。

於各報告期末,本集團及本公司根據不可註銷經營租賃按下列到期日之未來最低租金總額如下:

		Group 本集團		Company 本公司	
		2012 HK$'000 千港元	2011 HK$'000 千港元	2012 HK$'000 千港元	2011 HK$'000 千港元
Within one year	一年內	**78,167**	76,622	**1,441**	1,441
In the second to fifth years, inclusive	第二至第五年(包括首尾兩年在內)	**70,472**	124,700	**1,382**	2,823
Total	總計	**148,639**	201,322	**2,823**	4,264

40. Commitments

In addition to the operating lease commitments detailed in note 39(b) above, the Group had the following commitments at the end of each reporting period:

40. 承擔

除上文附註39(b)詳述的經營租賃承擔外,於各報告期末,本集團有下列承擔:

Group **本集團**

		2012 HK$'000 千港元	2011 HK$'000 千港元
Contracted, but not provided for:	已訂約但未撥備:		
Properties under development	發展中物業	**3,129,592**	966,079

		2012 HK$'000 千港元	2011 HK$'000 千港元
Authorised, but not contracted for:	已授權但未訂約:		
Properties under development	發展中物業	**2,731,722**	6,408,729

41. Related Party Transactions

(a) In addition to the transactions disclosed elsewhere in the financial statements, the Group had the following material transactions with related parties during the year:

41. 關連人士交易

(a) 除財務報表另有披露的交易外,於年內,本集團與關連人士進行了下列重大交易:

Group **本集團**

		Notes 附註	2012 HK$'000 千港元	2011 HK$'000 千港元
Companies in which a director of the Company is a controlling shareholder:	本公司董事擔任控股股東的公司:			
Rental expense and related service fees for office building	辦公樓的租金開支及相關服務費用	*(i)*	**1,822**	1,884
Rental expense for trade centres	交易中心的租金開支	*(ii)*	**819**	838

Notes:

(i) The rental expense and related service fees for the office building were related to the leasing of office space provided to the Group by a related company. The fees were based on terms mutually agreed between both parties.

(ii) The rental expense was related to leasing of trade centres provided to the Group by related parties. The rental was based on terms mutually agreed between the parties.

附註:

(i) 辦公樓的租金開支及相關服務費用與一家關連公司向本集團出租辦公室面積有關。有關費用根據雙方協定條款計算。

(ii) 租金收入與關連人士向本集團出租交易中心有關。租金按各方相互協定的條款釐定。

41. Related Party Transactions (Continued)

(b) Commitments with related parties

On 23 February 2011, the Company entered into a lease agreement for the period ending 16 March 2014 with Man Sang International Limited, a company of which a director of the Company is a controlling shareholder. The amount of lease expenses for the year is included in note 41(a) to the financial statement. The Group expects total lease expense in 2013 and 2014 to be approximately HK$1,900,000 and HK$1,800,000, respectively.

(c) Outstanding balances with related parties:

(i) Details of the Group's amounts due from/to its jointly-controlled entities and associates as at the end of each reporting period are disclosed in notes 20 and 21, respectively.

(ii) As disclosed in the consolidated statement of financial position, the Group had an outstanding balance due to non-controlling interests of HK$53,113,000 (2011: HK$51,170,000) as at the end of the reporting period. The balance is unsecured, interest-free and not repayable within one year.

(d) Compensation of key management personnel of the Group:

Group

41. 關連人士交易(續)

(b) 與關連人士之間的承擔

於2011年2月23日,本公司與民生國際有限公司(本公司一名董事乃其控股股東)訂立於2014年3月16日屆滿的租賃協議。年內租賃開支金額載於財務報表附註41(a)。本集團預期2013年及2014年的總租賃開支分別約為1,900,000港元及1,800,000港元。

(c) 與關連人士之間的未結付結餘:

(i) 本集團於各報告期末的應收/應付共同控制實體及一家聯營公司款項詳情分別在附註20及21披露。

(ii) 於綜合財務狀況表中披露,本集團於申報日期結束時有應付非控股權益款項53,113,000港元(2011年:51,170,000港元)。有關款項為無抵押、免息及不於一年內償還。

(d) 本集團主要管理人員薪酬:

本集團

		2012 HK$'000 千港元	2011 HK$'000 千港元
Short term employee benefits	短期僱員福利	**36,137**	25,151
Post-employment benefits	離職後福利	**24**	24
Share-based payments	以權益結算的購股權開支	**3,468**	–
Total compensation paid to key management personnel	支付予主要管理人員的薪酬總額	**39,629**	25,175

Further details of directors' emoluments are included in note 8 to the financial statements.

The related party transactions in respect of rental expense and related service fees for office buildings above also constitute connected transactions or continuing connected transactions as defined Chapter 14A of the Listing Rules.

董事酬金的進一步詳情載於財務報表附註8。

上述有關辦公樓的租金開支及相關服務費用的關連人士交易亦構成上市規則第14A章定義的關連交易或持續關連交易。

42. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

42. 金融工具分類

各類金融工具於報告期末的賬面值如下:

Financial assets

2012

財務資產

2012年

		Group 本集團		
		Loans and receivables 貸款及應收款項 HK$'000 千港元	Financial assets at fair value through profit or loss 透過損益以公平值列賬的財務資產 HK$'000 千港元	Total 總計 HK$'000 千港元
Amounts due from jointly-controlled entities *(note 20)*	應收共同控制實體款項 *(附註20)*	**1,208**	**–**	**1,208**
Finance lease receivables *(note 22)*	融資租賃應收款項 *(附註22)*	**38,445**	**–**	**38,445**
Held for trading investments at fair value through profit or loss *(note 27)*	透過損益以公平值列賬之持作買賣投資 *(附註27)*	**–**	**111,986**	**111,986**
Trade receivables *(note 25)*	應收貿易賬款 *(附註25)*	**525,630**	**–**	**525,630**
Financial assets included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收款項的財務資產	**828,701**	**–**	**828,701**
Cash and cash equivalents and restricted cash *(note 28)*	現金及現金等價物及受限制現金 *(附註28)*	**3,831,987**	**–**	**3,831,987**
		5,225,971	**111,986**	**5,337,957**

42. Financial Instruments by Category (Continued) 42. 金融工具分類(續)

Financial assets (Continued) 財務資產(續)

2011 2011年

		Group 本集團 Loans and receivables 貸款及應收款項 HK$'000 千港元	Group 本集團 Financial assets at fair value through profit or loss 透過損益以公平值列賬的財務資產 HK$'000 千港元	Total 總計 HK$'000 千港元
Amounts due from jointly-controlled entities *(note 20)*	應收共同控制實體款項 *(附註20)*	11,479	–	11,479
Finance lease receivables *(note 22)*	融資租賃應收款項 *(附註22)*	46,795	–	46,795
Held for trading investments at fair value through profit or loss *(note 27)*	透過損益以公平值列賬之持作買賣投資*(附註27)*	–	153,065	153,065
Trade receivables *(note 25)*	應收貿易賬款*(附註25)*	589,943	–	589,943
Financial assets included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收款項的財務資產	22,746	–	22,746
Cash and cash equivalents and restricted cash *(note 28)*	現金及現金等價物及受限制現金*(附註28)*	4,564,491	–	4,564,491
		5,235,454	153,065	5,388,519

Financial liabilities at amortised cost 按攤銷成本列賬的財務負債

		Group 本集團 **2012** **HK$'000** **千港元**	Group 本集團 2011 HK$'000 千港元
Amount due to an associate *(note 21)*	應付一家聯營公司款項*(附註21)*	**3,094**	2,984
Financial liabilities included in trade and other payables	計入貿易及其他應付款項的財務負債	**3,308,612**	1,134,611
Senior notes *(note 31)*	優先票據*(附註31)*	**1,844,984**	1,900,083
Interest-bearing bank and other borrowings *(note 30)*	計息銀行及其他借貸*(附註30)*	**4,773,382**	4,242,697
Amount due to non-controlling interests *(note 41(c)(ii))*	應付非控股權益款項*(附註41(c)(ii))*	**53,113**	51,170
		9,983,185	7,331,545

42. Financial Instruments by Category (Continued) Financial assets at amortised cost

42. 金融工具分類(續) 按攤銷成本列賬的財務資產

		Company 本公司 2012 HK$'000 千港元	2011 HK$'000 千港元
Loan to a subsidiary *(note 19)*	向一家附屬公司作出的貸款*(附註19)*	**752,400**	752,400
Due from subsidiaries *(note 19)*	應收附屬公司款項*(附註19)*	**2,250,736**	968,195
Financial assets included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收款項的財務資產	**529**	3,708
Cash and cash equivalents *(note 28)*	現金及現金等價物*(附註28)*	**477,387**	2,342,869
		3,481,052	4,067,172

Financial liabilities at amortised cost

按攤銷成本列賬的財務負債

		Company 本公司 2012 HK$'000 千港元	2011 HK$'000 千港元
Due to subsidiaries *(note 19)*	應付附屬公司款項*(附註19)*	**899**	899
Financial liabilities included in other payables, accruals and deposits received	計入其他應付款項、應計項目及已收按金的財務負債	**35,453**	34,055
Senior notes *(note 31)*	優先票據*(附註31)*	**1,844,984**	1,900,083
		1,881,336	1,935,037

43. Fair Value Hierarchy

The carrying amounts and fair values of the Group's and the Company's financial instruments are as follows:

43. 公平值等級

本集團及本公司金融工具的賬面值及公平值如下：

Group

本集團

		Carrying amounts 賬面值		Fair values 公平值	
		2012 HK$'000 千港元	2011 HK$'000 千港元	**2012 HK$'000 千港元**	2011 HK$'000 千港元
Financial assets	**財務資產**				
Amounts due from jointly-controlled entities	應收共同控制實體款項	**1,208**	11,479	**1,208**	11,479
Finance lease receivables	融資租賃應收款項	**38,445**	46,795	**38,445**	46,795
Held for trading investments at fair value through profit or loss	透過損益以公平值列賬之持作買賣投資	**111,986**	153,065	**111,986**	153,065
Trade receivables	應收貿易賬款	**525,630**	589,943	**525,630**	589,943
Financial assets included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收款項的財務資產	**828,701**	22,746	**828,701**	22,746
Cash and cash equivalents and restricted cash	現金及現金等價物及受限制現金	**3,831,987**	4,564,491	**3,831,987**	4,564,491
		5,337,957	5,388,519	**5,337,957**	5,388,519
Financial liabilities	**財務負債**				
Amount due to an associate	應付一家聯營公司款項	**3,094**	2,984	**3,094**	2,984
Financial liabilities included in trade and other payables	計入貿易及其他應付款項的財務負債	**3,308,612**	1,134,611	**3,308,612**	1,134,611
Senior notes	優先票據	**1,844,984**	1,900,083	**1,669,432**	1,831,635
Interest-bearing bank and other borrowings	計息銀行及其他借貸	**4,773,382**	4,242,697	**4,773,382**	4,242,697
Amount due to non-controlling interests	應付非控股權益款項	**53,113**	51,170	**53,113**	51,170
		9,983,185	7,331,545	**9,807,633**	7,263,097

43. Fair Value Hierarchy (Continued) 43. 公平值等級(續)

Company 本公司

		Carrying amounts 賬面值		Fair values 公平值	
		2012 HK$'000 千港元	2011 HK$'000 千港元	**2012 HK$'000 千港元**	2011 HK$'000 千港元
Financial assets	**財務資產**				
Loan to a subsidiary	向一家附屬公司作出的貸款	**752,400**	752,400	**752,400**	752,400
Due from subsidiaries	應收附屬公司款項	**2,250,736**	968,195	**2,250,736**	968,195
Financial assets included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收款項的財務資產	**529**	3,708	**529**	3,708
Cash and cash equivalents	現金及現金等價物	**477,387**	2,342,869	**477,387**	2,342,869
		3,481,052	4,067,172	**3,481,052**	4,067,172
Financial liabilities	**財務負債**				
Due to subsidiaries	應收附屬公司款項	**899**	899	**899**	899
Financial liabilities included in other payables, accruals and deposits received	計入預付款項、按金及其他應收款項的財務資產	**35,453**	34,055	**35,453**	34,055
Senior notes	優先票據	**1,844,984**	1,900,083	**1,669,432**	1,831,635
		1,881,336	1,935,037	**1,705,784**	1,866,589

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

財務資產及負債的公平值按自願雙方於一項現行交易中交換有關工具可得款項(除強逼或清盤出售外)入賬。以下方法及假設用於估計公平值：

The fair values of cash and cash equivalents and restricted cash, trade receivables, financial assets included in prepayments, deposits and other receivables, and financial liabilities included in trade and other payables, approximate to their carrying amounts largely due to the short term maturities of these instruments.

現金及現金等價物及受限制現金、應收貿易賬款、計入預付款項、按金及其他應收款項的財務資產以及計入貿易及其他應付款項的財務負債的公平值與其賬面金額大致相若，主要由於該等工具屬短期性質。

The fair values of interest-bearing bank and other borrowings and finance lease receivables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value of senior notes is calculated using the market price on 31 March 2012.

計息銀行及其他借貸及融資租賃應收款項的公平值乃透過使用類似條款、信貸風險及餘下到期日的金融工具現時可得的利率折現預期未來現金流量計算。優先票據的公平值乃採用於2012年3月31日的市場價值計算。

The fair values of held for trading investments at fair value through profit or loss are based on quoted market prices.

透過損益以公平值列賬的持作買賣投資的公平值乃基於市場報價。

43. Fair Value Hierarchy (Continued)
Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Assets measured at fair value:

Group

43. 公平值等級(續)
公平值等級

本集團運用下列等級，以取決及披露金融工具之公平值：

第一級：以可供識別資產或負債於活躍市場之報價(未經調整)為基準計量之公平值

第二級：以對可直接或間接觀察已記錄公平值具重大影響之輸入數據的評估方法計量之公平值

第三級：以對已記錄公平值具重大影響，而沒有可觀察市場數據(非可觀察投入)之輸入數據的評估方法計量之公平值

按公平值計量之資產：

本集團

		Level 1 第一級 HK$'000 千港元	Level 2 第二級 HK$'000 千港元	Level 3 第三級 HK$'000 千港元	Total 總計 HK$'000 千港元
As at 31 March 2012	**於2012年3月31日**				
Held for trading investments at fair value through profit or loss *(note 27)*	透過損益以公平值列賬之持作買賣投資*(附註27)*	**111,986**	**–**	**–**	**111,986**

		Level 1 第一級 HK$'000 千港元	Level 2 第二級 HK$'000 千港元	Level 3 第三級 HK$'000 千港元	Total 總計 HK$'000 千港元
As at 31 March 2011	**於2011年3月31日**				
Held for trading investments at fair value through profit or loss *(note 27)*	透過損益以公平值列賬之持作買賣投資*(附註27)*	153,065	–	–	153,065

44. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise bank and other loans, senior notes, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets such as trade receivables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk, foreign exchange risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's borrowings. The interest rates and terms of repayment of the Group's borrowings are disclosed in note 30 and 31 to the financial statements. The Group's policy is to obtain the most favourable interest rates available for its borrowings.

The Group will constantly assess the interest rate risk it encounters to decide whether it is required to hedge against the possible interest rate risk that may arise.

On 31 March 2012, if the interest rate of bank borrowings had increased/decreased by 0.5% and all other factors remained unchanged, the profit after tax for the year of the Group would have decreased/increased by approximately HK$17,900,000 (2011: HK$15,910,000).

Credit risk

The credit risk of the Group's financial assets, which comprise cash and cash equivalents, trade and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in note 38(ii) to the financial statements.

To manage the risk, deposits are mainly placed with licensing banks which are all high credit quality financial institutions. The Group trades only with recognised and creditworthy third parties. For the sales of properties, the Group has policies in place to ensure that sales are made to buyers with appropriate financial strength and appropriate percentage of down payments. The Group would not release the property ownership certificates to the buyers before the buyers fully settle the payment. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 25 to the financial statement.

44. 財務風險管理目標及政策

本集團主要金融工具包括銀行及其他貸款、優先票據、現金及短期存款。該等金融工具主要為本集團業務籌集資金。本集團亦擁有多項其他財務資產，例如直接從業務營運產生的應收貿易賬款。

本集團金融工具所產生的主要風險包括利率風險、信貸風險、流動資金風險、外匯風險及股價風險。董事會對管理上述各項風險的政策進行檢討及協定，該等風險概述如下。

利率風險

本集團面臨的利率風險主要與本集團的借貸相關。本集團借貸的利率及還款期於財務報表附註30及31中披露。本集團的政策是為其借貸取得最有利的利率。

本集團將持續評估所遇到的利率風險以決定是否需要對沖可能產生的利率風險。

於2012年3月31日，倘銀行借貸的利率上升／下降0.5%及所有其他因素保持不變，則本集團本年度稅後利潤將會減少／增加約17,900,000港元(2011年：15,910,000港元)。

信貸風險

本集團財務資產包括現金及現金等價物、應收貿易賬款及其他應收款項的信貸風險來自對方拖欠付款，而可能拖欠的最高金額等於此等工具的賬面值。本集團亦因提供財務擔保而面對信貸風險，有關詳情於財務報表附註38(ii)中披露。

為管理風險，本集團主要將存款存入持牌銀行，彼等均為高信貸質素的金融機構。本集團僅與知名及具信譽的第三方進行交易。對於出售物業，本集團已實行政策確保向具有適當財務實力及支付適當百分比首期付款的買家作出銷售。在買家全數清償付款前，本集團不會向其發出房產證。本集團亦擁有其他監控程序以確保採取跟進措施收回逾期款項。此外，本集團定期審閱每名個人的貿易應收賬款的可收回金額，以確保就不可收回金額作出足夠的減值虧損列賬。本集團並無任何重大集中信貸風險，而所面對的風險分散到多名交易對手及客戶。

有關本集團就貿易應收賬款的信貸風險所承擔的風險的進一步量化數據於財務報告附註25中披露。

44. Financial Risk Management Objectives and Policies (Continued)

44. 財務風險管理目標及政策(續)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

流動資金風險

本集團的目標是透過使用銀行貸款，維持資金持續性與靈活性之間的平衡。

本集團於申報期間結束時的財務負債的到期資料(按照合同未折現付款)如下：

Group

本集團

		2012					
		On demand 應要求 HK$'000 千港元	**Within one year 一年內 HK$'000 千港元**	**One to two years 第一至二年 HK$'000 千港元**	**Two to five years 第二至五年 HK$'000 千港元**	**Beyond five years 五年後 HK$'000 千港元**	**Total 總計 HK$'000 千港元**
Amount due to an associate	應付一家聯營公司款項	**–**	**–**	**3,094**	**–**	**–**	**3,094**
Financial liabilities included in trade and other payables	計入應付貿易及其他應付款項的財務負債	**–**	**3,308,612**	**–**	**–**	**–**	**3,308,612**
Senior notes	優先票據	**–**	**253,773**	**253,773**	**2,387,346**	**–**	**2,894,892**
Interest-bearing bank and other borrowings	計息銀行及其他借貸	**240,097**	**2,719,840**	**684,870**	**1,165,199**	**514,334**	**5,324,340**
Amount due to non-controlling interests	應付非控股權益款項	**–**	**–**	**53,113**	**–**	**–**	**53,113**
Total	總計	**240,097**	**6,282,225**	**994,850**	**3,552,545**	**514,334**	**11,584,051**

		2011					
		On demand 應要求 HK$'000 千港元	Within one year 一年內 HK$'000 千港元	One to two years 第一至二年 HK$'000 千港元	Two to five years 第二至五年 HK$'000 千港元	Beyond five years 五年後 HK$'000 千港元	Total 總計 HK$'000 千港元
Amount due to an associate	應付一家聯營公司款項	–	–	2,984	–	–	2,984
Financial liabilities included in trade and other payables	計入應付貿易及其他應付款項的財務負債	–	1,134,611	–	–	–	1,134,611
Senior notes	優先票據	–	263,250	263,250	2,739,750	–	3,266,250
Interest-bearing bank and other borrowings	計息銀行及其他借貸	406,778	1,513,013	1,185,882	1,024,690	732,853	4,863,216
Amount due to non-controlling interests	應付非控股權益款項	–	–	51,170	–	–	51,170
Total	總計	406,778	2,910,874	1,503,286	3,764,440	732,853	9,318,231

44. Financial Risk Management Objectives and Policies (Continued)

Liquidity risk (Continued)

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Company

44. 財務風險管理目標及政策(續)

流動資金風險(續)

本公司於申報期間結束時的財務負債到期狀況(按照合同未折現付款)如下:

本公司

		2012 On demand 應要求 HK$'000 千港元	Within one year 一年內 HK$'000 千港元	One to two years 第一至二年 HK$'000 千港元	Two to five years 第二至五年 HK$'000 千港元	Total 總計 HK$'000 千港元
Due to subsidiaries	應付附屬公司款項	**899**	**–**	**–**	**–**	**899**
Financial liabilities included in other payables, accruals and deposits received	計入其他應付款項、應計項目及已收按金的財務負債	**–**	**35,453**	**–**	**–**	**35,453**
Senior notes	優先票據	**–**	**253,773**	**253,773**	**2,387,346**	**2,894,892**
Total	總計	**899**	**289,226**	**253,773**	**2,387,346**	**2,931,244**

		2011 On demand 應要求 HK$'000 千港元	Within one year 一年內 HK$'000 千港元	One to two years 第一至二年 HK$'000 千港元	Two to five years 第二至五年 HK$'000 千港元	Total 總計 HK$'000 千港元
Due to subsidiaries	應付附屬公司款項	899	–	–	–	899
Financial liabilities included in other payables, accruals and deposits received	計入其他應付款項、應計項目及已收按金的財務負債	–	34,055	–	–	34,055
Senior notes	優先票據	–	263,250	263,250	2,739,750	3,266,250
Total	總計	899	297,305	263,250	2,739,750	3,301,204

44. Financial Risk Management Objectives and Policies (Continued)

Foreign exchange risk

The Group's only investment in China remains its operating vehicle, which solely conducts business within Mainland China. Except for interest payables, repayment of foreign currency loans obtained to finance the Group's operations and any potential future dividend its subsidiaries might declare to its shareholders, the bulk of its revenue, capital investment and expenses are denominated in RMB. At the date of approval of the financial statements, the Group had not experienced any difficulties in obtaining government approval for its necessary foreign exchange purchases. During the year, the Group did not issue any financial instruments for hedging purposes.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

44. 財務風險管理目標及政策（續）

外匯風險

本集團在中國僅有的投資項目仍為其經營公司，該公司僅在中國大陸經營業務。除應付利息、本集團撥資營運所需而取得的外幣貸款的還款以及其附屬公司可能向其股東宣派的任何潛在股息外，大部分收入、資本投資及開支均以人民幣為單位。於財務報表批准日期，本集團在申領政府批文以購買所需外匯方面，從未遇上任何困難。年內，本集團並無為對沖目的而發行任何金融工具。

下表顯示在所有其他變量維持不變的情況下，本集團稅前利潤於報告期末對人民幣匯率的可能合理變動的敏感度，有關稅前利潤的變動乃因貨幣資產及負債的公平值出現變動所致。

Group **本集團**

		Changes in RMB rate 人民幣匯率變動 %	Increase/ (decrease) in profit before tax 稅前利潤增加／（減少） HK$'000 千港元
2011	2011年		
If Hong Kong dollar weakens against RMB	倘港元兌人民幣轉弱	5	35,843
If Hong Kong dollar strengthens against RMB	倘港元兌人民幣轉強	3	(21,506)
2012	2012年		
If Hong Kong dollar weakens against RMB	倘港元兌人民幣轉弱	5	9,981
If Hong Kong dollar strengthens against RMB	倘港元兌人民幣轉強	3	(5,989)

44. Financial Risk Management Objectives and Policies (Continued)

Equity price risk

The equity price risk of the Group mainly arises from the changes in market prices for held for trading investments at fair value through profit or loss. The book values of this type of financial assets held by the Group are recognised according to market quotes as at the end of the reporting period.

On 31 March 2012, if the price of listed equity securities held by the Group had increased/decreased by 10%, and all other factors remained unchanged and excluding tax items, the book values of the listed equity securities of the Group would have increased/decreased by HK$11,199,000 (2011: HK$15,307,000).

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2012 and 31 March 2011.

44. 財務風險管理目標及政策(續)

股價風險

本集團的股價風險主要來自透過損益以公平值列賬的持作買賣投資的市價變動。此類由本集團持有財務資產的賬面值乃根據申報期間結束時的市場報價確認。

於2012年3月31日，倘本集團持有的上市股權證券的價格上升／下跌10%，而所有其他因素均保持不變(不包括稅項)，則本集團的上市股權證券的賬面值將增加/減少11,199,000港元(2011年：15,307,000港元)。

資本管理

本集團資本管理的首要目標是為了確保本集團持續發展及穩健資本比率的能力，以支持其業務運作及實現最大股東價值。

本集團根據經濟情況的變動及相關資產的風險特色，管理其資本結構並對其作出調整。為維持或調整資本結構，本集團可能會調整向股東派發的股息付款、向股東返還資本或發行新股。本集團毋須遵守任何外界施加的資本規定。截至2012年3月31日及2011年3月31日止年度，並無更改資本管理的目標、政策或程序。

44. Financial Risk Management Objectives and Policies (Continued)

Capital management (Continued)

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity. Net debt includes interest-bearing bank and other borrowings, senior notes, less cash and cash equivalents and restricted cash. The gearing ratios as at the end of the reporting period were as follows:

44. 財務風險管理目標及政策(續)

資本管理(續)

本集團採用資本負債比率(債務淨額除以權益總額)監控資本情況。債務淨額包括計息銀行及其他借貸、優先票據減現金及現金等價物及受限制現金。於報告期末,資本負債比率如下:

Group **本集團**

		2012 **HK$'000** **千港元**	2011 HK$'000 千港元
Senior notes *(note 31)*	優先票據*(附註31)*	**1,844,984**	1,900,083
Interest-bearing bank and other borrowings *(note 30)*	計息銀行及其他借貸*(附註30)*	**4,773,382**	4,242,697
Less: Cash and cash equivalents and restricted cash *(note 28)*	減:現金及現金等價物及受限制現金*(附註28)*	**(3,831,987)**	(4,564,491)
Net debt	債務淨額	**2,786,379**	1,578,289
Total equity	權益總額	**12,995,291**	10,618,036
Gearing ratio	資本負債比率	**21%**	15%

45. Events After the Reporting Period

(a) On 9 April 2012, Shenzhen China South City Investment Holdings Co., Ltd. ("China South City Investment"), a wholly-owned subsidiary of the Company, and the government of Xin Zheng Shi of Henan province, the PRC, entered into an agreement pursuant to which China South City Investment has, in principle, agreed to undertake the construction and development of a large-scale integrated logistics and trade center (the "Zhengzhou Project") with an estimated planned total net land area of approximately 7 square kilo-meters in Xin Zheng Shi, Henan Province, the PRC. The Zhengzhou Project will accordingly be developed in phases and the development is expected to be more than 10 years.

(b) On 16 June 2012, Harbin China South City Company Limited ("CSC Harbin"), a wholly-owned subsidiary of the Company, has successfully bid for the land use rights to a land located in Tuan Jie Town, Daowai District, Harbin, the PRC, with a total site area of 263,463.8 square meters for a total consideration of RMB239,000,000 (equivalent to approximately HK$293,970,000) at the auction held on 16 June 2012 in which the land was put up for tender, auction and listing-for-sale by the Harbin Bureau of Land and Resources. An auction confirmation dated 16 June 2012 has been entered into between the Harbin Land and Property Exchange Centre, acting on behalf of the Harbin Bureau of Land and Resources, and CSC Harbin in respect of the acquisition of land. The land will be used for the development of the Harbin project.

46. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 26 June 2012.

45. 報告期間結束後事項

(a) 於2012年4月9日,本公司的全資附屬公司深圳華南城投資控股有限公司(「華南城投資」)與中國河南省新鄭市人民政府訂立協議,據此,華南城投資原則上同意於中國河南省新鄭市建設及發展大型綜合商貿物流及商品交易中心(「鄭州項目」),預計該項目的規劃總淨地面積約為7平方公里。鄭州項目將分階段發展,預計發展將需時超過10年。

(b) 於2012年6月16日,本公司全資附屬公司哈爾濱華南城有限公司(「哈爾濱華南城」)於2012年6月16日舉行之拍賣(其中哈爾濱市國土資源局就該土地招標、拍賣及掛牌)中成功競投得一幅位於中國哈爾濱市道外區團結鎮、總佔地面積263,463.8平方米之土地之土地使用權,總代價為人民幣239,000,000元(相等於約293,970,000港元)。哈爾濱市地產交易中心(代表哈爾濱市國土資源局)與哈爾濱華南城已於2012年6月16日就收購土地簽訂成交確認書。該土地將用作發展哈爾濱項目。

46. 批核財務報表

董事會於2012年6月26日批准及授權刊發財務報表。

Independent Auditors' Report
獨立核數師報告

To the shareholders of China South City Holdings Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of China South City Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 83 to 204, which comprise the consolidated and company statements of financial position as at 31 March 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

致華南城控股有限公司各股東
（於香港註冊成立之有限公司）

我們已審核列載於第83至204頁的華南城控股有限公司（「貴公司」）及其附屬公司（統稱「貴集團」）的綜合財務報表，其中包括於2011年3月31日的綜合及公司財務狀況表，及截至該日止年度的綜合收益表、綜合全面收益表、綜合權益變動表和綜合現金流量表以及主要會計政策概要及其他説明資料。

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會刊發的香港財務報告準則及香港公司條例規定編製綜合財務報表，以令綜合財務報表作出真實而公平的反映，及落實其認為編製綜合財務報表所必要的內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

核數師的責任

我們的責任是根據我們的審核對該等綜合財務報表發表意見。本報告根據香港公司條例第141條僅向閣下（作為團體）報告，除此之外，別無其他目的。本核數師不會就本報告內容向任何其他人士負上或承擔任何責任。

Auditors' Responsibility *(continued)*

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
18/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

28 June 2011

核數師的責任*（續）*

我們已根據香港會計師公會刊發的香港審計準則進行審核。該等準則要求我們遵守道德規範，並規劃及執行審核，以合理確定此等綜合財務報表是否不存有重大錯誤陳述。

審核涉及執行程序以獲取有關綜合財務報表所載金額和披露資料的審核證據。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製綜合財務報表以作出真實且公平反映相關的內部監控，以設計適當的審核程序，但並非對公司的內部監控的有效性發表意見。審核亦包括評估董事所採用的會計政策的合適性及作出的會計估計的合理性，以及評估綜合財務報表的整體列報方式。

我們相信，我們所獲得的審核證據充足且適當地為我們的審核意見提供基礎。

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映　貴公司和　貴集團於2011年3月31日的財務狀況，及截至該日止年度　貴集團的利潤和現金流量，並已按照香港公司條例妥為編製。

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執業會計師
香港
中環
金融街8號
國際金融中心2期18樓

2011年6月28日

Consolidated Income Statement
綜合收益表

Year ended 31 March 2011
截至2011年3月31日止年度

		Notes 附註	For the year ended 31 March 截至3月31日止年度 2011 HK$'000 千港元	2010 HK$'000 千港元
REVENUE	**收入**	5	**2,234,033**	1,570,229
Cost of sales	銷售成本		**(900,985)**	(587,522)
Gross profit	毛利		**1,333,048**	982,707
Other income and gains	其他收入及收益	5	**39,499**	150,434
Fair value gains on investment properties	投資物業公平值收益	5	**1,464,168**	1,308,543
Selling and distribution costs	銷售及分銷成本		**(111,805)**	(83,573)
Administrative expenses	行政開支		**(208,079)**	(187,696)
Other expenses	其他開支		**(34,566)**	(25,427)
Finance costs	融資成本	7	**(30,495)**	(32,982)
Share of profits and losses of:	應佔下列各方的利潤及虧損：			
A jointly-controlled entity	一家共同控制實體		**1,337**	1,287
Associates	聯營公司		**(331)**	(302)
PROFIT BEFORE TAX	**稅前利潤**	6	**2,452,776**	2,112,991
Income tax expense	所得稅開支	10	**(908,658)**	(785,345)
PROFIT FOR THE YEAR	**本年度利潤**		**1,544,118**	1,327,646
Attributable to:	下列各方應佔：			
Owners of the parent	母公司擁有人	11	**1,552,455**	1,329,593
Non-controlling interests	非控股權益		**(8,337)**	(1,947)
			1,544,118	1,327,646
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	**歸屬於母公司普通股權益持有人之每股盈利**	13		
Basic	基本			
— for profit for the year	— 本年度利潤		**HK25.95 cents港仙**	HK25.32 cents港仙
Diluted	攤薄			
— for profit for the year	— 本年度利潤		**HK25.80 cents港仙**	HK25.10 cents港仙

Details of the dividends proposed for the year are disclosed in note 12 to the financial statements.

本年度擬派股息詳情於財務報表附註12披露。

Consolidated Statement of Comprehensive Income
綜合全面收益表

Year ended 31 March 2011
截至2011年3月31日止年度

		For the year ended 31 March 截至3月31日止年度 2011 HK$'000 千港元	2010 HK$'000 千港元
PROFIT FOR THE YEAR	**本年度利潤**	**1,544,118**	1,327,646
OTHER COMPREHENSIVE INCOME	**其他全面收入**		
Exchange differences on translation of foreign operations	換算海外業務的匯兑差額	**302,644**	19,072
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**本年度總全面收入**	**1,846,762**	1,346,718
Attributable to:	下列各方應佔：		
Owners of the parent	母公司擁有人	**1,851,482**	1,348,565
Non-controlling interests	非控股權益	**(4,720)**	(1,847)
		1,846,762	1,346,718

Consolidated Statement of Financial Position
綜合財務狀況表

31 March 2011
2011年3月31日

		Notes 附註	**31 March 2011 2011年3月31日 HK$'000 千港元**	31 March 2010 2010年3月31日 HK$'000 千港元
NON-CURRENT ASSETS	**非流動資產**			
Property, plant and equipment	物業、廠房及設備	14	**204,119**	157,684
Investment properties	投資物業	15	**11,285,288**	9,077,250
Properties under development	發展中物業	16	**3,403,663**	1,978,789
Prepaid land premiums	預付土地出讓金	17	**7,036**	6,911
Goodwill	商譽	18	**20,066**	20,066
Investments in jointly-controlled entities	於共同控制實體的投資	20	**11,106**	8,980
Investments in associates	於聯營公司的投資	21	**(1,177)**	(803)
Loan receivables	應收貸款	22	**—**	625
Finance lease receivables	融資租賃應收款項	23	**46,795**	54,250
Deposits paid for purchase of land	購買土地支付的按金	24	**261,316**	—
Deferred tax assets	遞延税項資產	33	**160,003**	75,413
Total non-current assets	非流動資產總額		**15,398,215**	11,379,165
CURRENT ASSETS	**流動資產**			
Properties held for finance lease	持作融資租賃物業		**161,571**	96,116
Properties held for sale	持作銷售物業		**482,607**	677,346
Trade receivables	應收貿易賬款	25	**589,943**	234,155
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	26	**34,005**	86,077
Held for trading investments at fair value through profit or loss	透過損益以公平值列賬之持作買賣投資	27	**153,065**	123,932
Restricted cash	受限制現金	28	**43,181**	8,851
Cash and bank balances	現金及銀行結餘	29	**4,521,310**	3,694,126
Total current assets	流動資產總額		**5,985,682**	4,920,603
CURRENT LIABILITIES	**流動負債**			
Trade and other payables	貿易及其他應付款項	30	**1,324,051**	824,459
Interest-bearing bank and other borrowings	計息銀行及其他借貸	31	**1,696,394**	1,558,417
Tax payable	應付税項		**900,503**	470,832
Total current liabilities	流動負債總額		**3,920,948**	2,853,708
NET CURRENT ASSETS	**流動資產淨值**		**2,064,734**	2,066,895
TOTAL ASSETS LESS CURRENT LIABILITIES	**資產總額減流動負債**		**17,462,949**	13,446,060

Consolidated Statement of Financial Position
綜合財務狀況表

31 March 2011
2011年3月31日

		Notes 附註	**31 March 2011 2011年 3月31日 HK$'000 千港元**	31 March 2010 2010年 3月31日 HK$'000 千港元
NON-CURRENT LIABILITIES	**非流動負債**			
Interest-bearing bank and other borrowings	計息銀行及其他借貸	31	**2,546,303**	2,644,308
Senior notes	優先票據	32	**1,900,083**	—
Amount due to non-controlling interests	應付非控股權益款項	42(b)(ii)	**51,170**	—
Deferred tax liabilities	遞延税項負債	33	**2,347,357**	1,775,067
Total non-current liabilities	非流動負債總額		**6,844,913**	4,419,375
Net assets	資產淨值		**10,618,036**	9,026,685
EQUITY	**權益**			
Equity attributable to owners of the parent	母公司擁有人應佔權益			
Issued capital	已發行股本	34	**59,876**	60,000
Reserves	儲備	36(a)	**10,331,349**	8,733,433
Proposed final dividends	擬派末期股息	12	**149,689**	119,591
			10,540,914	8,913,024
Non-controlling interests	非控股權益		**77,122**	113,661
Total equity	**權益總額**		**10,618,036**	9,026,685

CHENG CHUNG HING 鄭松興
Director 董事

LEUNG MOON LAM 梁滿林
Director 董事

Consolidated Statement of Changes in Equity
綜合權益變動表

Year ended 31 March 2011
截至2011年3月31日止年度

			Attributable to owners of the parent 母公司擁有人應佔										
			Issued capital 已發行股本	Statutory surplus reserve (note i) 法定盈餘儲備 (附註i)	Capital reserve 資本儲備	Share premium account 股份溢價賬	Share option reserve 購股權儲備	Exchange fluctuation reserve 匯兑波動儲備	Retained profits 保留利潤	Proposed final dividends 擬派末期股息	Total 總計	Non-controlling interests 非控股權益	Total equity 權益總額
		Notes 附註	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元
At 1 April 2009	2009年4月1日		200	27,662	182,768	–	64,226	576,034	3,611,073	–	4,461,963	33,995	4,495,958
Profit for the year	本年度利潤		–	–	–	–	–	–	1,329,593	–	1,329,593	(1,947)	1,327,646
Other comprehensive income for the year:	本年度其他全面收入:												
Exchange differences on translation of foreign operations	換算海外業務的匯兑差額		–	186	–	–	–	18,786	–	–	18,972	100	19,072
Total comprehensive income for the year	本年度總全面收入		–	186	–	–	–	18,786	1,329,593	–	1,348,565	(1,847)	1,346,718
Capital contributions to a subsidiary from a minority shareholder	一名少數股東向一家附屬公司出資		–	–	–	–	–	–	–	–	–	81,513	81,513
Equity-settled share option arrangement	以權益結算的購股權安排	35	–	–	–	–	3,294	–	–	–	3,294	–	3,294
Issue of shares at a premium through initial public offering	透過首次公開發售按溢價發行股份	34	15,000	–	–	3,135,000	–	–	–	–	3,150,000	–	3,150,000
Issue of shares by capitalisation of shareholders' loan	透過資本化股東貸款發行股份	34	44,800	–	–	41,000	–	–	–	–	85,800	–	85,800
Share issue expenses	股份發行開支		–	–	–	(136,598)	–	–	–	–	(136,598)	–	(136,598)
Proposed final 2010 dividend	擬派2010年末期股息	12	–	–	–	–	–	–	(119,591)	119,591	–	–	–
Transfer from/(to) retained profits	轉撥自/(至)保留利潤		–	58,421	(182,768)	–	–	–	124,347	–	–	–	–
At 31 March 2010	2010年3月31日		60,000	86,269*	–*	3,039,402*	67,520*	594,820*	4,945,422*	119,591	8,913,024	113,661	9,026,685

Consolidated Statement of Changes in Equity
綜合權益變動表

Year ended 31 March 2011
截至2011年3月31日止年度

			Attributable to owners of the parent 母公司擁有人應佔											
		Notes 附註	Issued capital 已發行股本 HK$'000 千港元	Capital redemption reserve 資本贖回儲備 HK$'000 千港元	Statutory surplus reserve (note i) 法定盈餘儲備 (附註i) HK$'000 千港元	Capital reserve 資本儲備 HK$'000 千港元	Share premium account 股份溢價賬 HK$'000 千港元	Share option reserve 購股權儲備 HK$'000 千港元	Exchange fluctuation reserve 匯兑波動儲備 HK$'000 千港元	Retained profits 保留利潤 HK$'000 千港元	Proposed final dividends 擬派末期股息 HK$'000 千港元	Total 總計 HK$'000 千港元	Non-controlling interests 非控股權益 HK$'000 千港元	Total equity 權益總額 HK$'000 千港元
At 1 April 2010	2010年4月1日		60,000	–	86,269	–	3,039,402	67,520	594,820	4,945,422	119,591	8,913,024	113,661	9,026,685
Profit for the year	本年度利潤		–	–	–	–	–	–	–	1,552,455	–	1,552,455	(8,337)	1,544,118
Other comprehensive income for the year:	本年度其他全面收入：													
Exchange differences on translation of foreign operations	換算海外業務的匯兑差額		–	–	4,640	–	–	–	294,387	–	–	299,027	3,617	302,644
Total comprehensive income for the year	本年度總全面收入		–	–	4,640	–	–	–	294,387	1,552,455	–	1,851,482	(4,720)	1,846,762
Repurchase of shares	購回股份	34	(204)	204	–	–	–	–	–	(24,616)	–	(24,616)	–	(24,616)
Exercise of share options	行使購股權	35	80	–	–	–	11,321	(3,001)	–	–	–	8,400	–	8,400
Equity-settled share option arrangement	以權益結算的購股權安排	35	–	–	–	–	–	396	–	–	–	396	–	396
Acquisition of non-controlling interests	收購非控股權益	37	–	–	–	(88,181)	–	–	–	–	–	(88,181)	(31,819)	(120,000)
Final 2010 dividend paid	已付2010年末期股息		–	–	–	–	–	–	–	–	(119,591)	(119,591)	–	(119,591)
Proposed final 2011 dividend	擬派2011年末期股息	12	–	–	–	–	–	–	–	(149,689)	149,689	–	–	–
Transfer from retained profits	轉撥自保留利潤		–	–	33,640	–	–	–	–	(33,640)	–	–	–	–
At 31 March 2011	2011年3月31日		59,876	204*	124,549*	(88,181)*	3,050,723*	64,915*	889,207*	6,289,932*	149,689	10,540,914	77,122	10,618,036

* These reserve accounts comprise the consolidated reserves of HK$10,331,349,000 and HK$8,733,433,000 in the consolidated statement of financial position as at 31 March 2011 and 2010, respectively.

* 該等儲備賬包括於2011年及2010年3月31日的綜合財務狀況表所載的綜合儲備，分別為10,331,349,000港元及8,733,433,000港元。

Note:

(i) In accordance with the PRC Company Law, the Group's subsidiaries registered in the PRC are required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses) to the statutory surplus reserve. When the balance of the reserve fund reaches 50% of the entity's registered capital, any further appropriation is optional. The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital. However, the balance of the statutory surplus reserve must be maintained at a minimum of 25% of registered capital after such usages.

附註：

(i) 根據中國公司法，本集團於中國註冊的附屬公司須將年度法定税後利潤(經抵銷任何過往年度虧損後)的10%撥入法定盈餘儲備。當儲備資金結餘達至實體註冊資本的50%時，可以選擇是否再次撥入資金。法定盈餘儲備可用於抵銷過往年度虧損或增加資本。然而，法定盈餘儲備於作出該等用途後的結餘必須最少維持於註冊資本的25%。

Consolidated Statement of Cash Flows
綜合現金流量表

Year ended 31 March 2011
截至2011年3月31日止年度

		Notes 附註	For the year ended 31 March 截至3月31日止年度 **2011** **HK$'000** **千港元**	 2010 HK$'000 千港元
CASH FLOWS FROM OPERATING ACTIVITIES	**經營活動現金流量**			
Profit before tax	税前利潤		**2,452,776**	2,112,991
Adjustments for:	調整：			
Finance costs	融資成本	7	**30,495**	32,982
Share of profits and losses of a jointly-controlled entity and associates	應佔一家共同控制實體及聯營公司利潤及虧損		**(1,006)**	(985)
Bank interest income	銀行利息收入	5	**(5,700)**	(1,049)
Loss on disposal of items of property, plant and equipment	出售物業、廠房及設備項目虧損	6	**3,250**	369
Depreciation	折舊	6	**35,451**	37,294
Amortisation of prepaid land premiums	預付土地出讓金攤銷	6	**180**	162
Changes in fair value of investment properties	投資物業公平值變動	5	**(1,464,168)**	(1,308,543)
Provision for impairment of trade receivables	應收貿易賬款減值撥備	6	**34,959**	25,468
Write-back of impairment of investment in a jointly-controlled entity	於一家共同控制實體的投資減值撥回	6	**(393)**	(41)
Gain on restructuring and buying back of interest-bearing notes	重組及購回計息票據的收益	5	**—**	(136,709)
Gains on held for trading investments at fair value through profit or loss	透過損益以公平值列賬之持作買賣投資收益	5	**(20,098)**	(2,630)
Equity-settled share option expense	以權益結算的購股權開支	6	**396**	3,294
			1,066,142	762,603
Decrease in properties held for sale	持作銷售物業減少		**619,774**	310,955
Decrease in properties held for finance lease	持作融資租賃物業減少		**121,593**	5,932
Decrease in loan receivables	應收貸款減少		**652**	3,803
Decrease in finance lease receivables	融資租賃應收款項減少		**9,854**	11,899
Increase in trade receivables	應收貿易賬款增加		**(380,394)**	(234,016)
Decrease in prepayments, deposits and other receivables	預付款項、按金及其他應收款項減少		**17,581**	48,531
Increase in restricted cash	受限制現金增加		**(34,330)**	(8,851)
Increase in trade and other payables	貿易及其他應付款項增加		**9,365**	31,322
Cash generated from operations	經營所得的現金		**1,430,237**	932,178
Overseas taxes paid	已付海外税項		**(104,920)**	(46,839)
Net cash flows from operating activities	經營活動現金流入淨額		**1,325,317**	885,339

Consolidated Statement of Cash Flows
綜合現金流量表

Year ended 31 March 2011
截至2011年3月31日止年度

		Notes 附註	For the year ended 31 March 截至3月31日止年度 2011 HK$'000 千港元	2010 HK$'000 千港元
Net cash flows from operating activities	經營活動現金流入淨額		**1,325,317**	885,339
CASH FLOWS FROM INVESTING ACTIVITIES	**投資活動現金流量**			
Purchases of items of property, plant and equipment	購買物業、廠房及設備項目		**(22,417)**	(8,736)
Proceeds from disposal of items of property, plant and equipment	出售物業、廠房及設備項目所得款項		**529**	1,375
Investment in an associate	於一家聯營公司的投資		**—**	(600)
Purchase of held for trading investments at fair value through profit and loss	購買透過損益以公平值列賬之持作買賣投資		**(28,937)**	(101,400)
Acquisition of non-controlling interests	收購非控股權益		**(89,844)**	—
Capital contributions to a subsidiary from a minority shareholder	一名少數股東向一家附屬公司出資		**—**	81,513
Net advances (to)/from jointly-controlled entities	共同控制實體(所得)/提供墊款淨額		**1**	(1,829)
Additions to properties under development	發展中物業添置		**(1,826,712)**	(2,199,354)
Interest received	已收利息		**5,700**	5,953
Net cash flows used in investing activities	投資活動現金流出淨額		**(1,961,680)**	(2,223,078)
CASH FLOWS FROM FINANCING ACTIVITIES	**融資活動現金流量**			
Proceeds from issue of shares	發行股份所得款項		**—**	2,995,902
Issue of senior notes	發行優先票據	32	**1,842,887**	—
Payment for repurchase of shares	購回股份付款	34	**(24,616)**	—
New bank and other borrowings	新造銀行及其他貸款		**2,050,143**	3,997,175
Repayment of bank and other borrowings	償還銀行及其他貸款		**(2,196,016)**	(1,167,981)
Payment for buying back and repayment of interest-bearing notes	購回及償還計息票據付款		**—**	(851,662)
Exercise of share options	行使購股權	34	**8,400**	—
Dividend distribution	分派股息		**(119,591)**	—
Increase in amount due to non-controlling interests	應付非控股權益款項增加		**51,170**	—
Interest paid	已付利息		**(210,506)**	(188,984)
Net cash flows from financing activities	融資活動現金流入淨額		**1,401,871**	4,784,450
NET INCREASE IN CASH AND CASH EQUIVALENTS	**現金及現金等價物增加淨額**		**765,508**	3,446,711
Cash and cash equivalents at beginning of year	年初的現金及現金等價物	29	**3,694,126**	246,084
Effect of foreign exchange rate changes, net	匯率變動影響淨額		**61,676**	1,331
CASH AND CASH EQUIVALENTS AT END OF YEAR	**年終的現金及現金等價物**		**4,521,310**	3,694,126
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	**現金及現金等價物結餘分析**			
Cash and bank balances	現金及銀行結餘	29	**4,521,310**	3,694,126

Statement of Financial Position
財務狀況表

31 March 2011
2011年3月31日

		Notes 附註	**31 March 2011 2011年3月31日 HK$'000 千港元**	31 March 2010 2010年3月31日 HK$'000 千港元
NON-CURRENT ASSETS	**非流動資產**			
Property, plant and equipment	物業、廠房及設備		**1,639**	1,439
Investments in subsidiaries	於附屬公司的投資	19	**2,253,675**	1,453,675
Total non-current assets	非流動資產總額		**2,255,314**	1,455,114
CURRENT ASSETS	**流動資產**			
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項		**3,708**	1,099
Due from subsidiaries	應收附屬公司款項	19	**968,195**	698,098
Cash and bank balances	現金及銀行結餘	29	**2,342,869**	1,505,842
Total current assets	流動資產總額		**3,314,772**	2,205,039
CURRENT LIABILITIES	**流動負債**			
Due to subsidiaries	應付附屬公司款項	19	**899**	899
Other payables, accruals and deposits received	其他應付款項、應計項目及已收按金		**34,055**	20,474
Total current liabilities	流動負債總額		**34,954**	21,373
NET CURRENT ASSETS	**流動資產淨值**		**3,279,818**	2,183,666
TOTAL ASSETS LESS CURRENT LIABILITIES	**資產總額減流動負債**		**5,535,132**	3,638,780
NON-CURRENT LIABILITIES	**非流動負債**			
Senior notes	優先票據	32	**1,900,083**	—
Net assets	資產淨值		**3,635,049**	3,638,780
EQUITY	**權益**			
Issued capital	已發行股本	34	**59,876**	60,000
Reserves	儲備	36(b)	**3,425,484**	3,459,189
Proposed final dividends	擬派末期股息	12	**149,689**	119,591
Total equity	權益總額		**3,635,049**	3,638,780

CHENG CHUNG HING 鄭松興
Director 董事

LEUNG MOON LAM 梁滿林
Director 董事

1. Corporate Information

China South City Holdings Limited (the "Company") is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at Room 2205, 22/F, Sun Life Tower, The Gateway, 15 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

During the year, the Group is principally engaged in developing and operating the large-scale integrated logistics and trade centers, property management and operation of hotel.

1. 公司資料

華南城控股有限公司(「本公司」)在香港註冊成立為有限公司。本公司註冊辦事處位於香港九龍尖沙咀廣東道15號港威大廈永明金融大樓22樓2205室。

年內，本集團主要從事發展和經營大型綜合物流及商貿中心、物業管理及酒店營運業務。

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and held for trading investments at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 編製基準

該等財務報表乃根據香港會計師公會頒佈之香港財務報告準則(「香港財務報告準則」)(當中包括所有香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋)、香港公認會計原則及香港公司條例之規定而編製，並按歷史成本法編製，惟投資物業及透過損益以公平值列帳之持作買賣投資按公平值計量則除外。除另有說明外，此等財務報表以港元呈列，所有數值均已四捨五入至最接近千位數。

Basis of consolidation

Basis of consolidation from 1 January 2010

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2011. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

綜合基準

自2010年1月1日的綜合基準

綜合財務報表包括本公司及其附屬公司(統稱「本集團」)截至2011年3月31日止年度的財務報表。附屬公司的財務報表乃按與本公司相同的報告期間以一致的會計政策編製。附屬公司之業績自收購日期(即本集團取得控制權當日)起綜合入賬，直至該等控制權終止當日為止。所有本集團內公司間交易產生之結餘、交易、未變現盈虧及股息均於綜合賬目時悉數對銷。

2.1 Basis of Preparation *(continued)*

Basis of consolidation *(continued)*

***Basis of consolidation from 1 January 2010** (continued)*

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the parent shareholders.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 January 2010 has not been restated.

2.1 編製基準*(續)*

綜合基準*(續)*

***自2010年1月1日的綜合基準**(續)*

一家附屬公司的虧損乃歸屬於非控股權益，即使引致結餘為負數。

一家附屬公司的所有權權益出現變動（並無失去控制權），則按權益交易入賬。

倘本集團失去對附屬公司的控制權，則終止確認(i)該附屬公司的資產（包括商譽）及負債，(ii)任何非控股權益的賬面值及(iii)於權益內記錄的累計換算差額；及確認(i)已收代價的公平值，(ii)所保留任何投資的公平值及(iii)收益表中任何因此產生的盈餘或虧絀。先前於其他全面收入內確認的本集團應佔部份重新分類至損益或保留利潤（如適用）。

2010年1月1日前的綜合基準

已預先應用上述若干規定。然而，在若干情況下，以下差額仍按先前之綜合賬目基準結轉：

- 本集團產生的虧損乃歸屬於非控股權益，直至結餘調減為零為止。任何進一步超過的虧損歸屬於母公司，除非非控股權益擁有具約束力責任補足則作別論。於2010年1月1日前的虧損並無於非控股權益與母公司股東之間重新分配。

- 失去控制權時，本集團按於失去控制權當日應佔資產淨值比例入賬處理保留投資。並無重列有關投資於2010年1月1日的賬面值。

2.2 Changes in Accounting Policy and Disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment — Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation — Classification of Rights Issues*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations — Plan to sell the controlling interest in a subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

2.2 會計政策的變更及披露

本集團於本年度財務報表內首次採納以下新訂及經修訂香港財務報告準則。

香港財務報告準則第1號(經修訂)	*首次採納香港財務報告準則*
香港財務報告準則第1號修訂本	香港財務報告準則第1號*首次採納香港財務報告準則 — 首次採納者之額外豁免*之修訂
香港財務報告準則第2號修訂本	香港財務報告準則第2號*股份支付 — 集團以現金支付之股份交易*之修訂
香港財務報告準則第3號(經修訂)	*業務合併*
香港會計準則第27號(經修訂)	*綜合及獨立財務報表*
香港會計準則第32號修訂本	香港會計準則第32號*金融工具:呈報 — 供股分類*之修訂
香港會計準則第39號修訂本	香港會計準則第39號*金融工具:確認及計量 — 合資格對沖項目*之修訂
香港(國際財務報告詮釋委員會) — 詮釋第17號	*向擁有人派發非現金資產*
納入於2008年10月頒佈的*香港財務報告準則的改進*的香港財務報告準則第5號修訂本	香港財務報告準則第5號*持作銷售非流動資產及終止經營 — 計劃出售於一家附屬公司之控制權益*之修訂
2009年香港財務報告準則之改進	於2009年5月頒佈的若干香港財務報告準則之修訂
香港詮釋第4號修訂本	香港詮釋第4號租賃 — *有關香港租賃土地租賃期之釐定*之修訂
香港詮釋第5號	*財務報表的呈列 — 借款人對載有即時償還條款的定期貸款的分類*

2.2 Changes in Accounting Policy and Disclosures *(continued)*

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised), amendments to HKAS 7 and HKAS 17 included in *Improvements to HKFRSs 2009* and HK Interpretation 4 (Revised in December 2009) *(Include other standards as appropriate)*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

2.2 會計政策的變更及披露*(續)*

除下述所進一步説明有關香港財務報告準則第3號(經修訂)、香港會計準則第27號(經修訂)、香港會計準則第7號之修訂及納入*2009年香港財務報告準則的改進*的香港會計準則17號之修訂及香港詮釋第4號(於2009年12月經修訂)*(包括其他適用準則)*者外，採納新訂及經修訂香港財務報告準則並無對此等財務報表造成重大財務影響。

採納該等新訂及經修訂香港財務報告準則的主要影響如下：

(a) 香港財務報告準則第3號(經修訂)*業務合併*及香港會計準則第27號(經修訂)*綜合及獨立財務報表*

香港財務報告準則第3號(經修訂)引入若干業務合併的會計處理變動，該等變動影響非控股權益的初步計量、交易成本的會計處理、或然代價及分階段達成企業合併的初步確認及隨後計量。該等變動將影響已確認商譽金額、收購發生期間的報告業績及未來報告業績。

2.2 Changes in Accounting Policy and Disclosures *(continued)*

(a) *(continued)*

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(b) *Improvements to HKFRSs 2009* issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

2.2 會計政策的變更及披露*（續）*

(a) *（續）*

香港會計準則第27號（經修訂）規定並無失去控制權的附屬公司的擁有權權益變動按權益交易入賬處理。因此，該等變動對商譽並無影響，亦不會產生收益或虧損。此外，經修訂準則亦修改附屬公司產生的虧損及對附屬公司失去控制權的會計處理方法。相應修訂涉及多項準則，包括但不限於香港會計準則第7號*現金流量表*、香港會計準則第12號*所得稅*、香港會計準則第21號*外幣匯率變動的影響*、香港會計準則第28號*於聯營公司的投資*，以及香港會計準則第31號*於合營企業的權益*。

該等經修訂準則引入的變動採用未來適用法，影響日後收購、喪失控制權及2010年1月1日後與非控股權益的交易的會計處理。

(b) 於2009年5月頒佈的*2009年香港財務報告準則的改進*制定對多項香港財務報告準則的修訂。各項準則均各自設有過渡性條文。採納若干修訂導致會計政策變動，惟此等修訂對本集團並無重大財務影響。最適用於本集團的主要修訂詳情如下：

2.2 Changes in Accounting Policy and Disclosures *(continued)*

(b) *(continued)*

- HKAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

- HKAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

  Amendment to HK Interpretation 4 *Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases* is revised as a consequence of the amendment to HKAS 17 *Leases* included in *Improvements to HKFRSs 2009*. Following this amendment, the scope of HK Interpretation 4 has been expanded to cover all land leases, including those classified as finance leases. As a result, this interpretation is applicable to all leases of property accounted for in accordance with HKAS 16, HKAS 17 and HKAS 40.

The Group has reassessed its leases in Mainland China, previously classified as operating leases, upon the adoption of the amendments. The classification of leases in Mainland China remained as operating leases.

2.2 會計政策的變更及披露*（續）*

(b) *（續）*

- 香港會計準則第7號*現金流量表*：規定僅導致於財務狀況表內確認資產的支出，方可分類為投資活動的現金流量。

- 香港會計準則第17號*租賃*：刪去有關土地租賃分類的特定指引。因此，土地租賃應按香港會計準則第17號的一般指引分類為經營或融資租賃。

  香港詮釋第4號*租賃 — 有關香港土地租賃期之釐定*的修訂乃根據納入*2009年香港財務報告準則的改進*內的香港會計準則第17號*租賃*的修訂本而修改。按照此項修訂，香港詮釋第4號的範圍已擴大至覆蓋所有土地租賃，包括被分類為融資租賃的土地租賃。因此，此詮釋適用於按照香港會計準則第16號、香港會計準則第17號，以及香港會計準則第40號列賬的所有物業租賃。

於採納該等修訂時，本集團已重新評估其位於中國內地且過往分類為經營租賃之租賃。位於中國內地之租賃仍然分類為經營租賃。

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopter*[1]
HKFRS 1 Amendments	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[3]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets*[3]
HKFRS 9	*Financial Instruments*[5]
HKAS 24 (Revised)	*Related Party Disclosures*[2]
HKAS 12 Amendments	Amendment to HKAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets*[4]
HK(IFRIC) - Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[2]
HK(IFRIC) - Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[1]

2.3 已頒佈但尚未生效之香港財務報告準則

本集團於該等財務報表尚未採納下列已頒佈但仍未生效之新訂及經修訂香港財務報告準則。

香港財務報告準則第1號修訂本	香港財務報告準則第1號*首次採納香港財務報告準則 — 首次採納者按可比較香港財務報告準則第7號披露之有限豁免之修訂*[1]
香港財務報告準則第1號修訂本	香港財務報告準則第1號*首次採納香港財務報告準則 — 嚴重高通脹及剔除首次採用者的固定日期的修訂*[3]
香港財務報告準則第7號修訂本	香港財務報告準則第7號*金融工具：披露 — 金融資產之轉移之修訂*[3]
香港財務報告準則第9號	*金融工具*[5]
香港會計準則第24號（經修訂）	*關連人士披露*[2]
香港會計準則第12號修訂本	香港會計準則第12號*所得税 — 遞延税項：相關資產收回之修訂*[4]
香港（國際財務報告詮釋委員會）— 詮釋第14號修訂本	香港（國際財務報告詮釋委員會）— 詮釋第14號*預付最低資金需求之修訂*[2]
香港（國際財務報告詮釋委員會）— 詮釋第19號	*以權益工具抵銷財務負債*[1]

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards *(continued)*

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC) - Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

[1] Effective for annual periods beginning on or after 1 July 2010

[2] Effective for annual periods beginning on or after 1 January 2011

[3] Effective for annual periods beginning on or after 1 July 2011

[4] Effective for annual periods beginning on or after 1 January 2012

[5] Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 Summary of Significant Accounting Policies

Subsidiaries

A subsidiary is an entity in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors; or over which the Company has a contractual right to exercise a dominant influence with respect to that entity's financial and operating policies.

2.3 已頒佈但尚未生效之香港財務報告準則*(續)*

除上述者外，香港會計師公會亦頒佈對*2010年香港財務報告準則之改進*，當中載列對多項香港財務報告準則作出之修訂，主要目的為刪除不一致條文及釐清措辭。香港財務報告準則第3號及香港會計準則第27號之修訂於2010年7月1日或之後開始的年度期間生效，而香港財務報告準則第1號、香港財務報告準則第7號、香港會計準則第1號、香港會計準則第34號及香港(國際財務報告詮釋委員會)— 詮釋第13號之修訂均於2011年1月1日或之後開始的年度期間生效，惟上述各項準則均各自設有過渡條文。

[1] 於2010年7月1日或之後開始之年度期間生效

[2] 於2011年1月1日或之後開始之年度期間生效

[3] 於2011年7月1日或之後開始之年度期間生效

[4] 於2012年1月1日或之後開始之年度期間生效

[5] 於2013年1月1日或之後開始之年度期間生效

本集團現正評估該等新訂及經修訂香港財務報告準則於首次採納時之影響。至目前為止，本集團認為該等新訂及經修訂香港財務報告準則對本集團之經營業績及財務狀況並無重大影響。

2.4 重大會計政策概要

附屬公司

附屬公司乃本公司直接或間接控制其過半數表決權或已發行股本或控制其董事會組成的實體，或本公司有合同權利對該實體的財務及營運政策行使重大影響力者。

2.4 Summary of Significant Accounting Policies *(continued)*

Subsidiaries *(continued)*

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits or losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

(a) a subsidiary, if the Group, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors; or over which the Company has a contractual right to exercise a dominant influence with respect to the joint venture's financial and operating policies;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

2.4 重大會計政策概要*(續)*

附屬公司*(續)*

附屬公司業績計入本公司收益表，以已收及應收股息為限。根據香港財務報告準則第5號，本公司於附屬公司不被分類為持作買賣的投資按成本減任何減值虧損列賬。

合營公司

合營公司乃按合同安排成立的實體，而本集團與其他方於其中從事經濟活動。合營公司以個別實體的身份經營，而本集團及其他方於當中擁有權益。

合營公司訂立的合營協議訂明合營各方的出資額、合營公司的年期及於解散時變現資產的基準。合營公司的經營利潤及虧損以及盈餘資產的任何分派，均由合營公司按其各自的出資比例或根據合營協議條款分配。

合營公司會被視為：

(a) 一家附屬公司，倘本集團於合營公司直接或間接控制其過半數表決權或已發行股本或控制其董事會組成；或本公司有合同權利對該合營公司的財務及營運政策行使重大影響力；

(b) 一家共同控制實體，倘本集團於合營公司並無單方面的控制權，但直接或間接擁有共同控制權；

2.4 Summary of Significant Accounting Policies *(continued)*

Joint ventures *(continued)*

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's investments in jointly-controlled entities are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated income statement and consolidated reserves, respectively. Where the profit sharing ratio is different to the Group's equity interest, the share of post-acquisition results of the jointly-controlled entities is determined based on the agreed profit sharing ratio. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's investments in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of jointly-controlled entities is included as part of the Group's investments in jointly-controlled entities.

2.4 重大會計政策概要*(續)*

合營公司*(續)*

(c) 一家聯營公司，倘本集團於合營公司並無單方面或共同控制權，但直接或間接持有整體上不少於20%的註冊資本，並處於可對合營公司行使重大影響力的地位；或

(d) 一項根據香港會計準則第39號入賬的權益投資，倘本集團直接或間接於合營公司持有少於20%的註冊資本，而於合營公司亦無共同控制權或並非處於可對合營公司行使重大影響力的地位。

共同控制實體

共同控制實體乃受制於共同控制的合營公司，而所有參與方對該共同控制實體的經濟活動均無單方面的控制權。

本集團於共同控制實體的投資乃以權益會計法按本集團應佔資產淨值減任何減值虧損後在綜合財務狀況表中列賬。本集團應佔共同控制實體的收購後業績及儲備分別計入綜合收益表及綜合儲備。倘利潤分配比率與本集團的權益不同，應佔共同控制實體的收購後業績則根據協議利潤比率釐定。本集團及其共同控制實體交易產生的未變現盈虧於本集團於共同控制實體的投資中抵銷，除未變現虧損有跡象顯示資產的減值經轉移。由收購共同控制實體帶來的商譽計入為本集團於共同控制實體的投資的一部份。

2.4 Summary of Significant Accounting Policies *(continued)*

Jointly-controlled entities *(continued)*

The results of jointly-controlled entities are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in jointly-controlled entities are treated as non-current assets and are stated at cost less any impairment losses.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates and is not individually tested for impairment.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

2.4 重大會計政策概要*(續)*

共同控制實體*(續)*

共同控制實體的業績計入本公司收益表已收及應收股息。本公司於共同控制實體的投資視作非流動資產及以成本減去任何減值虧損列賬。

聯營公司

聯營公司乃本集團於其權益表決權擁有一般不少於20%的長期權益並處於可對其行使重大影響力的地位，而非附屬公司或共同控制實體的實體。

本集團於聯營公司的權益乃以權益會計法按本集團應佔資產淨值減任何減值虧損後在綜合財務狀況表中列賬。本集團應佔聯營公司的收購後業績及儲備分別計入綜合收益表及綜合儲備。本集團及其共同控制實體交易產生的未變現盈虧於本集團於共同控制實體的投資中抵銷，除未變現虧損有跡象顯示資產的減值經轉移。由收購聯營公司帶來的商譽計入為本集團於聯營公司的投資的一部份，且並不單獨作出減值測試。

聯營公司的業績計入本公司收益表已收及應收股息。本公司於聯營公司的投資視作非流動資產及以成本減去任何減值虧損列賬。

2.4 Summary of Significant Accounting Policies *(continued)*

Business combinations and goodwill

Business combinations from 1 January 2010

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

2.4 重大會計政策概要*(續)*

業務併購及商譽

於二零一零年一月一日後之業務併購

業務併購乃使用收購法入賬。所轉讓之代價乃以收購日期之公平值計量，該公平值為本集團所轉讓之資產於收購日期之公平值、本集團自被收購方之前度擁有人承擔之負債，及本集團發行以換取被收購方控制權之股權之總和。就各業務併購中，收購方以公平值或被收購方可識別資產淨值之應佔比例，計量於被收購方之非控股權益。收購成本於產生時支銷。

當本集團收購一項業務時，會根據合約條款、於收購日期之經濟環境及相關條件，評估將承接之財務資產及負債，以作出適合之分類及指定用途。此包括將被收購方主合約中之嵌入式衍生工具分開計算。

倘業務併購分階段進行，收購方先前持有之被收購方股權於收購日期之公平值應按收購日期公平值計入收益表重新計量。

由收購方將予轉讓之任何或然代價將於收購日期按公平值確認。或然代價(被視為一項資產或負債)公平值之其後變動根據香港會計準則第39號於收益表確認或確認為其他全面收入之變動。倘將或然代價分類為權益，則其最終於權益中結算前毋須重新計量。

2.4 Summary of Significant Accounting Policies *(continued)*

Business combinations and goodwill *(continued)*

Business combinations from 1 January 2010 *(continued)*

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2.4 重大會計政策概要*(續)*

業務併購及商譽*(續)*

於二零一零年一月一日後之業務併購 *(續)*

商譽起初按成本計量，即已轉讓代價、已確認非控股權益及本集團先前持有之被收購方股權之公平值之總和，超逾與所收購可識別資產淨值及所承擔負債之差額。倘此代價及其他項目之總和低於所收購附屬公司資產淨值之公平值，於評估後其差額將於收益表內確認為議價購買收益。

於初始確認後，商譽按成本減任何累計減值虧損計量。商譽須每年作減值測試，倘有事件發生或情況改變顯示賬面值有可能減值，則會更頻密地進行檢討。本集團於三月三十一日進行商譽之年度減值測試。為進行減值測試，因業務合併而購入之商譽自購入之日被分配至預期可從合併產生之協同效益中獲益之本集團各個現金產出單位或現金產出單位組別，而無論本集團其他資產或負債是否已分配予該等單位或單位組別。

減值乃通過評估與商譽相關之現金產生單位(或現金產生單位組別)之可收回金額釐定。倘現金產生單位(或現金產生單位組別)之可收回金額低於賬面值時，減值虧損則予以確認。已就商譽確認之減值虧損不得於其後期間撥回。

2.4 Summary of Significant Accounting Policies *(continued)*

Business combinations and goodwill *(continued)*

Business combinations from 1 January 2010 *(continued)*

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations prior to 1 January 2010 but after 1 January 2005

In comparison to the above-mentioned requirements which were applied on a prospective basis, the following differences applied to business combinations prior to 1 January 2010:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

2.4 重大會計政策概要*(續)*

業務併購及商譽*(續)*

於二零一零年一月一日後之業務併購 *(續)*

倘商譽組成現金產生單位(或現金產生單位組別)之一部分，而該單位內部分業務被出售，則出售業務相關商譽於釐定出售業務收益或虧損時列入業務之賬面值。在此情況下出售之商譽根據已出售業務及所保留現金產生單位部分之相對價值計算。

於二零一零年一月一日前但於二零零五年一月一日後之業務合併

與上述以未來適用基準應用之規定相比，於二零一零年一月一日前進行之業務合併有以下分別：

業務合併採用購買法入賬。直接歸屬於收購之交易成本，構成收購成本之一部分。非控股權益乃按比例應佔被收購方可資識別資產淨值計量。

分階段進行之業務併購乃分開入賬。任何新增之所收購應佔權益並不會影響先前已確認之商譽。

當本集團收購一項業務時，於收購時與被收購方主合約分開之嵌入式衍生工具不會被重新計量，除非業務合併導致合約條款發生變動，從而導致該合約原本規定之現金流出現大幅變動則另作別論。

2.4 Summary of Significant Accounting Policies *(continued)*

Business combinations and goodwill *(continued)*

Business combinations prior to 1 January 2010 but after 1 January 2005 *(continued)*

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract assets, financial assets, investment properties, goodwill and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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 assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.4 重大會計政策概要*(續)*

業務併購及商譽*(續)*

於二零一零年一月一日前但於二零零五年一月一日後之業務合併*(續)*

當(且僅當)本集團目前負有責任、經濟利益較可能流出，並且能夠確定可靠之估計時，方會確認或然代價。對或然代價作出的後續調整乃確認為商譽一部分。

非財務資產減值

倘有跡象顯示減值存在，或當必須為資產(存貨、建造合同資產、財務資產、投資物業、商譽及非流動資產／分類為持作出售的出售集團除外)作出年度減值測試時，則會估計資產的可收回金額。資產的可收回金額為資產或現金產生單位的使用價值與其公平值兩者的較高者減出售成本，並就個別資產而釐定，惟不可產生大體上獨立於其他資產或資產組別的現金流入的資產則除外，在此情況下，可收回金額就資產所屬的現金產生單位而釐定。

僅於資產的賬面值超逾其可收回金額時，減值虧損方予確認。評估使用價值時，估計日後現金流量乃使用可反映金額時間值的現行市場評估及該資產特有的風險的稅前折現率折現至現值。減值虧損於其產生期間自收益表與該減值資產功能一致的該等費用類別內扣除。

2.4 Summary of Significant Accounting Policies *(continued)*

Impairment of non-financial assets *(continued)*

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

2.4 重大會計政策概要*(續)*

非財務資產減值*(續)*

於各申報日期結束時均評估是否有任何跡象顯示於過往確認的減值虧損可能不再存在或可能已經減少。如該等跡象存在，則會估計可收回金額。僅於用作釐定資產的可收回金額的估計出現變動時，資產(商譽除外)過往確認的減值虧損方可撥回；惟撥回金額不得高於(倘該資產於過往年度未有確認減值虧損)將可釐定的賬面值(扣除任何折舊／攤銷)。有關減值虧損的撥回於產生期間計入收益表，除該資產按重估金額入賬，於該情況下，該重估資產減值虧損的撥回根據相關會計政策入賬。

關連人士

有關人士在下列情況下被視為與本集團有關連：

(a) 該人士直接或間接透過一名或多名中介人士(i)控制本集團、受本集團控制或與本集團受到共同控制；(ii)擁有本集團權益而可對本集團有重大影響力；或(iii)對本集團有共同控制權；

(b) 該人士為聯營公司；

(c) 該人士為共同控制實體；

(d) 該人士為本集團或其母公司的主要管理層成員；

(e) 該人士為(a)或(d)項所述任何人士的近親；

2.4 Summary of Significant Accounting Policies *(continued)*

Related parties *(continued)*

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

2.4 重大會計政策概要*(續)*

關連人士*(續)*

(f) 該人士為實體，而該實體受到(d)或(e)項所述任何人士控制、共同控制或具有重大影響力，或該實體的直接或間接主要表決權屬於上述任何人士；或

(g) 該人士為一項為本集團或為本集團的關連人士的任何實體的僱員利益而設立的離職後福利計劃。

物業、廠房和設備及折舊

物業、廠房及設備(除在建工程外)乃按成本減累計折舊及任何減值虧損列賬。物業、廠房及設備項目的成本包括其購買價及使其投入現時運作狀況及將其運往擬定用途地點的任何直接應佔成本。

物業、廠房及設備項目投入使用後所產生的開支，如維修保養費用，通常於產生期間在收益表扣除。在符合確認條件的情況下，大的檢修開支於資產賬面值資本化，作為置換。倘大部分物業、廠房及設備須定期置換，本集團確認該等部分為具備特定可使用年期及折舊之個別資產。

2.4 Summary of Significant Accounting Policies *(continued)*

Property, plant and equipment and depreciation *(continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3%
Hotel properties	4.5% to 20%
Furniture, fixtures and equipment	9% to 18%
Motor vehicles	9% to 18%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 重大會計政策概要*(續)*

物業、廠房和設備及折舊*(續)*

折舊乃以直線法於估計可使用年期撇銷各物業、廠房及設備項目的成本至其剩餘價值計算。就此而言使用的主要年率如下：

樓宇	3%
酒店物業	4.5%至20%
傢俬、裝置及設備	9%至18%
汽車	9%至18%

倘物業、廠房及設備項目的部分有不同的可使用年期，則該項目的成本以合理基準在該等部分之間分配，而各部分將會分開折舊。至少於各財政年結日檢討剩餘價值、可使用年期及折舊方法，並在適當情況下調整。

物業、廠房及設備項目及初步確認之任何重大部分於出售或預期不會從使用或出售有關項目而取得未來經濟利益時終止確認。於終止確認資產的年度內在收益表確認的任何出售或報廢該等項目的盈虧乃指銷售所得款項淨額與有關資產賬面值的差額。

在建工程指在建中的大廈，以成本減去任何減值虧損列賬，且不予折舊。成本包括直接建築成本及建築期間相關借貸的資本化借貸成本。在建工程於落成及可予使用時，會重新分類至適當的類別，如物業、廠房及設備。

2.4 Summary of Significant Accounting Policies *(continued)*

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

Properties under development

Properties under development are stated at cost less impairment losses and are not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Properties under development are transferred to the appropriate category of property, plant and equipment, investment properties or properties held for sale or properties held for finance lease when completed and ready for use.

2.4 重大會計政策概要*(續)*

投資物業

投資物業指為賺取租金收入及／或資本增值目的而持有的土地及樓宇權益(包括不符合投資物業定義的物業的經營租賃下的租賃權益)，但不包括用作生產或供應貨品或提供服務或行政管理用途；或用作於日常業務過程中出售的土地及樓宇權益。該等物業初步按成本(包括交易成本)計量。初步確認後，投資物業按反映各報告期末市場狀況的公平值列賬。

投資物業公平值變動產生的盈虧，會於產生年度計入收益表。

報廢或出售投資物業產生的任何盈虧，會於報廢或出售的年度在收益表確認。

發展中物業

發展中物業按成本減去減值虧損列賬，且不予折舊。成本包括直接建築成本及建築期間相關借貸的資本化借貸成本。發展中物業在落成及可供使用時，會轉撥至適當的類別，如物業、廠房及設備、投資物業、持作銷售物業或持作融資租賃物業。

2.4 Summary of Significant Accounting Policies *(continued)*

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land premiums under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

2.4 重大會計政策概要*(續)*

租賃

凡資產所有權(除法定業權外)的絕大部分回報及風險轉移予本集團，均列為融資租賃。於融資租賃生效時，租賃資產之成本按最低應付租金之現值資本化，並連同承擔(不包括利息部份)入賬，以反映購入及融資情況。根據資本化融資租約持有之資產(包括融資租約項下之預付土地租賃款項)均計入物業、廠房及設備，並於租期與資產之估計可使用年期(以較短者為準)內折舊。有關租賃之融資成本於收益表扣除，以便於租期內按固定比率扣除。

凡資產所有權的絕大部分回報及風險仍歸出租人所有，則有關租賃列為經營租賃。倘本集團為出租人，則本集團根據經營租賃出租的資產計入非流動資產，而經營租賃下的應收租金則以直線法於租賃期內計入收益表。倘本集團為承租人，則經營租賃下的應付租金以直線法於租賃期內在收益表扣除。

經營租賃下的預付土地出讓金初步按成本列賬，其後則以直線法於租賃期內確認。當租金不可能可靠地在土地及樓宇之間予以分配，則全部租金計入土地及樓宇成本作為物業、廠房及設備的融資租賃。

2.4 Summary of Significant Accounting Policies *(continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables. The Group determines the classification of its financial assets at initial recognition. 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.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. 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.

The Group's financial assets include cash and cash equivalents, restricted cash, trade and other receivables, loan receivables, finance lease receivables and quoted financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in other income and gains in the income statement. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policy set out for "Revenue recognition" below.

2.4 重大會計政策概要*(續)*

投資及其他財務資產

初步確認及計量

根據香港會計準則第39號，財務資產分類為透過損益以公平值列賬之財務資產、貸款及應收款項。本集團決定按初始確認分類其財務資產。財務資產在初始確認時以公平值計量，倘若不屬於透過損益以公平值列賬之財務資產，其初始成本應為可直接歸屬於該財務資產的交易成本。

所有財務資產常規買賣均於交易日確認，即本集團承諾購買或出售該項資產的日期。常規買賣乃指需按法規規定或市場慣例在一定期間內轉移資產的財務資產買賣交易。

本集團的財務資產包括現金及現金等價物、受限制現金、應收貿易賬款及其他應收款項、應收貸款、融資租賃應收款項以及有報價金融工具。

其後計量

其後計量的財務資產視其以下分類而定：

透過損益以公平值列賬之財務資產

透過損益以公平值列賬之財務資產，包括持作買賣的財務資產。倘財務資產的收購目的為於短期內出售，則分類為持作買賣。透過損益以公平值列賬之財務資產於財務狀況表按公平值列賬，而公平值變動於收益表內確認。該等公平淨值變動並未包括根據下文「收入確認」所載政策確認的該等金融資立的任何股息或所賺取的利息。

2.4 Summary of Significant Accounting Policies *(continued)*

Investments and other financial assets *(continued)*

Financial assets at fair value through profit or loss *(continued)*

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The loss arising from impairment is recognised in the income statement in other expenses.

2.4 重大會計政策概要*(續)*

投資及其他財務資產*(續)*

透過損益以公平值列賬之財務資產 *(續)*

本集團評估透過損益以公平值列賬之其財務資產(持作買賣)以估計其是否仍適合於短期內出售。當市場不活躍及管理層出售有關資產之意圖在可見將來會發生重大變動，致使本集團無法買賣此等財務資產，本集團或會於少數情況下對其重新分類。透過損益以公平值列賬之財務資產會根據資產性質而重新分類至貸款及應收款項、可供出售財務資產或持有至到期日投資。

貸款及應收款項

貸款及應收款項指具有固定或可確定收回金額但無活躍市場報價的非衍生性財務資產。初步計量後，該等資產其後以實際利率法計算的攤餘成本減去任何減值撥備計量。計量攤餘成本時已考慮到收取時產生的任何折價或溢價，包括構成實際利率一部分的費用或成本。實際利率攤銷計入收益表中的財務收入內。減值虧損在收益表的融資成本中確認。

2.4 Summary of Significant Accounting Policies *(continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 重大會計政策概要*(續)*

終止確認財務資產

財務資產(或(如適用)財務資產的一部分或同類財務資產組別的一部分)在下列情況下終止確認：

- 從資產收取現金流量的權利屆滿時；或

- 本集團已轉讓其收取該項資產所得現金流量的權利，或須根據一項「轉付」安排，有責任在無重大延誤情況下將所收取現金流量悉數付予第三方；及(a)本集團已轉讓該項資產的絕大部分風險及回報，或(b)本集團並無轉讓或保留該項資產的絕大部分風險及回報，但已轉讓該項資產的控制權。

當本集團已轉讓其收取該項資產所得現金流量的權利或已訂立一項轉付安排，但並無轉讓或保留該項資產的絕大部分風險及回報，且並無轉讓該項資產的控制權，該項資產將按本集團於資產的持續參與而確認入賬。在此情況下，本集團亦確認相關負債。已轉讓的資產及相關負債按反映本集團已保留的權利及責任的基準計量。

持續參與指就已轉讓資產作出的保證，並按該項資產的原賬面值及本集團或須償還的代價數額上限(以較低者為準)計算。

2.4 Summary of Significant Accounting Policies *(continued)*

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2.4 重大會計政策概要*(續)*

財務資產減值

本集團於各申報期間結束時對資產進行評估，以判斷是否存在客觀證據表明某項財務資產或某組財務資產可能已減值。當有客觀跡象顯示由於其初始確認後發生一項或多項事件(發生之「損失事件」)致使某項財務資產或一組財務資產能可靠估計的預計未來現金流量受影響而發生減值，則有關財務資產或一組財務資產被視為已減值。減值證據可能包括債務人或一組債務人出現重大財政困難、違約或拖欠利息或本金付款，有面臨破產或進行其他財務重組之可能以及有公開資料表明其預計未來現金流量已出現可計量之減幅，如債務人支付能力或所處經濟環境惡化。

按攤銷成本入賬的財務資產

對於按攤銷成本列賬的財務資產，本集團首先對個別金額屬重大的財務資產單獨評估是否有客觀減值證據，或對個別金額屬不重大的財務資產共同進行評估。倘本集團認定單獨評估的財務資產並不存在客觀減值證據，無論其金額是否重大，亦應當包括具有類似信貸風險特性的財務資產組合內的資產進行集體減值評估。已個別進行減值測試及已確認減值虧損或繼續確認減值虧損的資產不應進行集體減值評估。

2.4 Summary of Significant Accounting Policies *(continued)*

Impairment of financial assets *(continued)*

Financial assets carried at amortised cost *(continued)*

If there is objective evidence that an impairment loss 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). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other expenses in the income statement.

2.4 重大會計政策概要*(續)*

財務資產減值*(續)*

按攤銷成本入賬的財務資產*(續)*

倘有客觀跡象顯示已發生減值虧損，虧損金額按該資產的賬面值與所估計未來現金流量(不包括尚未發生的未來信貸虧損)的現值兩者的差額計算。估計未來現金流量的現值按該財務資產的原實際利率(即初始確認時使用的實際利率)折現。對於浮動利率貸款，在計算減值虧損時可採用現行實際利率作為折現率。

該資產的賬面值乃透過使用撥備賬扣減，而虧損金額則於收益表確認。利息收入應繼續按照計量減值虧損時對未來現金流量進行折現採用的折現率為基準按扣減後的賬面值計算。當未來收回並無實質展望時，則撇銷貸款及應收款項及任何有關撥備，且所有抵押品已變現或轉讓予本集團。

倘在後續期間，確認減值後發生致使估計減值虧損金額增加或減少的事件，則調整撥備賬以增加或減少先前確認的減值虧損。倘未來撇銷款項其後收回，則收回金額於收益表以其他開支入賬。

2.4 Summary of Significant Accounting Policies *(continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, senior notes, and interest-bearing bank and other borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

2.4 重大會計政策概要*(續)*

財務負債

初步確認及計量

香港會計準則第39號範疇內的財務負債分類為按公平值計入損益的財務負債、貸款及借貸。本集團於初步確認時釐定其財務負債分類方式。

所有財務負債乃按公平值初步確認，而倘為貸款及借貸，則直接計入應佔交易成本。

本集團的財務負債包括貿易及其他應付款項、優先票據以及計息銀行及其他借貸。

其後計量

財務負債的計量取決於其分類如下：

貸款及借貸

於初步確認後，計息貸款及借貸其後用實際利率法按攤銷成本計量，惟倘貼現影響並不重大，則於該情況下，財務負債按成本列賬。損益乃於負債終止確認及於實際利率法攤銷過程中於收益表中確認。

攤銷成本乃計算自收購的任何折扣或溢價及屬於實際利率構成部分的費用或成本。實際利率攤銷乃計入收益表中的財務費用內。

2.4 Summary of Significant Accounting Policies *(continued)*

Financial liabilities *(continued)*

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When 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 a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 重大會計政策概要*(續)*

財務負債*(續)*

財務擔保合同

本集團發行的財務擔保合同乃規定於特定債務人未能按照債務票據條款於到期時支付款項時須支付款項以補償持有人所蒙受損失。財務擔保合同初步以公平值確認為負債，並按與發出財務擔保合同有直接關係的交易成本予以調整。在初步確認後，本集團對財務擔保合同的計量以(i)於申報期間結束時履行有關責任的最佳估計開支金額；及(ii)按初步確認金額減(如適用)累計攤銷，兩者之較高者計算。

終止確認財務負債

當負債項下的責任已解除、取消或期滿，則終止確認財務負債。

如現有財務負債被同一貸款人按條款大部分不同的另一項財務負債取代，或現有負債的條款被大幅修改，有關置換或修改會被視作終止確認原有負債並確認新負債，而其各自賬面值間的差額於收益表確認。

金融工具的抵銷

當目前有可執行法定權利以抵銷已確認金額並擬按淨額基準結算，或同時將資產變現及償還負債時，財務資產及財務負債會互相抵銷，並在財務狀況表內以淨額列示。

2.4 Summary of Significant Accounting Policies *(continued)*

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

Properties held for sale and held for finance lease

Properties held for sale and held for finance lease are classified as current assets and are stated at the lower of cost and net realisable value. Cost includes all development expenditure, applicable borrowing costs and other direct costs attributable to such properties. Net realisable value is determined by reference to the prevailing market prices, on an individual property basis.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 重大會計政策概要*(續)*

金融工具的公平值

於活躍市場買賣的金融工具的公平值參照市場報價或交易商的報價表(好倉的買入價及淡倉的賣出價)而釐定，並且不會扣除任何交易成本。就無活躍市場的金融工具而言，則使用適當的估值技術釐定公平值。該等技術包括使用近期公平的市場交易；參照大致相同的另一工具的目前市值；折算現金流量分析；及期權定價模式。

持作銷售及持作融資租賃物業

持作銷售及持作融資租賃物業分類為流動資產，並按成本及可變現淨值兩者的較低者列賬。成本包括所有發展開支、適用的借貸成本及該等物業應佔的其他直接成本。可變現淨值乃參考當前市價按個別物業基準釐定。

現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金及活期存款，以及可隨時轉換為已知金額現金的短期高流動性投資，該筆現金承受價值轉變的較低風險，一般於收購起計三個月內到期，並已減去須應要求償還的銀行透支，而成為本集團現金管理的一部分。

就財務狀況表而言，現金及現金等價物包括手頭現金及銀行存款，當中包括定期存款及性質與現金相類的資產，該等存款用途不受限制。

2.4 Summary of Significant Accounting Policies *(continued)*

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or 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, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 重大會計政策概要*(續)*

撥備

撥備乃於本集團因以往的事件導致現行的責任(不論法定或推定)產生，並將有可能需要於日後作出資源流出以履行責任時確認，惟須可靠地估計有關責任的金額。

倘折現的影響重大，確認為撥備的金額則為預期須用作履行責任的日後開支於報告期末的現值。折現的現值因時間流逝而產生的升幅，乃於收益表中列作融資成本。

所得税

所得税包括即期及遞延税項。於損益以外確認項目相關的所得税於損益以外之其他全面收入或直接於權益確認。

即期及過往期間的即期税項資產和負債按預期可自税務機關收回或須支付予税務機關的金額，基於申報期間結束時已頒佈或實際已頒佈的税率(和税法)，計及本集團營運所在國家現行詮釋及慣例計量。

在申報期間結束時，資產與負債的税基與作為財務報告用途的資產與負債賬面值之間的全部暫時性差異，須按負債法計提遞延税項撥備。

2.4 Summary of Significant Accounting Policies *(continued)*

Income tax *(continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 重大會計政策概要*（續）*

所得税*（續）*

所有應課税暫時性差異均確認為遞延税項負債，惟下列各項除外：

- 倘若遞延税項負債的起因，是由於商譽而產生，或在一宗非屬業務合併的交易中初步確認資產或負債，而於進行交易時，對會計利潤或應課税利潤或虧損均無影響；及

- 對於與於附屬公司及聯營公司的投資及於合營公司的權益有關的應課税暫時性差異而言，倘若撥回暫時性差異的時間可以控制，而暫時性差異不甚可能在可見將來撥回。

對於所有可扣減暫時性差異、結轉未動用税項抵免及未動用税項虧損，若日後有可能出現應課税利潤，可用以抵銷該等可扣減暫時性差異、結轉未動用税項抵免及未動用税項虧損，則遞延税項資產確認入賬，惟下列各項除外：

- 倘若有關可扣減暫時性差異的遞延税項資產的起因，是由於在一宗非屬業務合併的交易中初步確認資產或負債，而於進行交易時，對會計利潤或應課税利潤或虧損均無影響；及

- 對於與於附屬公司及聯營公司的投資及於合營公司的權益有關的可扣減暫時性差異而言，只有在暫時性差異有可能在可見將來撥回，而且日後有可能出現應課税利潤，可用以抵銷該等暫時性差異時，方會確認遞延税項資產。

2.4 Summary of Significant Accounting Policies *(continued)*

Income tax *(continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of completed properties, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the properties sold;

(b) rental income, on a time proportion basis over the lease terms;

2.4 重大會計政策概要*(續)*

所得稅*(續)*

遞延稅項資產的賬面值，在各申報期間結束時予以審閱，若不再可能有足夠應課稅利潤可用以抵扣全部或部分遞延稅項資產，則扣減遞延稅項資產賬面值。過往未予確認的遞延稅項資產於各申報期間結束時重新評估，而在可能有足夠應課稅利潤可用以抵扣全部或部分遞延稅項資產，則確認過往未予確認的遞延稅項資產。

變現資產或清償負債的期間預期適用的稅率，會用作計量遞延稅項資產及負債，並以申報期間結束時已經生效或大致上已經生效的稅率(及稅法)為基準。

倘存在可依法執行的權利將即期稅項資產與即期稅項負債抵銷，而遞延稅項與相同應課稅實體及相同稅務機關有關，則遞延稅項資產及遞延稅項負債互相抵銷。

收入確認

收入乃於經濟利益有可能流入本集團，並能夠可靠地計量收入之時，按下列基準確認：

(a) 來自銷售竣工物業的收入，於所有權的重大風險及回報已轉移予買家，而本集團並不保留通常與所有權有關的管理權或對已售物業的有效控制；

(b) 租金收入，在租賃期內按時間比例基準；

2.4 Summary of Significant Accounting Policies *(continued)*

Revenue recognition *(continued)*

(c) finance lease income, when the significant risks and rewards incidental to ownership of the properties have been transferred to the lessee;

(d) property management service and other fee income, when the services have been rendered;

(e) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(f) revenue from hotel operation and the provision of related services, when the services have been rendered.

Share-based payment transactions

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the Group as consideration cannot be specifically identified, the unidentifiable goods or services are measured as the difference between the fair value of the share-based payment transaction and the fair value of any identifiable goods or services received at the grant date.

2.4 重大會計政策概要*(續)*

收入確認*(續)*

(c) 融資租賃收入，當物業擁有權相關的主要風險及回報已轉移予承租人；

(d) 物業管理服務及其他費用收入，於提供服務時；

(e) 利息收入，以累計基準計算，於金融工具的預期年期或較短期間(如適用)內採用實際利息法按估計未來現金收入準確折現至財務資產賬面淨額的折現率；及

(f) 酒店營運及提供相關服務收入，於提供服務時。

以股份形式付款的交易

本公司營運一項購股權計劃，向為本集團業務成就作出貢獻的合資格參與者提供獎勵及報酬。本集團僱員(包括董事)按以股份形式付款的交易方式收取薪酬，僱員以提供服務作為權益工具的代價(「以權益結算的交易」)。

當發行權益工具及本集團收取的若干或所有貨品的代價無法具體識別時，該無法識別的貨品或服務按以股份形式付款的交易方式的公平值與任何可識別的貨品或服務授出日期的公平值差異計量。

2.4 Summary of Significant Accounting Policies *(continued)*

Share-based payment transactions *(continued)*

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using an appropriate pricing model, further details of which are given in note 35 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

2.4 重大會計政策概要*(續)*

以股份形式付款的交易*(續)*

與僱員之間於2002年11月7日後的以權益結算的交易成本乃參考授出日期的公平值計量。公平值乃由外聘估值師採用適當定價模式釐定，進一步詳情載於財務報表附註35。

以權益結算的交易成本連同相應的權益增值於達致表現及／或服務條件期間確認。於各申報期間結束時就直至歸屬日期以權益結算的交易確認的累計開支反映歸屬期的屆滿情況及本集團對最終將歸屬的權益工具數目的最佳估計。就某期間在收益表內扣除或計入的金額，為該期間期初及期末確認的累計開支變動。

不會就最終未有歸屬的獎勵確認任何開支，惟歸屬乃視乎市況或非歸屬條件而定者除外，有關獎勵不論市況如何或非歸屬條件是否達成，均視作已歸屬，前題是所有其他表現及／或服務條件均已達成。

當以權益結算的獎勵的條款經修改，倘符合獎勵的原有條款，則會確認微不足道的開支，猶如條款未經修改。此外，就引致以股份形式付款的交易的總公平值上升或以其他方式對僱員有利的任何改動(以改動當日的計量為準)確認開支。

2.4 Summary of Significant Accounting Policies *(continued)*

Share-based payment transactions *(continued)*

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 10% to 20% of their respective payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

2.4 重大會計政策概要*(續)*

以股份形式付款的交易*(續)*

當一項以權益結算的獎勵註銷，會被視作猶如於註銷當日歸屬，及並未就獎勵確認的任何開支將即時確認。此乃包括受本集團或僱員控制的非歸屬條件未能達成的任何獎勵。然而，如一項新獎勵取代一項註銷獎勵，並於授出當日界定為取替的獎勵，如上段所述，註銷及新獎勵兩者會被視為原有獎勵的改動。所有註銷以權益結算的交易獎勵將獲公平處理。

尚未行使購股權的攤薄影響於計算每股盈利時反映為額外股份攤薄。

其他僱員福利

退休金計劃

本集團根據強制性公積金計劃條例為其所有僱員參與強制性公積金計劃(「強積金計劃」)營運一項定額供款強積金計劃。供款按僱員基本薪金的若干百分比作出，並於根據強積金計劃規則的規定於應付時自收益表扣除。強積金計劃的資產乃與本集團資產分開以獨立管理基金持有。本集團對強積金計劃作出的僱主供款，在供款作出時全數歸屬僱員。

本集團旗下在中國大陸營運的附屬公司的僱員，須參與由地方市政府營運的中央公積金計劃。該等附屬公司須按彼等各自的支薪成本的10%至20%，對中央公積金計劃作出供款。供款須按照中央公積金計劃規則的規定於應付時在收益表內扣除。

2.4 Summary of Significant Accounting Policies *(continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 重大會計政策概要*(續)*

借貸成本

因收購、建設或生產合資格資產(即須頗長期間準備方可用作其擬定用途或銷售的資產)直接產生的借貸成本，乃作為該等資產的部分成本予以資本化。當資產大致達到擬定用途或銷售時，該等借貸成本則不再予以資本化。待作出合資格資產開支的特定借貸臨時投資所賺取的投資收入於借貸成本資本化時扣除。所有其他借貸成本會於發生當期支銷。借貸成本包括利息及其他由公司借貸資金而產生之費用。

股息

董事建議的末期股息將於財務狀況表中權益項目下的保留利潤分類為獨立分配，直至該等股息於股東大會上獲股東批准為止。倘此等股息獲股東批准及宣派，將被確認為一項負債。

由於本公司組織章程大綱及細則授權董事宣派中期股息，故中期股息可同步建議及宣派。因此，中期股息於擬派及宣派時即時確認為負債。

2.4 Summary of Significant Accounting Policies *(continued)*

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries, jointly-controlled entities and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

2.4 重大會計政策概要*(續)*

外幣

此等財務報表按港元呈列，而港元為本公司的功能及呈列貨幣。本集團內各實體決定其本身的功能貨幣，而各實體的財務報表內各項目均使用該功能貨幣計量。本集團實體所入賬的外幣交易初步按交易日期其各自的功能貨幣匯率入賬。以外幣為單位的貨幣資產及負債，乃按報告期末的功能貨幣匯率重新換算。全部差額撥入收益表。

按外幣的歷史成本計量的非貨幣項目按最初交易當日的匯率換算。按外幣公平值計量的非貨幣項目按釐定公平值當日的匯率換算。

若干海外附屬公司、共同控制實體及聯營公司的功能貨幣為港元以外的貨幣。於申報期間結束時，該等實體的資產及負債按申報期間結束時的匯率換算為本公司的呈列貨幣，而該等公司的收益表按該年度的加權平均匯率換算為港元。

所產生的匯兑差額確認為其他全面收入，並計入匯兑波動儲備。出售海外實體時，在權益確認有關該特定海外業務的遞延累計金額在收益表確認。

2.4 Summary of Significant Accounting Policies *(continued)*

Foreign currencies *(continued)*

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

2.4 重大會計政策概要*(續)*

外幣*(續)*

就綜合現金流量表而言，海外附屬公司的現金流量按現金流量日期的匯率換算為港元。海外附屬公司於年內經常產生的現金流量則按該年度的加權平均匯率換算為港元。

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

3. 重大會計判斷及估計

編製本集團財務報表時需管理層作出影響於報告期末的收入、費用、資產及負債以及披露或然負債之呈報金額的判斷、預計及假設。然而，此等假設及預計的不明朗因素將引致受影響之資產或負債賬面值於將來或作出重大調整。

判斷

在應用本集團的會計政策的過程中，除該等涉及估計者外，管理層已作出下列對財務報表確認的金額有最重大影響的判斷：

經營租賃承擔 — 本集團作為出租人

本集團已就其投資物業組合訂立商業物業租賃。根據對該等安排的條款及條件作出的評估，本集團已釐定，按照經營租賃出租的該等物業所有權的所有重大風險及回報仍歸本集團所有。

3. Significant Accounting Judgements and Estimates *(continued)*

Judgements *(continued)*

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, 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.

3. 重大會計判斷及估計*(續)*

判斷*(續)*

投資物業與業主自用物業之間的分類

本集團釐定物業是否符合投資物業的條件，並已制定出一套判斷準則。投資物業是持作賺取租金或資本增值或兩者俱備的物業。因此，本集團考慮物業產生現金流量時是否大體獨立於本集團持有的其他資產。某些物業的部分是為賺取租金或資本增值而持有，而另一部分是為用於生產或供應貨品或服務或作行政用途而持有。倘若此等部分可以分開出售或根據融資租賃分開出租，本集團將把有關部分分開入賬。倘若該等部分無法分開出售，則僅在非主要部分持作生產或供應貨品或服務或作行政用途時，有關物業方會列作投資物業。本集團按個別基準對物業作出判斷，以決定配套服務是否重要，以致物業不符合投資物業資格。

估計的不確定因素

有關未來的主要假設以及於申報期間結束時存在重大風險導致於下一個財政年度對資產及負債的賬面值作出重大調整的其他主要估計不確定因素來源在下文論述。

3. Significant Accounting Judgements and Estimates *(continued)*

Estimation uncertainty *(continued)*

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 March 2011 was HK$20,066,000 (2010: HK$20,066,000). Further details are given in note 18.

Estimation of fair value of investment properties

The Group engaged Savills Valuation and Professional Services Limited ("Savills"), independent professionally qualified valuers, to perform the valuation of the Group's investment properties at the end of the reporting period. The carrying amount of investment properties at 31 March 2011 was HK$11,285,288,000 (2010: HK$9,077,250,000).

3. 重大會計判斷及估計*(續)*

估計的不確定因素*(續)*

商譽減值

本集團至少每年釐定商譽是否減值。這需要對獲分配商譽的現金產生單位使用價值作出估計。估計使用價值時，本集團須對現金產生單位的預期未來現金流量作出估計，亦須選擇適當的折現率以計算該等現金流量的現值。於2011年3月31日，商譽的賬面值為20,066,000港元(2010年：20,066,000港元)。詳情載於附註18。

投資物業公平值估計

本集團委聘獨立專業合資格估值師第一太平戴維斯估值及專業顧問有限公司(「第一太平戴維斯」)進行本集團投資物業於申報期間結束時的估值。於2011年3月31日，投資物業的賬面值為11,285,288,000港元(2010年：9,077,250,000港元)。

4. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

(a) the property development segment engages in the development of integrated logistics and trade centers and supporting residential properties;

(b) the property investment segment invests in integrated logistics and trade centers and supporting facilities;

(c) the property management segment engages in the management of the Group's developed properties;

4. 營運分部資料

就管理而言，本集團按其產品及服務劃分為不同的業務單位，並具備以下五個可申報營運分部：

(a) 物業發展分部發展綜合商貿物流中心及配套住宅物業；

(b) 物業投資分部投資綜合物流及展示交易中心及配套設施；

(c) 物業管理分部管理本集團的已建成物業；

4. Operating Segment Information *(continued)*

(d) the hotel operation segment engages in the provision of hotel services; and

(e) the "others" segment comprises, principally, the provision of exhibition and other services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax from continuing operations. The adjusted profit/(loss) before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that interest income, finance costs, fair value gains from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, cash and cash equivalents, equity investments at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, senior notes, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

No geographical segment analysis is presented as the majority of the assets and operation of the Group are located in PRC, which is considered as one geographical location in an economic environment with similar risk and returns.

4. 營運分部資料*(續)*

(d) 酒店營運分部提供酒店服務；及

(e) 「其他」分部基本上包括提供展覽及其他服務。

管理層會獨立監察營運分部之業績而作出資源分配決定及評定其表現。分部表現乃根據可呈報分部利潤／(虧損)(即來自持續經營業務的經調整稅前利潤／(虧損))評估。來自持續經營業務的經調整稅前利潤／(虧損)與本集團來自持續經營業務的稅前利潤計量方式一致，惟利息收入、融資成本、本集團金融工具公平值收益以及總辦事處及公司開支均無計算在內。

分部資產不包括遞延稅項資產、現金及現金等價物、透過損益以公平值列賬之股本投資及其他未分配總辦事處及公司資產，原因為該等資產按集團整體管理。

分部負債不包括計息銀行及其他借貸、優先票據、應付稅項、遞延稅項負債及其他未分配總辦事處及公司負債，原因為該等負債按集團整體管理。

分部間銷售及轉讓乃參考當時向第三方按市價作出銷售的售價進行。

由於本集團的大部分資產及經營均位於中國(被視為處於具類似風險及回報的經濟環境的一個地理位置)，本集團並無呈列地理分部分析。

4. Operating Segment Information *(continued)* 4. 營運分部資料*(續)*

Year ended 31 March 2011 截至2011年3月31日止年度		Property development 物業發展 HK$'000 千港元	Property investment 物業投資 HK$'000 千港元	Property management 物業管理 HK$'000 千港元	Hotel operation 酒店營運 HK$'000 千港元	Others 其他 HK$'000 千港元	Total 總計 HK$'000 千港元
Segment revenue:	**分部收入：**						
Sales to external customers	對外部客戶銷售	2,046,309	133,453	30,695	21,670	1,906	2,234,033
Intersegment sales	分部間銷售	—	—	21,200	30,912	—	52,112
		2,046,309	133,453	51,895	52,582	1,906	2,286,145
Elimination of intersegment sales	分部間銷售對銷						(52,112)
Revenue	收入						2,234,033
Segment results before increase in fair value of investment properties	投資物業公平值增加前分部業績	1,315,764	61,964	(33,158)	(13,427)	1,905	1,333,048
Increase in fair value of investment properties	投資物業公平值增加	—	1,464,168	—	—	—	1,464,168
Segment results after increase in fair value of investment properties	投資物業公平值增加後分部業績	1,315,764	1,526,132	(33,158)	(13,427)	1,905	2,797,216
Interest income	利息收入						9,978
Unallocated income	未分配收入						29,521
Unallocated expense	未分配開支						(354,450)
Finance costs	融資成本						(30,495)
Share of profit of a jointly-controlled entity	應佔一間共同控制實體利潤						1,337
Share of losses of associates	應佔聯營公司虧損						(331)
Profits before tax	税前利潤						2,452,776
Segment assets	**分部資產**	1,950,534	14,243,061	2,255	67,041	119	16,263,010
Reconciliation:	*對賬：*						
Investments in jointly-controlled entities	於共同控制實體的投資						11,106
Investments in associates	於聯營公司的投資						(1,177)
Unallocated assets	未分配資產						5,110,958
Total assets	資產總額						21,383,897
Segment liabilities	**分部負債**	163,091	3,004,583	8,837	2,664	189	3,179,364
Reconciliation:	*對賬：*						
Unallocated liabilities	未分配負債						7,586,497
Total liabilities	負債總額						10,765,861
Other segment information:	**其他分部資料：**						
Depreciation and amortisation	折舊及攤銷	—	6,327	590	10,812	121	17,850
Corporate and other unallocated amounts	公司及其他未分配金額						17,601
							35,451
Increase in fair value of investment properties	投資物業公平值增加	—	1,464,168	—	—	—	1,464,168

4. Operating Segment Information *(continued)* 4. 營運分部資料*(續)*

Year ended 31 March 2010 **截至2010年3月31日止年度**		Property development 物業發展 HK$'000 千港元	Property investment 物業投資 HK$'000 千港元	Property management 物業管理 HK$'000 千港元	Hotel operation 酒店營運 HK$'000 千港元	Others 其他 HK$'000 千港元	Total 總計 HK$'000 千港元
Segment revenue:	**分部收入：**						
Sales to external customers	對外部客戶銷售	1,419,353	101,277	24,523	22,930	2,146	1,570,229
Intersegment sales	分部間銷售	—	—	—	4,994	—	4,994
		1,419,353	101,277	24,523	27,924	2,146	1,575,223
Elimination of intersegment sales	分部間銷售對銷						(4,994)
Revenue	收入						1,570,229
Segment results before increase in fair value of investment properties	投資物業公平值增加前分部業績	991,400	30,126	(24,656)	(16,309)	2,146	982,707
Increase in fair value of investment properties	投資物業公平值增加	—	1,308,543	—	—	—	1,308,543
Segment results after increase in fair value of investment properties	投資物業公平值增加後分部業績	991,400	1,338,669	(24,656)	(16,309)	2,146	2,291,250
Interest income	利息收入						6,449
Unallocated income	未分配收入						143,985
Unallocated expense	未分配開支						(296,696)
Finance costs	融資成本						(32,982)
Share of profits and losses of jointly-controlled entities	應佔共同控制實體利潤及虧損						1,287
Share of loss of an associate	應佔一間聯營公司虧損						(302)
Profits before tax	稅前利潤						2,112,991
Segment assets	**分部資產**	1,139,450	11,065,178	2,666	75,828	1,278	12,284,400
Reconciliation:	*對賬：*						
Investments in jointly-controlled entities	於共同控制實體的投資						8,980
Investments in associates	於聯營公司的投資						(803)
Unallocated assets	未分配資產						4,007,191
Total assets	資產總額						16,299,768
Segment liabilities	**分部負債**	22,505	2,261,885	6,197	7	5,268	2,295,862
Reconciliation:	*對賬：*						
Unallocated liabilities	未分配負債						4,977,221
Total liabilities	負債總額						7,273,083
Other segment information:	**其他分部資料：**						
Depreciation and amortisation	折舊及攤銷	—	254	645	18,852	216	19,967
Corporate and other unallocated amounts	公司及其他未分配金額						17,327
							37,294
Increase in fair value of investment properties	投資物業公平值增加	—	1,308,543	—	—	—	1,308,543

5. Revenue, Other Income and Gains

Revenue, which is also the Group's turnover, represents the net sales of completed properties, finance lease income, rental income, hotel income and income from the provision of property management services and other fee income, net of business tax.

An analysis of revenue, other income and gains is as follows:

5. 收入、其他收入及收益

收入（亦即本集團的營業額），指扣除營業稅後竣工物業銷售淨額、融資租賃收入、租金收入、酒店收入及提供物業管理服務收入及其他費用收入。

收入、其他收入及收益分析如下：

		Note 附註	For the year ended 31 March 截至3月31日止年度 **2011** **HK$'000** **千港元**	 2010 HK$'000 千港元
Revenue	**收入**			
Sale of properties	物業銷售		**1,832,580**	1,408,108
Finance lease income	融資租賃收入		**213,729**	11,245
Rental income	租金收入		**133,453**	101,277
Hotel income	酒店收入		**21,670**	22,930
Property management service income	物業管理服務收入		**30,695**	24,523
Other fee income	其他費用收入		**1,906**	2,146
			2,234,033	1,570,229
Other income	**其他收入**			
Interest income from:	來自下列各項的利息收入：			
Banks	銀行		**5,700**	1,049
Loan receivables	應收貸款		**4,278**	5,400
Others	其他		**9,423**	4,646
			19,401	11,095
Gains	**收益**			
Gains on held for trading investments at fair value through profit or loss	透過損益以公平值列賬之持作買賣投資收益		**20,098**	2,630
Gain on restructuring and buying back of interest-bearing notes	重組及購回計息票據的收益		**—**	136,709
			20,098	139,339
			39,499	150,434
Fair value gains on investment properties	**投資物業公平值收益**	15	**1,464,168**	1,308,543

6. Profit Before Tax

The Group's profit before tax is arrived at after charging/(crediting):

6. 稅前利潤

本集團的稅前利潤已扣除╱(計入)下列各項：

		Notes 附註	For the year ended 31 March 截至3月31日止年度 2011 HK$'000 千港元	2010 HK$'000 千港元
Cost of properties sold	已售物業成本		**610,004**	422,031
Cost of properties held for finance lease	融資租賃物業成本		**120,541**	5,922
Cost of service provided	提供服務成本		**170,440**	159,569
Depreciation	折舊	14	**35,638**	37,355
Less: Depreciation capitalised in respect of properties under development	*減：*就發展中物業資本化折舊		**(187)**	(61)
			35,451	37,294
Amortisation of prepaid land premiums	預付土地出讓金攤銷	17	**180**	162
Minimum lease payments under operating leases in respect of land and buildings and vehicles	土地及樓宇及汽車經營租賃下的最低租金		**6,853**	7,414
Auditors' remuneration	核數師薪酬		**3,018**	2,330
Employee benefit expense (including directors' remuneration):	僱員福利開支（包括董事薪酬）：			
Wages and salaries*	工資及薪金*		**136,227**	109,633
Equity-settled share option expense	以權益結算的購股權開支		**396**	3,294
Pension scheme contributions	退休金計劃供款		**6,739**	3,070
			143,362	115,997
Foreign exchange differences, net	外匯差額淨額		**(2,838)**	(3,931)
Provision for impairment of trade receivables**	應收貿易賬款減值撥備**		**34,959**	25,468
Loss on disposal of items of property, plant and equipment	出售物業、廠房及設備項目虧損		**3,250**	369
Written back of impairment of investment in a jointly-controlled entity**	於一家共同控制實體的投資減值撥回**		**(393)**	(41)

* Included amounts of HK$22,718,000 and HK$7,076,000 for the years ended 31 March 2011 and 2010, respectively, which were capitalised under properties under development.

** Included in "other expenses" in the consolidated income statement.

* 包括截至2011年及2010年3月31日止年度的金額分別22,718,000港元及7,076,000港元，已予以資本化計入發展中物業。

** 計入綜合收益表「其他開支」項內。

7. Finance Costs

An analysis of finance costs is as follows:

7. 融資成本

融資成本之分析如下：

		For the year ended 31 March 截至3月31日止年度 2011 HK$'000 千港元	2010 HK$'000 千港元
Interest on bank and other borrowings, net	銀行及其他借貸利息淨額		
Wholly repayable within five years	須於五年內全數償還	**198,528**	166,691
Wholly repayable beyond five years	須於五年後全數償還	**19,360**	17,389
Interest on senior notes	優先票據利息	**57,196**	—
Interest on interest-bearing notes	計息票據利息	**—**	72,581
Less: Interest capitalised	*減*：資本化利息	**(244,589)**	(223,679)
Total	總計	**30,495**	32,982

8. Directors' Emoluments

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

8. 董事薪金

根據上市規則及香港公司條例第161條，於本年度的董事薪酬披露如下：

		For the year ended 31 March 截至3月31日止年度 2011 HK$'000 千港元	2010 HK$'000 千港元
Fees	袍金	**3,652**	1,350
Other emoluments:	其他酬金：		
Salaries, allowances, and benefits in kind	薪金、津貼及實物福利	**9,400**	9,163
Performance-related bonuses*	與表現掛鈎的花紅*	**12,099**	6,714
Equity-settled share option expense	以權益結算的購股權開支	**—**	2,416
Pension scheme contributions	退休金計劃供款	**24**	24
		25,175	19,667

* Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the Group's consolidated net profit after taxation and non-controlling interests but before extraordinary items of the financial year.

* 本公司若干執行董事有權收取按本集團除稅及非控股權益後但計及本財政年度非經常性項目前綜合淨利潤百分比釐定的花紅。

8. Directors' Emoluments *(continued)*

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

8. 董事薪金(*續*)

(a) 獨立非執行董事

年內付予獨立非執行董事的袍金如下：

		For the year ended 31 March 截至3月31日止年度	
		2011	2010
		HK$'000	HK$'000
		千港元	千港元
Shi Wan Peng	石萬鵬	**300**	150
Leung Kwan Yuen Andrew	梁君彥	**300**	150
Li Wai Keung	李偉強	**300**	150
		900	450

There were no other emoluments payable to the independent non-executive directors during the year (2010: Nil).

年內，概無其他應付獨立非執行董事的薪金(2010年：無)。

8. Directors' Emoluments *(continued)*

(b) Executive directors and non-executive directors

8. 董事薪金*(續)*

(b) 執行董事及非執行董事

		Fees 袍金 HK$'000 千港元	Salaries, allowances, and benefits in kind 薪金、津貼及實物福利 HK$'000 千港元	Performance-related bonuses 與表現掛鈎的花紅 HK$'000 千港元	Equity-settled share option expense 以權益結算的購股權開支 HK$'000 千港元	Pension scheme contributions 退休金計劃供款 HK$'000 千港元	Total 總計 HK$'000 千港元
2011	**2011年**						
Executive directors:	執行董事：						
Cheng Chung Hing	鄭松興	—	3,900	5,632	—	12	9,544
Leung Moon Lam	梁滿林	—	3,900	5,632	—	12	9,544
Xu Yang	許揚	—	1,600	835	—	—	2,435
		—	9,400	12,099	—	24	21,523
Non-executive directors:	非執行董事：						
Ma Kai Cheung	馬介璋	1,000	—	—	—	—	1,000
Sun Kai Lit Cliff	孫啟烈	600	—	—	—	—	600
Ma Wai Mo	馬偉武	600	—	—	—	—	600
Cheng Tai Po	鄭大報	552	—	—	—	—	552
		2,752	—	—	—	—	2,752
		2,752	9,400	12,099	—	24	24,275

8. Directors' Emoluments *(continued)*

(b) Executive directors and non-executive directors *(continued)*

8. 董事薪金*（續）*

(b) 執行董事及非執行董事*（續）*

		Fees 袍金 HK$'000 千港元	Salaries, allowances, and benefits in kind 薪金、津貼及實物福利 HK$'000 千港元	Performance-related bonuses 與表現掛鈎的花紅 HK$'000 千港元	Equity-settled share option expense 以權益結算的購股權開支 HK$'000 千港元	Pension scheme contributions 退休金計劃供款 HK$'000 千港元	Total 總計 HK$'000 千港元
2010	2010年						
Executive directors:	執行董事：						
Cheng Chung Hing	鄭松興	—	3,900	3,357	1,208	12	8,477
Leung Moon Lam	梁滿林	—	3,900	3,357	1,208	12	8,477
Xu Yang	許揚	—	1,363	—	—	—	1,363
		—	9,163	6,714	2,416	24	18,317
Non-executive directors:	非執行董事：						
Ma Kai Cheung	馬介璋	300	—	—	—	—	300
Sun Kai Lit, Cliff	孫啟烈	300	—	—	—	—	300
Ma Wai Mo	馬偉武	300	—	—	—	—	300
		900	—	—	—	—	900
		900	9,163	6,714	2,416	24	19,217

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2010: Nil).

年內，概無董事放棄或同意放棄酬金的安排（2010年：無）。

9. Five Highest Paid Employees

The five highest paid employees during the year included three (2010: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2010: two) non-director, highest paid employees for the year are as follows:

9. 五位最高薪人士

年內，五位最高薪僱員分別包括三名董事(2010年：三名)，其酬金已載於上文附註8。其餘兩名非董事(2010年：兩名)，年內最高薪僱員薪金的詳情如下：

		For the year ended 31 March 截至3月31日止年度	
		2011	2010
		HK$'000	HK$'000
		千港元	千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	**5,480**	5,139
Bonuses	花紅	**7,450**	33,500
Equity-settled share option expense	以權益結算的購股權開支	**—**	878
Pension scheme contributions	退休金計劃供款	**24**	24
		12,954	39,541

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

介乎以下範圍的非董事最高薪僱員薪金人數如下：

		Number of employees 僱員人數	
		2011	2010
HK$2,000,001 to HK$2,500,000	2,000,001港元至2,500,000港元	**1**	—
HK$5,000,001 to HK$5,500,000	5,000,001港元至5,500,000港元	**—**	1
HK$10,500,001 to HK$11,000,000	10,500,001港元至11,000,000港元	**1**	—
HK$34,000,001 to HK$34,500,000	34,000,001港元至34,500,000港元	**—**	1
		2	2

10. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year (2010: Nil).

Taxes on profits assessable in Mainland China are calculated at the rates of tax prevailing in the provinces in which the Group operates.

Major subsidiaries of the Group operate in Shenzhen, Mainland China, which were subject to the PRC corporate income tax rates of 24% and 22% for the years ended 31 March 2011 and 2010, respectively.

During the 5th session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law was approved. It became effective on 1 January 2008. The PRC Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of income tax rates for domestic-invested and foreign-invested enterprises at 25%. Accordingly, the deferred taxes as at 31 March 2011 and 2010 have been provided at the enacted corporate tax rates.

The PRC land appreciation tax ("LAT") is levied 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 amortisation of land use rights, borrowing costs and all property development expenditures. Amounts of LAT of HK$284,174,000 and HK$269,619,000 were charged to the consolidated income statement for the years ended 31 March 2011 and 2010, respectively.

10. 所得稅

年內，於香港產生的估計應課稅溢利乃按16.5%（2010年：16.5%）的稅率計提。年內，由於本集團概無源自香港的應課稅利潤，故並無計提香港利得稅撥備（2010年：無）。

中國大陸的應課稅溢利稅項乃按本集團營運所在省份的現行稅率計提。

本集團的主要附屬公司在中國大陸深圳營運，截至2011年及2010年3月31日止年度分別須按24%及22%稅率繳納中國企業所得稅。

於2007年3月16日舉行的第十屆全國人民代表大會第五次會議上通過中國企業所得稅法，其於2008年1月1日起生效。中國企業所得稅法引入多項大範圍變動，包括（但不限於）將內資及外資企業所得稅率統一為25%。因此，於2011年及2010年3月31日遞延稅項按已制定的企業所得稅率作出撥備。

土地增值（即物業銷售所得款項減包括土地使用權攤銷、借貸成本及所有物業發展開支在內的可扣減開支所得金額）須按30%至60%不等的累進稅率繳納中國土地增值稅（「土地增值稅」）。為數284,174,000港元及269,619,000港元的土地增值稅，已分別在截至2011年及2010年3月31日止年度的綜合收益表內扣除。

10. Income Tax *(continued)*

The major components of income tax expense for the years are as follows:

10. 所得稅*(續)*

年內，所得稅開支主要部分如下：

Group	本集團	For the year ended 31 March 截至3月31日止年度 2011 HK$'000 千港元	2010 HK$'000 千港元
Current — Mainland China corporate income tax	即期 — 中國大陸企業所得稅	**221,824**	170,243
LAT in Mainland China	中國大陸土地增值稅	**284,174**	269,619
Deferred Mainland China corporate income tax *(note 33)*	遞延中國大陸企業所得稅*(附註33)*	**402,660**	345,483
Total tax charged for the year	年度稅項支出總額	**908,658**	785,345

A reconciliation of the tax expense applicable to profit before tax at the statutory rate to the tax expense at the Group's effective income tax rate is as follows:

按法定稅率計算適用於稅前利潤的稅項開支與按本集團本年度實際稅率計算的稅項開支的對賬如下：

		For the year ended 31 March 截至3月31日止年度 2011 HK$'000 千港元	2010 HK$'000 千港元
Profit before tax	稅前利潤	**2,452,776**	2,112,991
Tax at the statutory tax rate of 16.5%	按16.5%法定稅率計算的稅項	**404,708**	348,643
Higher tax rates enacted by local authorities	地方機關制定的較高稅率	**185,503**	113,878
Income not subject to tax	毋須繳稅收入	**(6,106)**	(26,502)
Expenses not deductible for tax	不可扣稅開支	**3,006**	1,060
Tax losses utilised from previous years	動用過往年度的稅項虧損	**(9,054)**	(262)
Profit attributable to jointly-controlled entities and associates	共同控制實體及聯營公司應佔利潤	**(336)**	(226)
Tax losses not recognised	未確認的稅項虧損	**20,565**	27,857
LAT	土地增值稅	**284,174**	269,619
Tax effect of LAT	土地增值稅的稅務影響	**(68,721)**	(59,316)
Effect of change in tax rate	稅率變動影響	**13,838**	40,953
Withholding tax effect	預扣稅影響	**81,081**	69,641
Tax charge at the Group's effective rate	按本集團實際稅率計算的稅項支出	**908,658**	785,345

11. Profit Attributable to Owners of the Parent

The consolidated profit attributable to owners of the parent for the year ended 31 March 2011 includes a loss of HK$41,886,000 (profit for the year ended 31 March 2010: HK$44,852,000) which has been dealt with in the financial statements of the Company (note 36(b)).

11. 母公司擁有人應佔利潤

截至2011年3月31日止年度，母公司擁有人應佔綜合利潤包括已於本公司財務報表列賬的虧損41,886,000港元(截至2010年3月31日止年度利潤44,852,000港元)(附註36(b))。

12. Dividends

12. 股息

		For the year ended 31 March 截至3月31日止年度	
		2011	2010
		HK$'000	HK$'000
		千港元	千港元
Proposed final dividends — HK2.5 cents per ordinary share (2010: HK2.0 cents per ordinary share)	建議末期股息 — 每股普通股2.5港仙(2010年：每股普通股2.0港仙)	**149,689**	119,591

The proposed final dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

擬派末期股息須待本公司股東於應屆股東週年大會批准後，方可作實。

13. Earnings Per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 5,982,908,219 (2010: 5,252,054,795) in issue during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all potentially dilutive ordinary shares into ordinary shares.

13. 歸屬於母公司普通股權益持有人之每股盈利

每股基本盈利乃根據母公司普通股權益持有人應佔年內利潤及年內已發行5,982,908,219股(2010年：5,252,054,795股)普通股的加權平均數計算。

每股攤薄盈利乃根據母公司普通股權益持有人應佔年內利潤計算。計算所用的普通股加權平均數乃為計算每股基本盈利所用的年內已發行普通股股數，而加權平均普通股數目乃假設行使或轉換所有具潛在攤薄性的普通股為普通股按無償發行。

13. Earnings Per Share Attributable to Ordinary Equity Holders of the Parent *(continued)*

The calculations of basic and diluted earnings per share are based on:

13. 歸屬於母公司普通股權益持有人之每股盈利*(續)*

每股基本及攤薄盈利的計算乃基於：

		For the year ended 31 March 截至3月31日止年度	
		2011	2010
		HK$'000	HK$'000
		千港元	千港元
Earnings	**盈利**		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	用於計算每股基本盈利之母公司普通股權益持有人應佔利潤	**1,552,455**	1,329,593

		Number of Shares 股數	
		2011	2010
Shares	**股份**		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	用於計算每股基本盈利之年內已發行普通股的加權平均數	**5,982,908,219**	5,252,054,795
Effect of dilution — weighted average number of ordinary shares:	攤薄影響 — 普通股加權平均數：		
Share options	購股權	**33,361,963**	45,957,447
		6,016,270,182	5,298,012,242

14. Property, Plant and Equipment

14. 物業、廠房及設備

Group

本集團

		Buildings 樓宇 HK$'000 千港元	Hotel properties 酒店物業 HK$'000 千港元	Furniture, fixtures and equipment 傢俬、裝置及設備 HK$'000 千港元	Motor vehicles 汽車 HK$'000 千港元	Total 總計 HK$'000 千港元
31 March 2011	**2011年3月31日**					
At 1 April 2010:	於2010年4月1日：					
Cost	成本	**110,314**	**115,023**	**51,715**	**13,134**	**290,186**
Accumulated depreciation	累計折舊	**(42,766)**	**(54,416)**	**(29,682)**	**(5,638)**	**(132,502)**
Net carrying amount	賬面淨額	**67,548**	**60,607**	**22,033**	**7,496**	**157,684**
At 1 April 2010, net of accumulated depreciation	於2010年4月1日，已扣除累計折舊	**67,548**	**60,607**	**22,033**	**7,496**	**157,684**
Additions	添置	**154**	**359**	**6,619**	**15,285**	**22,417**
Transfer from properties under development (note 16)	轉撥自發展中物業（附註16）	**56,525**	**—**	**—**	**—**	**56,525**
Disposals	出售	**(3,255)**	**—**	**(183)**	**(341)**	**(3,779)**
Depreciation provided during the year (note 6)	年度折舊撥備(附註6)	**(14,619)**	**(10,061)**	**(6,637)**	**(4,321)**	**(35,638)**
Exchange realignment	匯兑調整	**2,988**	**2,680**	**945**	**297**	**6,910**
At 31 March 2011, net of accumulated depreciation	於2011年3月31日，已扣除累計折舊	**109,341**	**53,585**	**22,777**	**18,416**	**204,119**
At 31 March 2011:	於2011年3月31日：					
Cost	成本	**166,272**	**121,395**	**59,284**	**27,284**	**374,235**
Accumulated depreciation	累計折舊	**(56,931)**	**(67,810)**	**(36,507)**	**(8,868)**	**(170,116)**
Net carrying amount	賬面淨額	**109,341**	**53,585**	**22,777**	**18,416**	**204,119**

14. Property, Plant and Equipment *(continued)*
Group *(continued)*

14. 物業、廠房及設備*(續)*
本集團*(續)*

		Buildings 樓宇 HK$'000 千港元	Hotel properties 酒店物業 HK$'000 千港元	Furniture, fixtures and equipment 傢俬、裝置及設備 HK$'000 千港元	Motor vehicles 汽車 HK$'000 千港元	Total 總計 HK$'000 千港元
31 March 2010	**2010年3月31日**					
At 1 April 2009:	於2009年4月1日：					
Cost	成本	185,632	114,322	49,621	9,227	358,802
Accumulated depreciation	累計折舊	(32,620)	(36,625)	(24,960)	(4,295)	(98,500)
Net carrying amount	賬面淨額	153,012	77,697	24,661	4,932	260,302
At 1 April 2009, net of accumulated depreciation	於2009年4月1日，已扣除累計折舊	153,012	77,697	24,661	4,932	260,302
Additions	添置	—	296	3,139	5,301	8,736
Transfer to properties held for sale	轉撥至持作銷售物業	(73,014)	—	—	—	(73,014)
Disposals	出售	—	—	(571)	(1,173)	(1,744)
Depreciation provided during the year (note 6)	年度折舊撥備(附註6)	(12,893)	(17,620)	(5,267)	(1,575)	(37,355)
Exchange realignment	匯兑調整	443	234	71	11	759
At 31 March 2010, net of accumulated depreciation	於2010年3月31日，已扣除累計折舊	67,548	60,607	22,033	7,496	157,684
At 31 March 2010:	於2010年3月31日：					
Cost	成本	110,314	115,023	51,715	13,134	290,186
Accumulated depreciation	累計折舊	(42,766)	(54,416)	(29,682)	(5,638)	(132,502)
Net carrying amount	賬面淨額	67,548	60,607	22,033	7,496	157,684

14. Property, Plant and Equipment *(continued)*

Group *(continued)*

Certain of the Group's buildings and hotel properties with aggregate carrying values of approximately HK$42,017,000 and HK$41,723,000 as at 31 March 2011 and 2010, respectively, were pledged to secure general banking facilities granted to the Group (note 31).

At 31 March 2011, certificates of ownership in respect of certain buildings of the Group in the PRC with an aggregate net book value of HK$3,428,000 (2010: HK$9,182,000) had not been issued by the relevant PRC authorities. The Group is in the process of obtaining the relevant certificates of ownership.

14. 物業、廠房及設備*(續)*

本集團*(續)*

於2011年及2010年3月31日，本集團賬面總值分別約42,017,000港元及41,723,000港元的若干樓宇及酒店物業已抵押作為本集團獲授一般銀行融資的擔保(附註31)。

於2011年3月31日，本集團於中國賬面淨值合共3,428,000港元(2010年：9,182,000港元)的若干樓宇未獲相關中國機關發出所有權證。本集團正在領取相關所有權證。

15. Investment Properties

Group

15. 投資物業

本集團

		Notes 附註	**2011 HK$'000 千港元**	2010 HK$'000 千港元
Carrying amount at beginning of year	年初的賬面值		**9,077,250**	6,543,757
Transfer from properties under development	轉撥自發展中物業	16	**312,388**	1,203,181
Net gain from a fair value adjustment	公平值調整淨收益	5	**1,464,168**	1,308,543
Exchange realignment	匯兑調整		**431,482**	21,769
Carrying amount at end of year	年終的賬面值		**11,285,288**	9,077,250

The above investment properties are held under medium term leases and are situated in Mainland China.

上述投資物業按中期租賃持有，位於中國大陸。

15. Investment Properties *(continued)*

Group *(continued)*

The Group's investment properties were revalued on 31 March 2011 and 2010 by Savills Valuation and Professional Services Limited ("Savills"), independent professionally qualified valuers, at RMB9,501,000,000 and RMB7,980,000,000, respectively, (equivalent to HK$11,285,288,000 and HK$9,077,250,000, respectively) on an open market, existing use basis. The investment properties are leased to third parties under operating leases, further summary details of which are included in note 40(a) to the financial statements.

The Group's investment properties with aggregate carrying values of approximately HK$9,172,434,000 and HK$9,077,250,000 as at 31 March 2011 and 2010, respectively, were pledged to secure general banking facilities granted to the Group (note 31).

The Group's investment properties with aggregate carrying values of approximately HK$11,285,288,000 and HK$9,077,250,000 as at 31 March 2011 and 2010, respectively, are restricted for sale (note 19).

15. 投資物業*(續)*

本集團*(續)*

獨立專業合資格估值師第一太平戴維斯估值及專業顧問有限公司(「第一太平戴維斯」)於2011年及2010年3月31日重估本集團的投資物業,按公開市場現有用途基準的價值分別為人民幣9,501,000,000元及人民幣7,980,000,000元(分別相等於11,285,288,000港元及9,077,250,000港元)。投資物業按經營租賃租予第三方,進一步詳情概要載於財務報表附註40(a)。

於2011年及2010年3月31日,本集團賬面總值分別約9,172,434,000港元及9,077,250,000港元的投資物業已抵押作為本集團獲授一般銀行融資的擔保(附註31)。

於2011年及2010年3月31日,本集團賬面總值分別約11,285,288,000港元及9,077,250,000港元的投資物業受到銷售限制(附註19)。

16. Properties Under Development

16. 發展中物業

Group 本集團

		Notes 附註	**2011 HK$'000 千港元**	2010 HK$'000 千港元
Carrying amount at beginning of year	年初的賬面值		**1,978,789**	1,404,571
Additions	添置		**2,284,603**	2,314,326
Transfer to property, plant and equipment	轉撥至物業、廠房及設備	14	**(56,525)**	—
Transfer to investment properties	轉撥至投資物業	15	**(312,388)**	(1,203,181)
Transfer to properties held for sale and held for finance lease	轉撥至持作銷售及持作融資租賃物業		**(577,881)**	(542,250)
Exchange realignment	匯兑調整		**87,065**	5,323
Carrying amount at end of year	年終的賬面值		**3,403,663**	1,978,789

The above properties under development are held under medium term leases and are situated in Mainland China.

上述發展中物業按中期租賃持有，位於中國大陸。

Certain of the Group's properties under development with aggregate carrying values of approximately HK$121,395,000 and HK$93,905,000 and as at 31 March 2011 and 2010, respectively, were pledged to secure general banking facilities granted to the Group (note 31).

於2011年及2010年3月31日，本集團賬面總值分別約121,395,000港元及93,905,000港元的若干發展中物業已抵押作為本集團獲授一般銀行融資的擔保（附註31）。

17. Prepaid Land Premiums

17. 預付土地出讓金

Group
本集團

		Note 附註	**2011 HK$'000 千港元**	2010 HK$'000 千港元
Carrying amount at beginning of year	年初的賬面值		**7,082**	7,223
Recognised during the year	年內確認	6	**(180)**	(162)
Exchange realignment	匯兑調整		**305**	21
Carrying amount at end of year	年終的賬面值		**7,207**	7,082
Current portion included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收款項的即期部分		**(171)**	(171)
Non-current portion	非即期部分		**7,036**	6,911

The leasehold land is held under a medium term lease and is situated in Mainland China.

租賃土地按中期租賃持有，位於中國大陸。

Certain of the Group's leasehold lands with aggregate carrying values of approximately HK$2,496,000 and HK$2,437,000 as at 31 March 2011 and 2010, respectively, were pledged to secure general banking facilities granted to the Group (note 31).

於2011年及2010年3月31日，本集團賬面總值分別約2,496,000港元及2,437,000港元的若干租賃土地已抵押作為本集團獲授一般銀行融資的擔保（附註31）。

18. Goodwill

18. 商譽

Group
本集團

		HK$'000 千港元
At 31 March 2011 and 2010: Cost and net carrying amount	於2011年及2010年3月31日：成本及賬面淨額	20,066

18. Goodwill *(continued)*

Impairment testing of goodwill

Goodwill acquired through a business combination has been allocated to the hotel operation cash-generating unit for impairment testing. The recoverable amount of the hotel operation cash-generating unit is determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period. The discount rate applied to the cash flow projection is 12%. The growth rates used to extrapolate the cash flows of the hotel operation beyond the five-year period is assumed to be 3%.

18. 商譽*(續)*

商譽減值測試

透過業務合併收購的商譽已分配至酒店營運的現金產生單位作減值測試。酒店營運的現金產生單位的可收回金額乃根據高級管理層批准的五年期財務預算以現金流量預測計算的使用價值釐定。現金流量預測採用的折現率為12%。用以推斷酒店營運於五年期間後現金流量的增長率乃假設為3%。

19. Investments in Subsidiaries

Company

19. 於附屬公司的投資

本公司

		2011 **HK$'000** **千港元**	2010 HK$'000 千港元
Unlisted investments, at cost	非上市投資，按成本	**1,501,275**	1,001,275
Loan to a subsidiary	向一家附屬公司貸款	**752,400**	452,400
Due from subsidiaries	應收附屬公司款項	**968,195**	698,098
Due to subsidiaries	應付附屬公司款項	**(899)**	(899)
		3,220,971	2,150,874

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities of HK$968,195,000 (2010: HK$698,098,000) and HK$899,000 (2010: HK$899,000) are unsecured, interest-free and are repayable on demand or within one year.

於本公司流動資產及流動負債列賬之應收及應付附屬公司款項968,195,000港元(2010年：698,098,000港元)及899,000港元(2010年：899,000港元)為無抵押、免息及須應要求或於一年內償還。

The loan to a subsidiary bears fixed interest of 8%, and is unsecured and repayable from 2012 to 2015. The carrying amount of the loan to a subsidiary approximates to its fair value.

向一家附屬公司作出之貸款按8%計息，為無抵押及須於2012年至2015年內償還。向一家附屬公司作出之貸款的賬面值與其公平值相若。

19. Investments in Subsidiaries *(continued)*

Company *(continued)*

Particulars of the principal subsidiaries are as follows:

19. 於附屬公司的投資*(續)*

本公司*(續)*

主要附屬公司詳情如下：

Name 名稱	Place of incorporation/ registration and operations 註冊成立／註冊及經營地點	Nominal value of issued ordinary/ registered share capital as at 31 March 2011 於2011年3月31日已發行普通／註冊股本面值
China South International Industrial Materials City (Shenzhen) Co., Ltd. (ii) (vi) (vii) 華南國際工業原料城(深圳)有限公司(ii)(vi)(vii)	PRC/Mainland China 中國／中國大陸	HK$1,500,000,000 1,500,000,000港元
Shenzhen First Asia Pacific Property Management Co., Ltd. (i) (vi) 深圳第一亞太物業管理有限公司(i)(vi)	PRC/Mainland China 中國／中國大陸	RMB5,000,000 人民幣5,000,000元
Shenzhen International Electronics Procurement Center Co., Ltd. (iii) (vi) 深圳跨國電子採購中心有限公司(iii)(vi)	PRC/Mainland China 中國／中國大陸	RMB20,000,000 人民幣20,000,000元
Shenzhen China South Import and Export Trading Co., Ltd. (iii) (vi) 深圳市華南城進出口貿易有限公司(iii)(vi)	PRC/Mainland China 中國／中國大陸	RMB1,500,000 人民幣1,500,000元
Shenzhen China South City Advertising Co., Ltd. (iii) (vi) 深圳市華南城廣告有限公司(iii)(vi)	PRC/Mainland China 中國／中國大陸	RMB1,500,000 人民幣1,500,000元
China South City Enterprise (Heyuan) Co., Ltd. ("Heyuan Enterprise") (iii) (vi) (ix) 華南城實業(河源)有限公司(「河源實業」) (iii) (vi) (ix)	PRC/Mainland China 中國／中國大陸	HK$100,000,000 100,000,000港元

Date of incorporation/ registration 註冊成立／註冊日期	Percentage of equity attributable to the Company 本公司應佔權益百分比 Direct 直接 %	Indirect 間接 %	Principal activities 主要業務
18-12-2002	100	—	Development and management of integrated logistics trade centers 綜合商貿物流及商品交易中心開發及營運
31-12-2003	25	75	Provision of property management services 提供物業管理服務
06-11-2003	—	95	Dormant 暫無業務
20-07-2004	—	100	Dormant 暫無業務
20-07-2004	—	100	Provision of advertising services 提供廣告服務
24-04-2006	—	100	Development and management of integrated logistics trade centers 綜合商貿物流及商品交易中心開發及營運

19. Investments in Subsidiaries *(continued)*

Company *(continued)*

19. 於附屬公司的投資*(續)*

本公司*(續)*

Name 名稱	Place of incorporation/ registration and operations 註冊成立／註冊及經營地點	Nominal value of issued ordinary/ registered share capital as at 31 March 2011 於2011年3月31日已發行普通／註冊股本面值
Shenzhen China South International Convention and Exhibition Center Co., Ltd. (iii) (vi) 深圳市華南城國際會展中心有限公司(iii)(vi)	PRC/Mainland China 中國／中國大陸	RMB2,000,000 人民幣2,000,000元
Grand City Hotel (Shenzhen) Co., Ltd. (i) (vi) 華麗城酒店(深圳)有限公司(i)(vi)	PRC/Mainland China 中國／中國大陸	RMB40,000,000 人民幣40,000,000元
Grand City Hotel Investment Limited (v) 華麗城酒店投資有限公司(v)	Hong Kong 香港	HK$10,000 10,000港元
Nanchang China South City Company Limited (iii) (vi) (viii) 南昌華南城有限公司(iii)(vi)(viii)	PRC/Mainland China 中國／中國大陸	RMB150,000,000 人民幣150,000,000元
Zhuji Pan-Asia Property Management Enterprise Ltd. (iii) (v) 諸暨泛亞物業管理有限公司(iii)(v)	PRC/Mainland China 中國／中國大陸	RMB500,000 人民幣500,000元
Tieling First Asia Pacific Property Management Co., Ltd. (iii) (v) 鐵嶺第一亞太物業管理有限公司 (iii) (v)	PRC/Mainland China 中國／中國大陸	RMB500,000 人民幣500,000元
China Central City (BVI) Limited (v) 華中城(BVI)有限公司(v)	British Virgin Islands 英屬處女群島	US$1 1美元
ASEAN City (BVI) Limited (v) 東盟城(BVI)有限公司(v)	British Virgin Islands 英屬處女群島	US$1 1美元

Date of incorporation/ registration 註冊成立╱註冊日期	Percentage of equity attributable to the Company 本公司應佔權益百分比 Direct 直接 %	Indirect 間接 %	Principal activities 主要業務
10-02-2006	—	100	Provision of exhibition services 提供展覽服務
16-06-2005	—	100	Hotel operations 酒店營運
09-04-2005	100	—	Investment holding 投資控股
16-11-2007	—	100	Development and management of integrated logistics trade centers 綜合商貿物流及商品交易中心開發及營運
08-11-2007	—	80	Dormant 暫無業務
26-12-2007	—	100	Dormant 暫無業務
23-10-2007	100	—	Investment holding 投資控股
23-10-2007	100	—	Investment holding 投資控股

19. Investments in Subsidiaries *(continued)* 19. 於附屬公司的投資*(續)*

Company *(continued)* 本公司*(續)*

Name 名稱	Place of incorporation/ registration and operations 註冊成立／註冊及經營地點	Nominal value of issued ordinary/ registered share capital as at 31 March 2011 於2011年3月31日已發行普通／註冊股本面值
China Central City (Hong Kong) Limited (v) 華中城(香港)有限公司(v)	Hong Kong 香港	HK$1 1港元
ASEAN City (Hong Kong) Limited (v) 東盟城(香港)有限公司(v)	Hong Kong 香港	HK$1 1港元
Nanning China South City Company Limited (iii) (vi) (viii) 南寧華南城有限公司(iii) (vi) (viii)	PRC/Mainland China 中國／中國大陸	RMB150,000,000 人民幣150,000,000元
Xi'an China South City Company Limited (i) (vi) 西安華南城有限公司(i) (vi)	PRC/Mainland China 中國／中國大陸	US$30,000,000 30,000,000美元
Andarton Investments Limited (v)	British Virgin Islands 英屬處女群島	US$1 1美元
Grow Rich Holdings Limited (v)	British Virgin Islands 英屬處女群島	US$1 1美元
Fortune Pace Investment Limited (iv) 祺迅投資有限公司(iv)	British Virgin Islands 英屬處女群島	US$3 3美元
Fortune Great Investment Limited (iv) 瑞鵬投資有限公司(iv)	Hong Kong 香港	HK$1 1港元

Date of incorporation/ registration 註冊成立╱註冊日期	Percentage of equity attributable to the Company 本公司應佔權益百分比 Direct 直接 %	Indirect 間接 %	Principal activities 主要業務
09-11-2007	—	100	Dormant 暫無業務
09-11-2007	—	100	Dormant 暫無業務
28-08-2009	—	100	Development and management of integrated logistics trade centers 綜合商貿物流及商品交易中心開發及營運
12-11-2009	—	65	Development and management of integrated logistics trade centers 綜合商貿物流及商品交易中心開發及營運
23-11-2009	—	100	Investment holding 投資控股
16-10-2009	100	—	Investment holding 投資控股
9-4-2010	—	100	Investment holding 投資控股
22-4-2010	—	100	Investment holding 投資控股

19. Investments in Subsidiaries *(continued)*

Company *(continued)*

19. 於附屬公司的投資*(續)*

本公司*(續)*

Name 名稱	Place of incorporation/ registration and operations 註冊成立／註冊及經營地點	Nominal value of issued ordinary/ registered share capital as at 31 March 2011 於2011年3月31日已發行普通／註冊股本面值
河源華南城商貿有限公司(iii) (iv)	PRC/Mainland China 中國／中國大陸	RMB20,000,000 人民幣20,000,000元
深圳華盛商業發展有限公司(iii) (iv)	PRC/Mainland China 中國／中國大陸	RMB10,000,000 人民幣10,000,000元

Notes:

(i) Sino-foreign equity joint ventures under the PRC law.

(ii) A wholly-foreign-owned enterprise under the PRC law.

(iii) Limited companies under the PRC law.

(iv) No audited financial statements have been prepared for these companies as they were newly incorporated/registered and had not conducted any business since the dates of their incorporation/registration.

(v) No audited financial statements have been issued for these companies up to the date of the financial statements of the Group.

(vi) The financial statements of these companies for the year since their respective dates of establishment were prepared in accordance with PRC GAAP, and were audited by Shenzhen Yida Certified Public Accountants Co. Ltd., Jiangxi Chengjuyuan United Certified Public Accountants' Firm, Xi'an KangSheng Certified Public Accountants Ltd., and Zhonghui Certified Public Accountants Co. Ltd., which are registered in the PRC.

附註：

(i) 中國法律下的中外合資經營公司。

(ii) 中國法律下的外商獨資企業。

(iii) 中國法律下的有限公司。

(iv) 由於該等公司近期註冊成立／註冊及於其註冊成立／註冊日期以來並無進行任何業務，故概無就該等公司編製經審核財務報表。

(v) 直至本集團財務報表日期，並無就該等公司刊發經審核財務報表。

(vi) 該等公司自其各自成立日期起於年內的財務報表乃根據中國公認會計原則編製而成，並經於中國註冊的深圳市義達會計師事務所有限責任公司、江西誠聚源聯合會計師事務所、西安康勝有限責任會計師事務所以及中滙會計師事務所有限公司審核。

Date of incorporation/ registration 註冊成立╱註冊日期	Percentage of equity attributable to the Company 本公司應佔權益百分比 Direct直接 %	Indirect間接 %	Principal activities 主要業務
17-3-2011	—	100	Dormant 暫無業務
19-11-2010	—	100	Provision of property management service 提供物業管理服務

(vii) Pursuant to several land grant contracts entered by China South International Industrial Materials City (Shenzhen) Co., Ltd., the saleable gross floor area of properties built on these parcels of land is limited to 30% of the total gross floor area that can be built. The Group holds and constructs the properties with sales restrictions for leasing and self use.

(viii) Pursuant to the land grant contracts entered by Nanchang China South City Company Limited and Nanning China South City Company Limited, respectively, the saleable gross floor area of trade centers and storage built on these parcels of land are limited to 60% of the total gross floor area that is built for such purpose. This restriction does not apply to the properties that are built for residential, commercial and other uses. Despite the restriction, the Group plans to hold not less than 50% of the total gross floor area of such properties for leasing.

(ix) During the year, the Group acquired a 30% equity interest in Heyuan Enterprise from its former non-controlling entity. Further details of this acquisition are included in note 37 to the financial statements.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

(vii) 根據華南國際工業原料城(深圳)有限公司訂立的數份土地出讓合同，建在該等地塊上的物業的可銷售建築面積限於總建築面積的30%。本集團持有及建設此等受到銷售限制的物業作出租及自用。

(viii) 根據南昌華南城有限公司和南寧華南城有限公司各自訂立的若干土地出讓合同，建在該項目若干地塊上的交易中心商舖和倉儲物業的可銷售建築面積限於該等物業總建築面積的60%。此限制不適用於住宅、商務及其他用途的物業。儘管有此限制，本集團計劃持有該等物業不少於50%的總建築面積作租賃用途。

(ix) 年內，本集團向其前非控股實體收購河源實業的30%股權。此收購的進一步詳情載於財務報表附註37。

上表所列的本公司附屬公司為董事認為對本集團本年度業績有重大影響或構成資產淨值的主要部份。董事認為，列出其他附屬公司的詳情會令篇幅過於冗長。

20. Investments in Jointly-controlled Entities 20. 於共同控制實體的投資

		2011 HK$'000 千港元	2010 HK$'000 千港元
Share of net assets	應佔資產淨值	**6,291**	4,713
Due from jointly-controlled entities	應收共同控制實體款項	**11,479**	11,034
		17,770	15,747
Provision for impairment	減值撥備	**(6,664)**	(6,767)
		11,106	8,980

The amounts due from the jointly-controlled entities included in the investments in jointly-controlled entities above are unsecured, have no fixed terms of repayment and bear interest at 7%. The carrying amounts of these amounts due from jointly-controlled entities approximate to their fair values.

計入上述於共同控制實體投資的應收共同控制實體款項為無抵押、無固定還款期及按7%計息。該等應收共同控制實體款項的賬面值與其公平值相若。

Particulars of the jointly-controlled entities are as follows:

共同控制實體詳情如下：

Name 名稱	Place of registration and operations 註冊成立及經營地點	Nominal value of issued and fully paid-up registered capital as at 31 March 2011 於2011年3月31日已發行及繳足註冊資本面值	Date of incorporation/ registration 註冊成立／註冊日期	Percentage of equity attributable to the Group as at 31 March 於3月31日本集團應佔權益百分比 2011 %	2010 %	Principal activities 主要業務
China South National Express Logistics (Shenzhen) Co., Ltd.# 深圳市華南城新國線物流有限公司#	PRC/ Mainland China 中國／中國大陸	RMB3,000,000 人民幣3,000,000元	02-07-2004	**51**	51	Provision of logistics services 提供物流服務
China South Royal Restaurant (Shenzhen) Co., Ltd.#(i) 華南富豪酒樓(深圳)有限公司#(i)	PRC/ Mainland China 中國／中國大陸	RMB5,000,000 人民幣5,000,000元	16-06-2005	**50.5**	50.5	Restaurant operations 酒樓營運

20. Investments in Jointly-controlled Entities *(continued)*

Notes:

\# The Group holds 51% and 50.5% of the registered capital of China South National Express Logistics (Shenzhen) Co., Ltd. and China South Royal Restaurant (Shenzhen) Co., Ltd., respectively. Pursuant to memorandums of the shareholders' agreements and articles of association of the jointly-controlled entities, none of the parties has unilateral control or unanimous consent over the operating and financing decisions of these jointly-controlled entities. Accordingly, the directors consider it appropriate to continue to account for the Group's interests therein as investment in jointly-controlled entities.

(i) Sino-foreign equity joint venture under the PRC law.

The Company holds the jointly-controlled entities indirectly.

The following table illustrates the summarised financial information of the Group's jointly-controlled entities:

20. 於共同控制實體的投資*(續)*

附註：

\# 本集團分別持有深圳市華南城新國線物流有限公司及華南富豪酒樓(深圳)有限公司註冊資本的51%及50.5%。根據股東協議備忘錄及共同控制實體組織章程細則，任何一方對該等共同控制實體的經營及財務決策均無單方面控制或一致同意的權利。因此，董事認為，繼續將本集團於其中的權益入賬列為於共同控制實體的權益乃屬恰當。

(i) 中國法律下的中外合資經營公司。

本公司間接擁有共同控制實體。

下表説明本集團共同控制實體的財務資料概要：

		2011 **HK$'000** **千港元**	2010 HK$'000 千港元
Share of jointly-controlled entities' assets and liabilities:	應佔共同控制實體資產及負債：		
Current assets	流動資產	**6,175**	5,158
Non-current assets	非流動資產	**214**	282
Current liabilities	流動負債	**(98)**	(727)
Net assets	資產淨值	**6,291**	4,713
Share of jointly-controlled entities' results:	應佔共同控制實體業績：		
Revenue	收入	**4,055**	4,127
Expenses	開支	**(2,718)**	(2,840)
Profit for the year	本年度利潤	**1,337**	1,287

21. Investments in Associates

21. 於聯營公司的投資

		2011 HK$'000 千港元	2010 HK$'000 千港元
Share of net assets	應佔資產淨值	**1,807**	2,055
Due to an associate	應付一家聯營公司款項	**(2,984)**	(2,858)
		(1,177)	(803)

The amount due to an associate included in investments in associates above is unsecured, interest-free and has no fixed repayment terms.

計入上述於聯營公司的投資的應付一家聯營公司款項為無抵押、免息及無固定還款期。

Particulars of the associates are as follows:

聯營公司詳情如下：

Name 名稱	Place of registration and operations 註冊及經營地點	Nominal value of issued and fully or partly paid-up registered capital 已發行及繳足或部份繳足註冊資本面值	Date of incorporation/registration 註冊成立／註冊日期	Percentage of equity attributable to the Group as at 31 March 本集團應佔擁有權益百分比 2011 %	 2010 %	Principal activities 主要業務
China South Intimex Technology (Shenzhen) Co., Ltd. (i)(ii) 華南泰美科技(深圳)有限公司(i)(ii)	PRC/ Mainland China 中國／中國大陸	RMB10,000,000 人民幣10,000,000元	18-01-2004	30	30	Website development and construction, maintenance and development of software, provision of consultancy services and trading of e-commerce hardware and software 網站發展及建設、軟件維護及開發、提供顧問服務及電子商貿硬件及軟件貿易
China South City Pico Exhibition (Shenzhen) Co., Ltd. (i)(ii) 深圳華南城筆克會展有限公司(i)(ii)	PRC/ Mainland China 中國／中國大陸	HK$2,000,000 2,000,000港元	13-10-2009	30	30	Provision of exhibition services 提供展覽服務

21. Investments in Associates *(continued)*

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

Notes:

(i) Sino-foreign equity joint venture under the PRC law.
(ii) The Company holds the associates indirectly.

The following table illustrates the summarised financial information of the Group's associates:

21. 於聯營公司的投資*(續)*

上述所列的本集團聯營公司為董事認為對本集團本年度業績有重大影響或構成資產淨值主要部份。董事認為，列出其他聯營公司的詳情會令篇幅過於冗長。

附註：

(i) 中國法律下的中外合資經營公司。
(ii) 本公司間接擁有聯營公司。

下表列示摘錄本集團聯營公司的財務資料概要：

		2011 **HK$'000** **千港元**	2010 HK$'000 千港元
Assets	資產	**8,795**	9,191
Liabilities	負債	**2,772**	2,341
Revenue	收入	**75**	92
Loss	虧損	**(1,103)**	(1,007)

22. Loan Receivables

The balance represents entrusted loans provided by the Group to purchasers through Shanghai Pudong Development Bank in connection with the sale of its properties. The loan receivables, which bear interest at a rate of 6.435% per annum, are secured by the properties sold and are repayable by monthly instalments within five years. The carrying amounts of the loan receivables approximate to their fair values. The amounts of the current portion of the loan receivables of HK$404,000 and HK$3,124,000 were included in prepayments, deposits and other receivables as at 31 March 2011 and 2010, respectively.

22. 應收貸款

結餘指本集團就其物業銷售，透過上海浦東發展銀行向買家提供的委託貸款。應收貸款按年利率6.435%計息，並以所銷售物業作抵押，須於五年內每月分期償還。應收貸款賬面值與其公平值相若。於2011年及2010年3月31日，應收貸款即期部分金額分別為404,000港元及3,124,000港元，已計入預付款項、按金及其他應收款項。

23. Finance Lease Receivables

The balance represents entrusted loans provided by the Group to lessees through Shanghai Pudong Development Bank in connection with the finance lease of its properties. The finance lease receivables, which bear interest at a rate between 6.336% and 6.435% per annum, are repayable by monthly instalments within 10 years. The carrying amounts of the finance lease receivables approximate to their fair values. The amounts of the current portion of the finance lease receivables of HK$7,409,000 and HK$7,015,000 were included in prepayments, deposits and other receivables as at 31 March 2011 and 2010, respectively.

23. 融資租賃應收款項

結餘指本集團就其物業的融資租賃，透過上海浦東發展銀行向承租人提供的委託貸款。融資租賃應收款項按年利率介乎6.336%至6.435%計息，並須於10年內每月分期償還。融資租賃應收款項的賬面值與其公平值相若。於2011年及2010年3月31日，融資租賃應收款項的即期部分金額分別為7,409,000港元及7,015,000港元，已計入預付款項、按金及其他應收款項。

24. Deposits Paid for Purchase of Land

The balance represents deposits paid for acquisitions of parcels of land in Mainland China. The carrying amounts of the deposits paid for purchase of land approximate to their fair values.

24. 購買土地支付的按金

結餘指在中國大陸收購地塊支付的按金。購買土地支付的按金的賬面值與其公平值相若。

25. Trade Receivables

25. 應收貿易賬款

Group

本集團

		2011 **HK$'000** **千港元**	2010 HK$'000 千港元
Trade receivables	應收貿易賬款	**652,401**	259,667
Impairment	減值	**(62,458)**	(25,512)
		589,943	234,155

Trade receivables represent sales income, rentals receivable and service income receivables from customers which are payable on presentation of invoices or in accordance with the terms of the related sales and purchase agreements. Overdue balances are reviewed regularly by senior management. In view of this and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing. The carrying amounts of the trade receivables approximate to their fair values.

應收貿易賬款指於出示發票時應收或根據相關買賣協議條款應收客戶的銷售收入、應收租金及服務收入。高級管理層定期審閱逾期結餘。有鑑於此及本集團的應收貿易賬款與大量不同客戶有關，故並無重大集中信貸風險。應收貿易賬款為免息。應收貿易賬款賬面值與其公平值相若。

25. Trade Receivables *(continued)*

25. 應收貿易賬款*(續)*

An aged analysis of the trade receivables as at the end of the reporting period, based on the payment due date and net of provision, is as follows:

於申報期間結束時，應收貿易賬款按付款到期日計算並扣除撥備後的賬齡分析如下：

		2011 **HK$'000** **千港元**	2010 HK$'000 千港元
Current	即期	**403,419**	86,663
1 to 2 months	1至2個月	**29,310**	34,308
2 to 3 months	2至3個月	**49,835**	71,774
Over 3 months	逾3個月	**107,379**	41,410
		589,943	234,155

The movements in provision for impairment of trade receivables are as follows:

應收貿易賬款的減值撥備變動如下：

		2011 **HK$'000** **千港元**	2010 HK$'000 千港元
Carrying amount at beginning of year	於年初的賬面值	**25,512**	—
Impairment losses recognised *(note 6)*	已確認減值虧損*(附註6)*	**34,959**	25,468
Exchange realignment	匯兑調整	**1,987**	44
Carrying amount at end of year	於年終的賬面值	**62,458**	25,512

Receivables that were neither past due nor impaired and past due but not impaired relate to a large number of diversified customers for whom there was no recent history of default. The Group has retained the legal ownership of the property sold to purchasers for debtor balances.

未逾期及未減值以及已逾期但未減值的應收款項與大量不同客戶有關，彼等最近沒有拖欠記錄。對於仍有應收賬款結餘的已售予買方物業，本集團保留其法定擁有權。

26. Prepayments, Deposits and other Receivables

26. 預付款項、按金及其他應收款項

Group
本集團

		2011 HK$'000 千港元	2010 HK$'000 千港元
Prepayments	預付款項	**6,839**	12,089
Deposits and other receivables	按金及其他應收款項	**27,166**	73,988
		34,005	86,077

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

上述資產並無逾期或減值。於上述結餘入賬的財務資產最近並無欠款記錄。

27. Held for Trading Investments at Fair Value Through Profit or Loss

27. 透過損益以公平值列賬之持作買賣投資

Group
本集團

		2011 HK$'000 千港元	2010 HK$'000 千港元
Listed investment funds at market value	按市值計算的上市投資基金	**153,065**	123,932

The above listed investment funds at 31 March 2011 and 2010 were classified as held for trading upon initial recognition, designated by the Group as financial assets at fair value through profit or loss since they were acquired or incurred principally for the purpose of selling or repurchasing in the near term.

於2011年及2010年3月31日，上述上市投資基金初步確認時分類為持作買賣，由於收購或產生主要為於短期內銷售或購回，故本集團將其指定為透過損益以公平值列賬的財務資產。

28. Restricted Cash

Group

28. 受限制現金

本集團

		2011 HK$'000 千港元	2010 HK$'000 千港元
Restricted cash	受限制現金	**43,181**	8,851

Restricted cash mainly comprises of: (i) guaranteed deposits for the mortgage loan facilities granted by the banks to purchasers of the Group's properties; (ii) guaranteed funds of construction projects to meet local authorities' requirements; (iii) certain amounts of pre-sale proceeds of properties to place as guaranteed deposits for the construction of related properties; and (iv) certain amount of proceeds from leases of several properties, which have been pledged to banks as collaterals of borrowings, to place as guaranteed deposits for the borrowings.

受限制現金主要包括：(i)就購買本集團物業之買家獲銀行授予的按揭貸款融資的保證按金；(ii)建設項目的保證金，以符合當地機關的要求；(iii)物業預售的若干所得款項金額，以作為相關物業建設的保證按金；及(iv)租賃物業的若干出租所得款項金額，該物業已抵押予銀行作為借貸的抵押品，以作為借貸的保證按金。

29. Cash and Bank Balances

Group

29. 現金及銀行結餘

本集團

		2011 HK$'000 千港元	2010 HK$'000 千港元
Cash and bank balances	現金及銀行結餘	**4,521,310**	3,694,126

Company

本公司

		2011 HK$'000 千港元	2010 HK$'000 千港元
Cash and bank balances	現金及銀行結餘	**2,342,869**	1,505,842

29. Cash and Bank Balances *(continued)*

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$2,822,949,000 (2010: HK$1,999,179,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and restricted cash are deposited with creditworthy banks with no recent history of default.

29. 現金及銀行結餘*(續)*

於申報期間結束時，本集團以人民幣(「人民幣」)為單位的現金及銀行結餘2,822,949,000港元(2010年：1,999,179,000港元)。人民幣並不可自由兑換為其他貨幣，然而，根據中國大陸的外匯管制條例及結匯、付匯及售匯規定，本集團可以透過獲准進行外匯業務的銀行將人民幣兑換為其他貨幣。

存於銀行現金根據每日銀行存款利率按浮動利率賺取利息。短期定期存款的存款期各異，由一天至三個月不等，視乎本集團即時的現金需求，而利息乃按各個短期定期存款利率賺取。銀行結餘及受限制現金乃存於信譽良好且近期並無違約記錄的銀行。

30. Trade and Other Payables 30. 貿易及其他應付款項

Group 本集團

		Note 附註	**2011** **HK$'000** **千港元**	2010 HK$'000 千港元
Other payables	其他應付款項		**302,786**	198,763
Receipts in advance	預收款項		**111,902**	162,017
Rental deposits	租賃按金		**32,310**	29,904
Construction fee and retention payables	應付的建設費用及保留金	(i)	**831,825**	395,735
Accruals	應計項目		**45,036**	36,585
Co-operative deposits	合作金		**192**	1,455
			1,324,051	824,459

30. Trade and other Payables *(continued)*

30. 貿易及其他應付款項*(續)*

(i) An aged analysis of the construction fee and retention payables as at the end of the reporting period is as follows:

(i) 於申報期間結束時建設費用及保留金應付款項的賬齡分析如下：

		2011 HK$'000 千港元	2010 HK$'000 千港元
Within 1 year	1年內	**605,813**	378,214
Over 1 year	超過1年	**226,012**	17,521
		831,825	395,735

The construction fee and retention payables are non-interest-bearing and repayable within the normal operation cycle or on demand.

建設費用及保留金應付款項為免息及須於一般業務週期或應要求償還。

The other payables are non-interest-bearing.

其他應付款項為免息。

31. Interest-Bearing Bank and other Borrowings

31. 計息銀行及其他借貸

Group 本集團		2011 Effective interest rate (%) 實際利率 (%)	2011 Maturity 到期	2011 HK$'000 千港元	2010 Effective interest rate (%) 實際利率 (%)	2010 Maturity 到期	2010 HK$'000 千港元
Current	**即期**						
Bank loans — unsecured	銀行貸款 — 無抵押	**4.78%-6.06%**	**On demand/ 應要求／ 2011-2012**	**381,284**	4.78%-5.31%	2010-2011	580,125
Bank loans — secured	銀行貸款 — 有抵押	**—**	**—**	**—**	4.78%-5.64%	2010-2011	224,319
Other borrowing — unsecured	其他借貸 — 無抵押	**5.40%**	**On demand/ 應要求／ 2011-2012**	**237,560**	—	—	—
Current portion of long term bank and other borrowings:	長期銀行及其他借貸的即期部分：						
bank loans — unsecured	銀行貸款 — 無抵押	**5.40%-5.60%**	**2011-2012**	**264,484**	4.86%-5.40%	2010-2011	364,379
bank loans — secured	銀行貸款 — 有抵押	**5.15%-5.96%**	**2011-2012**	**741,798**	4.97%-5.76%	2010-2011	389,594
Other borrowing — unsecured	其他借貸 — 無抵押	**6.10%**	**2011-2012**	**71,268**	—	—	—
				1,696,394			1,558,417

31. Interest-Bearing Bank and other Borrowings *(continued)* 31. 計息銀行及其他借貸*(續)*

Group 本集團		2011 Effective interest rate (%) 實際利率 (%)	2011 Maturity 到期	2011 HK$'000 千港元	2010 Effective interest rate (%) 實際利率 (%)	2010 Maturity 到期	2010 HK$'000 千港元
Non-current	**非即期**						
Bank loans — unsecured	銀行貸款 —無抵押	**5.40%-5.60%**	**2012-2013**	**225,682**	4.86%-5.40%	2011-2013	426,183
Bank loans — secured	銀行貸款 —有抵押	**5.15%-5.96%**	**2012-2020**	**2,154,329**	4.86%-5.76%	2011-2017	2,218,125
Other borrowing — unsecured	其他借貸 —無抵押	**6.10%**	**2012-2013**	**166,292**	—	—	—
				2,546,303			2,644,308
				4,242,697			4,202,725

		Group 本集團 2011 HK$'000 千港元	Group 本集團 2010 HK$'000 千港元
Analysed into:	分析列為：		
Bank loans and overdrafts repayable:	須於以下期間償還的銀行貸款及透支：		
Within one year or on demand	一年內或應要求	**1,387,566**	1,558,417
In the second year	第二年	**894,085**	829,996
In the third to fifth years, inclusive	第三至第五年(包括首尾兩年在內)	**829,001**	1,330,875
Beyond five years	五年後	**656,925**	483,437
		3,767,577	4,202,725
Other borrowings repayable:	須於以下期間償還的其他借貸：		
Within one year or on demand	一年內或應要求	**308,828**	—
In the second year	第二年	**166,292**	—
		475,120	—
		4,242,697	4,202,725

31. Interest-Bearing Bank and other Borrowings *(continued)*

Certain of the Group's bank loans are secured by:

(i) Certain of the Group's buildings and hotel properties with aggregate carrying values of approximately HK$42,017,000 and HK$41,723,000 as at 31 March 2011 and 2010, respectively (note 14);

(ii) Certain of the Group's investment properties situated in Mainland China with aggregate carrying values of approximately HK$9,172,434,000 and HK$9,077,250,000 as at 31 March 2011 and 2010, respectively (note 15);

(iii) Certain of the Group's properties under development situated in Mainland China with aggregate carrying values of approximately HK$121,395,000 and HK$93,905,000 as at 31 March 2011 and 2010, respectively (note 16);

(iv) Certain of the Group's leasehold land with aggregate carrying values of approximately HK$2,496,000 and HK$2,437,000 as at 31 March 2011 and 2010, respectively (note 17); and

(v) Certain of the Group's properties held for sale with aggregate carrying values of approximately HK$44,762,000 as at 31 March 2010. These pledged properties held for sale have been released as at 31 March 2011.

All interest-bearing bank and other borrowings bear interest at floating rates ranging from 4.78% to 6.10% per annum and are denominated in RMB.

The carrying amounts of the Group's bank and other borrowings approximate to their fair values, which have been calculated by discounting the expected future cash flows at the prevailing interest rates.

31. 計息銀行及其他借貸*(續)*

本集團若干銀行貸款由下列各項抵押：

(i) 於2011年及2010年3月31日賬面總值分別約42,017,000港元及41,723,000港元的本集團若干樓宇及酒店物業(附註14)；

(ii) 於2011年及2010年3月31日賬面總值分別約9,172,434,000港元及9,077,250,000港元的本集團位於中國大陸的若干投資物業(附註15)；

(iii) 於2011年及2010年3月31日賬面總值分別約121,395,000港元及93,905,000港元的本集團位於中國大陸的若干發展中物業(附註16)；

(iv) 於2011年及2010年3月31日賬面總值分別約2,496,000港元及2,437,000港元的本集團若干租賃土地(附註17)；及

(v) 於2010年3月31日賬面總值約44,762,000港元的本集團若干持作銷售物業。持作出售的該等抵押物業於2011年3月31日已獲解除。

所有計息銀行及其他借貸按每年4.78%至6.10%不等的浮動利率計息，並以人民幣為單位。

本集團計息銀行及其他借貸的賬面值與其公平值相若，乃按預期日後現金流量以當時利率貼現計算。

32. Senior Notes

On 14 January 2011, the Company issued senior notes in an aggregate principal amount of US$250,000,000 ("the Senior Notes"). The Senior Notes are listed on the Singapore Exchange Securities Trading Limited. The Senior Notes carry interest at the rate of 13.5% per annum, payable semi-annually on January 14 and July 14 in arrears, and will mature on 14 January 2016, unless redeemed earlier. The offering price was at 97.381% of the principal amount of the Senior Notes.

At any time on or after 14 January 2014, the Company may redeem the Senior Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest to (but not including) the redemption date if redeemed during the twelve month period beginning on 14 January of each of the years indicated below:

Period	**Redemption price**
2014	106.750%
2015 and thereafter	103.375%

At any time prior to 14 January 2014, the Company may at its option redeem the Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Senior Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

32. 優先票據

於2011年1月14日，本公司發行本金總額250,000,000美元的優先票據(「優先票據」)。優先票據於新加坡證券交易所有限公司上市。優先票據按年利率13.5%計息，每半年於1月14日及7月14日期後支付，並將於2016年1月14日到期(除非提早贖回)。發售價為優先票據本金額的97.381%。

於2014年1月14日或之後任何時候，本公司可按相等於下述本金額百分比的贖回價，另加截至贖回日期(但不包括該日)的累計及未付利息，贖回全部或部分優先票據(倘於下文所示各年度1月14日開始的12個月期間內贖回)：

期間	**贖回價**
2014年	106.750%
2015年及之後	103.375%

於2014年1月14日前任何時間，本公司可按相等於優先票據本金額100%的贖回價，另加截至贖回日期(但不包括該日)優先票據的適用溢利及累計及未付利息(如有)，贖回全部但非部分優先票據。

32. Senior Notes *(continued)*

At any time prior to 14 January 2014, the Company may redeem up to 35% of the aggregate principal amount of the Senior Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 113.5% of the principal amount of the Senior Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the Senior Notes originally issued remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related sale of the Company's capital stock and subject to certain conditions.

The Senior Notes contain a liability component and the above early redemption options:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the period is calculated by applying an effective interest rate of approximately 14.57% per annum to the liability component of the Senior Notes since they were issued.

(ii) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options is insignificant on initial recognition and at 31 March 2011.

32. 優先票據*(續)*

於2014年1月14日前任何時間，本公司可以在股份發售中進行一次或多次銷售本公司普通股所得的現金款項淨額，按優先票據本金額113.5%的贖回價，另加截至贖回日期(但不包括該日)的累計及未付利息(如有)，贖回最多優先票據本金總額的35%，惟每次贖回後優先票據原發行本金總額最少65%須仍未贖回，且任何有關贖回須於相關本公司股本銷售結束後60日內進行及受限於若干條件。

優先票據含有負債部分及上述提早贖回權：

(i) 負債部分指合約所釐定未來現金流量按具有可資比較信貸評級並按相同條款提供大致相同現金流量但無嵌入衍生工具的工具當時適用的現行市場利率折現的現值。

期內收取的利息乃按優先票據發行以來的負債部份使用實際年利率約14.57%計算。

(ii) 提早贖回權被視為並非與主合約有密切關係的嵌入衍生工具。董事認為於初始確認及2011年3月31日，上述提早贖回權的公平值不大。

32. Senior Notes *(continued)*

The Senior Notes recognised in the statement of financial position were calculated as follows:

32. 優先票據*(續)*

已於財務狀況表確認的優先票據計算如下：

		Group and the Company 本集團及本公司 HK$'000 千港元
Initial fair value on the date of issuance	發行日期的初次公平值	1,898,930
Transaction cost	交易成本	(56,043)
Carrying amount as at 14 January 2011	於2011年1月14日的賬面值	1,842,887
Interest expenses	利息開支	57,196
Carrying amount as at 31 March 2011	於2011年3月31日的賬面值	1,900,083

The fair value of the senior notes at 31 March 2011 amounted to HK$1,831,635,000. The fair value is calculated using the market price of the senior notes on 31 March 2011.

於2011年3月31日，優先票據的公平值達1,831,635,000港元。公平值乃使用優先票據於2011年3月31日的市場價格計算。

33. Deferred Tax

The movements in deferred tax liabilities and assets during the year are as follows:

33. 遞延稅項

年內，遞延稅項負債及資產變動如下：

Deferred tax liabilities

Group

遞延稅項負債

本集團

		Accelerated tax depreciation 加速稅項折舊 HK$'000 千港元	Revaluation of investment properties 投資物業重估 HK$'000 千港元	Withholding tax 預扣稅 HK$'000 千港元	Total 總計 HK$'000 千港元
At 1 April 2010	於2010年4月1日	37,724	1,667,579	69,764	1,775,067
Deferred tax charged to the income statement during the year (note 10)	年內收益表內扣除的遞延稅項(附註10)	34,846	366,042	81,081	481,969
Exchange realignment	匯兑調整	2,523	82,722	5,076	90,321
At 31 March 2011	於2011年3月31日	75,093	2,116,343	155,921	2,347,357

33. Deferred Tax *(continued)*

33. 遞延稅項*(續)*

Deferred tax assets

遞延稅項資產

Group

本集團

		Tax effect of LAT 土地增值稅的稅務影響 HK$'000 千港元	Loss available for offsetting against future taxable profits 可供抵銷未來應課稅利潤的虧損 HK$'000 千港元	Provision for impairment of accounts receivable 應收賬款減值撥備 HK$'000 千港元	Total 總計 HK$'000 千港元
At 1 April 2010	於2010年4月1日	**69,282**	**518**	**5,613**	**75,413**
Deferred tax credited to the income statement during the year (note 10)	年內計入收益表內的遞延稅項(附註10)	**68,721**	**—**	**10,588**	**79,309**
Exchange realignment	匯兑調整	**4,750**	**23**	**508**	**5,281**
At 31 March 2011	於2011年3月31日	**142,753**	**541**	**16,709**	**160,003**

Deferred tax liabilities

遞延稅項負債

Group

本集團

		Accelerated tax depreciation 加速稅項折舊 HK$'000 千港元	Revaluation of investment properties 投資物業重估 HK$'000 千港元	Withholding tax 預扣稅 HK$'000 千港元	Total 總計 HK$'000 千港元
At 1 April 2009	於2009年4月1日	23,486	1,335,862	—	1,359,348
Deferred tax charged to the income statement during the year (note 10)	年內收益表內扣除的遞延稅項(附註10)	14,143	327,136	69,641	410,920
Exchange realignment	匯兑調整	95	4,581	123	4,799
At 31 March 2010	於2010年3月31日	37,724	1,667,579	69,764	1,775,067

33. Deferred Tax *(continued)*

Deferred tax assets

Group

33. 遞延税項*(續)*

遞延税項資產

本集團

		Tax effect of LAT 土地增值税的税務影響 HK$'000 千港元	Loss available for offsetting against future taxable profits 可供抵銷未來應課税利潤的虧損 HK$'000 千港元	Provision for impairment of accounts receivable 應收賬款減值撥備 HK$'000 千港元	Total 總計 HK$'000 千港元
At 1 April 2009	於2009年4月1日	12,599	—	—	12,599
Deferred tax realised to the income statement during the year	年內於收益表變現的遞延税項	(2,770)	—	—	(2,770)
Deferred tax credited to the income statement during the year (note 10)	年內計入收益表內的遞延税項(附註10)	59,316	517	5,604	65,437
Exchange realignment	匯兑調整	137	1	9	147
At 31 March 2010	於2010年3月31日	69,282	518	5,613	75,413

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. In the current year, the Group accrued withholding tax of HK$81,081,000 (2010: HK$69,641,000) for those subsidiaries established in Mainland China.

The Group's deferred tax assets related to the LAT available for offsetting against future profits and were credited to the consolidated results. During the year ended 31 March 2011, no deferred tax assets (2010: HK$2,770,000) were realised in the current corporate income tax.

根據中國企業所得税法，於中國內地成立的外商投資企業向海外投資者宣派的股息須繳納10%預扣税。是項規定自2008年1月1日起生效，並適用於2007年12月31日後賺取的盈利。倘中國大陸與海外投資者所處司法權區訂立税務條約，則可繳納較低預扣税。就本集團而言，適用税率為5%。因此，本集團須就於中國內地成立的附屬公司分派2008年1月1日後所賺取盈利的股息而繳納預扣税。於本年度，本集團就其於中國內地成立的附屬公司作出之應計預扣税為81,081,000港元(2010年：69,641,000港元)。

本集團的遞延税項資產與可供抵銷未來利潤的土地增值税有關，並計入綜合業績。截至2011年3月31日止年度，並無遞延税項資產(2010年：2,770,000港元)變現為即期企業所得税。

34. Share Capital

34. 股本

		2011 HK$'000 千港元	2010 HK$'000 千港元
Authorised: 30,000,000,000 (31 March 2010: 30,000,000,000) ordinary shares of HK$0.01 each	法定： 30,000,000,000股（2010年3月31日：30,000,000,000股）每股面值0.01港元的普通股	**300,000**	300,000
Issued and fully paid: 5,987,564,000 (31 March 2010: 6,000,000,000) ordinary shares of HK$0.01 each	已發行及繳足： 5,987,564,000股（2010年3月31日：6,000,000,000股）每股面值0.01港元的普通股	**59,876**	60,000

During the year ended 31 March 2011, the movements in issued capital were as follows:

截至2011年3月31日止年度，已發行股本變動如下：

		Notes 附註	**Number of shares in issue 已發行股份數目**	**Issued capital 已發行股本** HK$'000 千港元
At 1 April 2009	於2009年4月1日		20,000,000	200
Capitalisation of shareholders' loan	股東貸款資本化	(i)	4,480,000,000	44,800
Issuance of new shares	發行新股	(ii)	1,500,000,000	15,000
At 31 March 2010	於2010年3月31日		6,000,000,000	60,000
Repurchase of shares	購回股份	(iii)	(20,436,000)	(204)
Exercise of share options	行使購股權	(iv)	8,000,000	80
At 31 March 2011	於2011年3月31日		5,987,564,000	59,876

34. Share Capital *(continued)*

(i) On 4 September 2009, the existing shareholders of the Company at that date ("Existing Shareholders") unanimously passed the resolution of the capitalisation of an aggregate amount of HK$85,800,000 shareholders' loan made by the Existing Shareholders to the Company according to their proportionate shareholding at the IPO date, whereby HK$44,800,000 would be paid up in full at par value for the allotment and issuance of an aggregate number of 4,480,000,000 shares of HK$0.01 each to these Existing Shareholders (or their nominees), with the remaining HK$41,000,000 to be credited to the share premium account of the Company. On 30 September 2009, the IPO date of the Company, the shareholders' loan have been capitalised in accordance with the resolution. The shares allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued shares.

(ii) On 30 September 2009, the Company issued 1,500,000,000 ordinary shares of HK$0.01 each for cash at the price of HK$2.1 per share, totalling HK$3,150,000,000 pursuant to the Company's initial public offering for the listing of those shares on the Stock Exchange.

(iii) During the year, the Company repurchased 20,436,000 of its own ordinary shares, in aggregate, on the market at a total consideration of HK$24,616,000. These shares were cancelled during the year and the issued share capital of the Company was reduced by the par value of the repurchased ordinary shares.

(iv) During the year, the subscription rights attaching to 8,000,000 share options were exercised at the subscription price of HK$1.05 per share (note 35), resulting in the issue of 8,000,000 shares of HK$0.01 each for a total cash consideration, before expenses, of HK$8,400,000. An amount of HK$3,001,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.

34. 股本*(續)*

(i) 於2009年9月4日，本公司於當天的原有股東(「原有股東」)一致通過決議案，批准原有股東根據於首次公開發售股份日期的股權比例向本公司作出的總額85,800,000港元的股東貸款資本化，據此，將會按面值全數繳足44,800,000港元，以向該等原有股東(或其代名人)配發及發行合共4,480,000,000股每股面值0.01港元的股份，其餘41,000,000港元計入本公司股份溢價賬的進賬。於2009年9月30日(本公司進行首次公開發售股份日期)，股東貸款已根據決議案資本化。根據本決議案將予配發及發行的股份與現有已發行股份在各方面享有同等地位。

(ii) 於2009年9月30日，本公司根據其首次公開發售股份在聯交所上市，按每股2.1港元現金價格，發行1,500,000,000股每股面值0.01港元的普通股，合共3,150,000,000港元。

(iii) 年內，本公司於市場購回合共20,436,000股本公司普通股，總代價為24,616,000港元。年內，該等股份被註銷，而本公司已發行股本按購回普通股的面值扣減。

(iv) 年內，8,000,000份購股權附帶的認購權以認購價每股1.05港元行使(附註35)，導致以總現金代價(扣除開支前)8,400,000港元發行8,000,000股每股0.01港元的股份。為數3,001,000港元的款項於購股權行使後由購股權儲備轉撥至股份溢價賬。

35. Share Options

(a) Pre-IPO Share Option Agreements

The Company has granted certain share options for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Grantees of the share options include Directors and certain employees of the Group. The share options were approved by the Company on 13 October 2006 ("Pre-IPO Options").

The number of Pre-IPO Options upon their exercise was equal to 3% of the Company's issued ordinary shares for Initial Public Offering ("IPO") of the listing on the Stock Exchange that was of 180,000,000 ordinary shares. The options must be exercised within two to three years following the IPO of the Company, and the exercise price shall be 50% of the offer price of each share in the IPO as at HK$1.05.

All Pre-IPO Options were granted in prior year, and their fair value of HK$67,521,000 was estimated by Vigers Appraisal & Consulting Ltd ("Vigers"). All the share option expenses were recognised in the consolidated income statement in prior year (2010: HK$3,294,000).

35. 購股權

(a) 首次公開發售股份前購股權協議

本公司已授出若干購股權，向為本集團業務成就作出貢獻的合資格參與者提供獎勵及報酬。購股權承授人包括本集團董事及若干僱員。本公司已於2006年10月13日批准購股權(「首次公開發售股份前購股權」)。

首次公開發售股份前購股權獲行使時的股數相等於本公司於聯交所上市首次公開發售股份(「首次公開發售股份」)時已發行普通股的3%(即180,000,000股普通股)。購股權必須於本公司進行首次公開發售股份後兩至三年內行使，行使價為首次公開發售股份中每股發售價的50%，即1.05港元。

所有首次公開發售股份前購股權已於過往年度授出，其公平值為67,521,000港元，由威格斯資產評估顧問有限公司(「威格斯」)進行估計。於過往年度，所有購股權開支已於綜合收益表確認(2010年：3,294,000港元)。

35. Share Options *(continued)*

(a) Pre-IPO Share Option Agreements *(continued)*

The following share options were outstanding as at 31 March 2011 and 2010:

		Exercise price 行使價 HK$ per share 每股港元	Number of options 購股權數目 '000 千股
At 1 April 2010	於2010年4月1日	1.05	180,000
Exercised during the year	於年內行使	1.05	(8,000)
At 31 March 2011	於2011年3月31日		172,000

The weighted average share price at the date of exercise for share options exercised during the year was HK$1.25 per share (2010: No share options were exercised).

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2011

Number of options 購股權數目 '000 千股	Exercise price 行使價 HK$ per share 每股港元	Exercise period 行使期
132,000	**1.05**	**30-9-2009 to 29-9-2012**
		2009年9月30日至2012年9月29日
40,000	**1.05**	**30-9-2009 to 29-9-2011**
		2009年9月30日至2011年9月29日
172,000		

35. 購股權*(續)*

(a) 首次公開發售股份前購股權協議*(續)*

以下購股權於2011年及2010年3月31日尚未行使：

於年內行使的購股權於行使日期的加權平均股價為每股1.25港元(2010年：概無購股權獲行使)。

截至申報期間結束時，未行使購股權的行使價及行使期如下：

2011年

35. Share Options *(continued)*

(a) Pre-IPO Share Option Agreements *(continued)*

35. 購股權*(續)*

(a) 首次公開發售股份前購股權協議*(續)*

2010

2010年

Number of options 購股權數目 '000 千股	Exercise price 行使價 HK$ per share 每股港元	Exercise period 行使期
132,000	1.05	30-9-2009 to 29-9-2012 2009年9月30日至2012年9月29日
48,000	1.05	30-9-2009 to 29-9-2011 2009年9月30日至2011年9月29日
180,000		

The fair value of equity-settled share options granted was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model:

於授出日期採用二項式模式對已授出以權益結算的購股權的公平值進行估計，並已考慮購股權獲授出時的條款及條件。下表列示所用模式的輸入值：

Value of the Company's shares	Make reference to similar companies
Exercise price	50% of stock price at grant date
Dividend yield (%)	0.00
Expected volatility (%)	40.00
Risk-free interest rate (%)	3.90
Expected life of option (year)	2.4

本公司股份價值	參照類似的公司
行使價	授出日期股價50%
股息率(%)	0.00
預期波動性(%)	40.00
無風險利率(%)	3.90
預期購股權年期（年）	2.4

35. Share Options *(continued)*

(a) Pre-IPO Share Option Agreements *(continued)*

The expected life of the options is based on the historical data over the past three years of similar companies and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility of similar companies is indicative of the future trends, which may also not necessarily be the actual outcome. The exercise price is 50% of the offer price of each share at the IPO. The expected life of the options is based on the directors' estimation on the date of the IPO.

No other feature of the options granted was incorporated into the measurement of fair value.

The 8,000,000 share options exercised during the year resulted in the issue of 8,000,000 ordinary shares of the Company and new share capital of HK$80,000 and share premium of HK$11,321,000 (before issue expenses), as further detailed in note 36 to the financial statements.

(b) Share Option Scheme

The Company has adopted a share option scheme on 4 September 2009 (the "Share Option Scheme") to provide incentives and reward to selected eligible persons which includes directors, employees, officers, agents, consultants or representatives of the Group for their contribution or potential contribution to the Company or its subsidiaries. The Share Option Scheme became effective on 30 September 2009 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. Further details of the Share Option Scheme are set out in "Report of the Directors" of this annual report.

35. 購股權*(續)*

(a) 首次公開發售股份前購股權協議*(續)*

購股權的預期年期乃按類似公司過去三年的歷史數據得出，未必顯示可能發生的行使情況。預期波動性反映了一項假設，即類似公司歷史波動性能顯示未來走勢，有關走勢亦未必是實際結果。行使價為首次公開發售股份時每股發售價的50%。購股權的預期年期乃按董事對首次公開發售股份日期的估計為基準。

計量公平值時，並無考慮所授出的購股權的其他特性。

年內8,000,000股購股權獲行使，導致發行8,000,000股本公司普通股及80,000港元的新股本以及11,321,000港元股份溢價(扣除發行開支前)，進一步詳情載於財務報表附註36。

(b) 購股權計劃

本公司已於2009年9月4日採納購股權計劃(「購股權計劃」)，向對本公司或其附屬公司作出貢獻或潛在貢獻的經甄選合資格人士(包括本集團董事、僱員、高級職員、代理、顧問或代表)提供獎勵及回報，購股權計劃自2009年9月30日起生效，並由當日起持續十年(除非取消或作出修訂)。購股權計劃的進一步詳情載於本年報中的「董事會報告」。

35. Share Options *(continued)*

(b) Share Option Scheme *(continued)*

On 2 December 2010, the Company granted 6,000,000 share options to an employee, with the exercise price of HK$1.41 per share. Details of the movement of the share options under the Share Option Scheme are as follows:

35. 購股權*(續)*

(b) 購股權*(續)*

於2010年12月2日，本公司授予本公司一位僱員6,000,000股購股權，行使價為每股1.41港元。購股權計劃項下購股權變動的詳情如下：

		Exercise price 行使價 HK$ per share 每股港元	Number of options 購股權數目 '000 千股
At 1 April 2010	於2010年4月1日	—	—
Granted during the year	於年內授出	1.41	6,000
At 31 March 2011	於2011年3月31日		6,000

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

截至申報期間結束時，未行使購股權的行使價及行使期如下：

2011 / **2011年**

Number of options 購股權數目 '000 千股	Exercise price 行使價 HK$ per share 每股港元	Exercise period 行使期
2,000	1.41	2-12-2011 to 1-12-2015 2011年12月2日至2015年12月1日
2,000	1.41	2-12-2012 to 1-12-2015 2012年12月2日至2015年12月1日
2,000	1.41	2-12-2013 to 1-12-2015 2013年12月2日至2015年12月1日
6,000		

35. Share Options *(continued)*

(b) Share Option Scheme *(continued)*

The fair value of the share options granted during the year was HK$1,992,000, of which the Group recognised a share option expense of HK$396,000 during the year ended 31 March 2011.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant by Vigers, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

35. 購股權*(續)*

(b) 購股權*(續)*

截至2011年3月31日止年度內，年內授出的購股權的公平值為1,992,000港元，其中本集團確認購股權開支396,000港元。

威格斯資產評估顧問有限公司於授出日期採用二項式模式對年內已授出以權益結算的購股權的公平值進行估計，並已考慮購股權獲授出時的條款及條件。下表列示所用模式的輸入值：

Share price at the date of grant	於授出日之股價	1.41
Exercise price (HK$)	行使價(港元)	1.41
Dividend yield (%)	股息率(%)	1.59
Expected volatility (%)	預期波動性(%)	30
Risk-free interest rate (%)	無風險利率(%)	1.46
Expected life of options (years)	預期購股權年期(年)	4.06 - 4.65

The expected life of the options is based on the historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility was determined based on the movement of the share price during the year ended 31 March 2011, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 178,000,000 share options outstanding under the Pre-IPO Share Option Agreements and the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 178,000,000 additional ordinary shares of the Company and additional share capital of HK$1,780,000 and share premium of HK$187,280,000 (before issue expenses).

購股權的預期年期乃按歷史數據得出，及未必顯示可能發生的行使情況。預期波動性乃按截至2011年3月31日止年度內之股價變動而釐定，未必是實際結果。

計量公平值時，並無考慮所授出的購股權的其他特性。

申報期間結束時，根據首次公開發行股份前購股權協議及購股權計劃，本公司有178,000,000股未行使購股權。根據本公司現時的資本結構而言，全數行使未行使購股權將會導致本公司發行178,000,000股額外普通股及額外股本1,780,000港元及187,280,000港元股份溢價(扣除發行開支前)。

35. Share Options *(continued)*

Subsequent to the end of the reporting period, on 11 April 2011, a total of 226,900,000 share options under the Share Option Scheme were granted to an executive director and certain employees of the Company and its subsidiaries in respect of their services to the Group. These share options have an exercise price of HK$1.29 per share and an exercise period ranging from 11 April 2011 to 10 April 2016. The price of the Company's shares at the date of grant was HK$1.26 per share.

At the date of approval of these financial statements, the Company had 404,900,000 share options outstanding under the Pre-IPO Share Option Agreements and the Share Option Scheme, which represented approximately 6.8% of the Company's shares in issue as at that date.

36. Reserves

(a) Group

The amounts of the Group's reserves and the movements therein for the current year and the prior year are presented in the consolidated statement of changes in equity on pages 87 to 88 of the financial statements.

Pursuant to the relevant laws and regulations for Sino-foreign joint venture enterprises, a portion of the profits of the Group's subsidiaries which are established in the PRC has been transferred to the statutory reserve which is restricted as to use.

35. 購股權*（續）*

申報期間結束後，於2011年4月11日，就本公司及其附屬公司一位執行董事及若干僱員對本集團的服務，根據購股權計劃授予彼等合共226,900,000份購股權。該等購股權行使價為每股1.29港元，行使期介乎2011年4月11日至2016年4月10日期間。於授出日期本公司股價為每股1.26港元。

於該等財務報表批准當日，根據首次公開發行股份前購股權協議及購股權計劃，本公司有404,900,000股未行使購股權，即佔本公司於該日已發行股份約6.8%。

36. 儲備

(a) 本集團

本集團的儲備金額及於本年度及過往年度的變動乃於財務報表第87至88頁綜合權益變動表呈列。

根據中外合營企業相關法律及法規，本集團旗下在中國成立的附屬公司的部分利潤已轉撥至用途受限制的法定儲備金。

36. Reserves *(continued)*

36. 儲備（續）

(b) Company

(b) 本公司

		Capital reserve 資本儲備 HK$'000 千港元	Share option reserve 購股權儲備 HK$'000 千港元	Share premium account 股份溢價賬 HK$'000 千港元	Retained profits 保留利潤 HK$'000 千港元	Total 總計 HK$'000 千港元
At 1 April 2009	於2009年4月1日	182,768	64,226	—	53,095	300,089
Profit for the year	年內利潤	—	—	—	235,995	235,995
Equity-settled share option arrangement	以權益結算的購股權安排	—	3,294	—	—	3,294
Transfer to retained profits	轉移至保留利潤	(182,768)	—	—	182,768	—
Issue of shares at a premium through initial public offering	通過首次公開發售按溢價發行股份	—	—	3,135,000	—	3,135,000
Issue of shares by capitalisation of shareholders' loan	通過資本化股東貸款發行股份	—	—	41,000	—	41,000
Transaction costs attributable to issue of shares	發行股份應佔交易成本	—	—	(136,598)	—	(136,598)
Proposed final dividend (note 12)	擬派末期股息（附註12）	—	—	—	(119,591)	(119,591)
At 31 March 2010	於2010年3月31日	—	67,520	3,039,402	352,267	3,459,189

		Capital redemption reserve 資本贖回儲備 HK$'000 千港元	**Share option reserve 購股權儲備 HK$'000 千港元**	**Share premium account 股份溢價賬 HK$'000 千港元**	**Retained profits 保留利潤 HK$'000 千港元**	**Total 總計 HK$'000 千港元**
At 1 April 2010	於2010年4月1日	**—**	**67,520**	**3,039,402**	**352,267**	**3,459,189**
Profit for the year	年內利潤	**—**	**—**	**—**	**131,680**	**131,680**
Repurchase of shares (note 34)	購回股份（附註34）	**204**	**—**	**—**	**(24,616)**	**(24,412)**
Exercise of share options (note 35)	行使購股權（附註35）	**—**	**(3,001)**	**11,321**	**—**	**8,320**
Equity-settled share option arrangement	以權益結算的購股權安排	**—**	**396**	**—**	**—**	**396**
Proposed final dividend (note 12)	擬派末期股息（附註12）	**—**	**—**	**—**	**(149,689)**	**(149,689)**
At 31 March 2011	於2011年3月31日	**204**	**64,915**	**3,050,723**	**309,642**	**3,425,484**

37. Acquisition of Non-Controlling Interests

On 19 July 2010, China Central City (BVI) Limited, a wholly-owned subsidiary of the Group, purchased a 100% equity interest in Fortune Pace Limited and Fortune Great Limited, which formerly held a 30% equity interest in Heyuan Enterprise with a consideration of HK$120,000,000. Following the purchase, Heyuan Enterprise was 100% owned by the Group.

The difference of HK$88,181,000 between the carrying amount of HK$31,819,000 of the non-controlling interests as at the acquisition date and the purchase consideration of HK$120,000,000 was accounted for as a deduction of capital reserve.

37. 收購非控股權益

於2010年7月19日，本集團的全資附屬公司華中城(BVI)有限公司以120,000,000港元的代價收購祺迅投資有限公司及瑞鵬投資有限公司(過往持有河源實業的30%股權)的100%股權。購買後，河源實業由本集團擁有100%權益。

非控股權益於收購日期的賬面值31,819,000港元與收購代價120,000,000港元的差額88,181,000港元入賬為資本儲備扣減。

38. Pledge Of Assets

Details of the Group's bank and other borrowings, which are secured by the assets of the Group, are included in notes 14, 15, 16, 17 and 31 to the financial statements.

38. 資產抵押

以本集團的資產作抵押的銀行及其他借貸詳情載於財務報表附註14、15、16、17及31。

39. Contingent Liabilities

At the end of each reporting period, contingent liabilities not provided for in the financial statements were as follows:

39. 或然負債

於各申報期間結束時，財務報表內未有撥備的或然負債如下：

		Group 本集團		Company 本公司	
		2011 HK$'000 千港元	2010 HK$'000 千港元	**2011 HK$'000 千港元**	2010 HK$'000 千港元
Guarantees given to banks in connection with facilities granted to:	就以下各方獲授的融資而向銀行提供的擔保：				
Subsidiaries	附屬公司	**—**	—	**138,577**	250,250
Third parties	第三方	**152,621**	217,921	**—**	—
		152,621	217,921	**138,577**	250,250

39. Contingent Liabilities *(continued)*

As at 31 March 2011, the banking facilities granted to a subsidiary subject to guarantees given to the banks by the Company were utilised to the extent of approximately HK$138,577,000 (2010: HK$250,250,000).

The Group has provided guarantees in respect of banking facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's trade centers and residential properties, and bank loans entered into by lessees of the Group's residential properties. Pursuant to the terms of the guarantees, if there is default of the loan payments by these purchasers and lessees, the Group is responsible to repay the outstanding loans together with accrued interest thereon and any penalty owed by the defaulted purchasers and lessees to banks. The Group is then entitled to take over the legal title and usage rights of the related properties. For trade center units and residential properties sold, the guarantee period commences from the dates of grant of the relevant loans and ends when the purchasers obtain the building ownership certificate which will then be pledged with the banks. For leased residential properties, the guarantees will be released accordingly along with the repayment of loan principal by the lessees.

The Group did not incur any material losses during the financial years in respect of the guarantees provided for mortgage facilities granted to purchasers and lessees of the Group's properties. The directors consider that in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

39. 或然負債*(續)*

於2011年3月31日，本公司向銀行提供擔保一家附屬公司獲授的銀行融資中約138,577,000港元(2010年：250,250,000港元)已動用。

若干銀行與本集團交易中心及住宅物業買家及本集團住宅物業承租人分別訂立按揭貸款及銀行貸款，本集團就該等銀行貸款融資提供擔保。根據該等擔保條款，倘該等買家及承租人拖欠貸款還款，本集團負責償還未付貸款，連同應計利息，以及欠款買家及承租人結欠銀行的任何罰金。其後，本集團有權接管相關物業的法律業權及使用權。已售交易中心商舖及住宅物業方面，擔保期由相關貸款授出日期起至買家取得其後抵押予銀行的房地產權證日期止。就租賃住宅物業而言，擔保將隨承租人償還貸款本金解除。

本集團於財政年度內並無因向本集團物業買家及承租人獲授按揭融資所提供擔保錄得任何重大虧損。董事認為，倘出現拖欠款項的情況，相關物業的可變現淨值足以支付未償還按揭貸款連同任何應計利息及罰款，故無就擔保計提撥備。

40. Operating Lease Arrangements

(a) As lessor

The Group leases its investment properties (note 15) and properties sold with cooperation arrangements and leasing arrangements under operating lease arrangements negotiated for terms ranging from 1 to 10 years. The terms of the leases also require the tenants to pay security deposits.

At the end of each reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

40. 經營租賃安排

(a) 作為出租人

本集團根據經營租賃安排租賃其投資物業(附註15)及以合作安排及租賃安排的出售物業，並磋商1至10年的租賃期。租賃條款亦規定租戶支付押金。

於各申報期間結束時，本集團根據與租戶訂立的不可註銷經營租賃按下列到期日之未來最低應收租金總額如下：

Group 本集團

		2011 HK$'000 千港元	2010 HK$'000 千港元
Within one year	一年內	**127,856**	70,663
In the second to fifth years, inclusive	第二至第五年(包括首尾兩年在內)	**154,590**	61,435
After five years	五年以後	**72,920**	13,713
		355,366	145,811

40. Operating Lease Arrangements *(continued)*

(b) As lessee

The Group leases certain of its offices, staff quarters and properties sold under operating lease arrangements. Leases are negotiated for terms ranging from one to five years.

At the end of each reporting period, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

40. 經營租賃安排*(續)*

(b) 作為承租人

本集團以經營租賃安排租賃若干辦公室、員工宿舍及已售物業，並磋商一至五年的租賃期。

於各申報期間結束時，本集團及本公司根據不可註銷經營租賃按下列到期日之未來最低租金總額如下：

		Group 本集團		Company 本公司	
		2011 HK$'000 千港元	2010 HK$'000 千港元	**2011 HK$'000 千港元**	2010 HK$'000 千港元
Within one year	一年內	**76,622**	48,094	**1,441**	383
In the second to fifth years, inclusive	第二至第五年(包括首尾兩年在內)	**124,700**	2,521	**2,823**	—
After five years	五年以後	**—**	—	**—**	—
Total	總計	**201,322**	50,615	**4,264**	383

41. Commitments

In addition to the operating lease commitments detailed in note 40(b) above, the Group had the following commitments at the end of each reporting period:

41. 承擔

除上文附註40(b)詳述的經營租賃承擔外，於各申報期間結束時，本集團有下列承擔：

Group 本集團

		2011 HK$'000 千港元	2010 HK$'000 千港元
Contracted, but not provided for:	已訂約但未撥備：		
Properties under development	發展中物業	**966,079**	48,411
Capital contribution to an associate	向一家聯營公司出資	**—**	450
		966,079	48,861
Authorised, but not contracted for:	已授權但未訂約：		
Properties under development	發展中物業	**6,408,729**	5,641,374

42. Related Party Transactions

42. 關連人士交易

(a) In addition to the transactions disclosed elsewhere in the financial statements, the Group had the following material transactions with related parties during the year:

(a) 除財務報表另有披露的交易外，於年內，本集團與關連人士進行了下列重大交易：

Group	本集團	Notes 附註	**2011 HK$'000 千港元**	2010 HK$'000 千港元
Companies in which a director of the Company is a controlling shareholder:	本公司董事擔任控股股東的公司：			
Consultancy fees paid	已付顧問費	(i)	**—**	300
Rental expense and related service fees for office building	辦公樓的租金開支及相關服務費用	(ii)	**1,884**	1,898
Rental expense for trade centers	交易中心的租金開支	(iii)	**838**	874

Notes:

(i) The consultancy fees were related to the consultancy and management services provided to the Group by a related company and were based on terms mutually agreed between both parties.

(ii) The rental expense and related service fees for the office building were related to the leasing of office space provided to the Group by a related company. The fees were based on terms mutually agreed between both parties.

(iii) The rental expense was related to leasing of trade centers provided to the Group by related parties. The rental was based on terms mutually agreed between the parties.

附註：

(i) 顧問費乃與關連公司向本集團提供的顧問及管理服務有關，並根據雙方協定的條款而進行。

(ii) 辦公樓的租金開支及相關服務費用與一家關連公司向本集團出租辦公室面積有關。有關費用根據雙方協定條款計算。

(iii) 租金收入與關連人士向本集團出租交易中心有關。租金按各方相互協定的條款釐定。

(b) Outstanding balances with related parties

(i) Details of the Group's amounts due from/to its jointly-controlled entities and an associate as at the end of each reporting period are disclosed in notes 20 and 21, respectively.

(ii) As disclosed in the consolidated statement of financial position, the Group had an outstanding balance due to non-controlling interests of HK$51,170,000 (2010: Nil) as at the end of reporting period. The balance is unsecured, interest-free and not repayable within one year.

(b) 與關連人士之間的未結付結餘

(i) 本集團於各申報期間結束時的應收／應付共同控制實體及一家聯營公司款項詳情分別在附註20及21披露。

(ii) 於綜合財務狀況表中披露，本集團於申報日期結束時有應付非控股權益款項51,170,000港元（2010年：無）。有關款項為無抵押、免息及不於一年內償還。

42. Related Party Transactions *(continued)*

42. 關連人士交易*(續)*

(c) Compensation of key management personnel of the Group:

(c) 本集團主要管理人員薪酬：

Group 本集團		2011 HK$'000 千港元	2010 HK$'000 千港元
Short term employee benefits	短期僱員福利	**25,151**	51,745
Post-employment benefits	離職後福利	**24**	36
Equity-settled share option expense	以權益結算的購股權開支	**—**	3,074
Total compensation paid to key management personnel	支付予主要管理人員的薪酬總額	**25,175**	54,855

Further details of directors' emoluments are included in note 8 to the financial statements.

董事酬金進一步詳情載於財務報表附註8。

43. Financial Instruments by Category

43. 金融工具分類

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

各類金融工具於申報期間結束時的賬面值如下：

Financial assets

財務資產

2011

2011年

		Group 本集團 Loans and receivables 貸款及應收款項 HK$'000 千港元	Financial assets at fair value through profit or loss 透過損益以公平值列賬的財務資產 HK$'000 千港元	Total 總計 HK$'000 千港元
Amounts due from jointly-controlled entities (note 20)	應收共同控制實體款項(附註20)	**11,479**	**—**	**11,479**
Finance lease receivables (note 23)	融資租賃應收款項(附註23)	**46,795**	**—**	**46,795**
Held for trading investments (note 27)	持作買賣投資(附註27)	**—**	**153,065**	**153,065**
Trade receivables (note 25)	應收貿易賬款(附註25)	**589,943**	**—**	**589,943**
Financial assets included in prepayments, deposits and other receivables (note 26)	計入預付款項、按金及其他應收款項的財務資產(附註26)	**22,746**	**—**	**22,746**
Restricted cash (note 28)	受限制現金(附註28)	**43,181**	**—**	**43,181**
Cash and bank balances (note 29)	現金及銀行結餘(附註29)	**4,521,310**	**—**	**4,521,310**
		5,235,454	**153,065**	**5,388,519**

43. Financial Instruments by Category *(continued)*

43. 金融工具分類*(續)*

Financial assets *(continued)*

財務資產*(續)*

2010

2010年

		Group 本集團		
		Loans and receivables 貸款及應收款項 HK$'000 千港元	Financial assets at fair value through profit or loss 透過損益以公平值列賬的財務資產 HK$'000 千港元	Total 總計 HK$'000 千港元
Amounts due from jointly-controlled entities (note 20)	應收共同控制實體款項(附註20)	11,034	—	11,034
Loan receivables (note 22)	應收貸款(附註22)	625	—	625
Finance lease receivables (note 23)	融資租賃應收款項(附註23)	54,250	—	54,250
Held for trading investments (note 27)	持作買賣投資(附註27)	—	123,932	123,932
Trade receivables (note 25)	應收貿易賬款(附註25)	234,155	—	234,155
Financial assets included in prepayments, deposits and other receivables (note 26)	計入預付款項、按金及其他應收款項的財務資產(附註26)	70,021	—	70,021
Restricted cash (note 28)	受限制現金(附註28)	8,851	—	8,851
Cash and bank balances (note 29)	現金及銀行結餘(附註29)	3,694,126	—	3,694,126
		4,073,062	123,932	4,196,994

Financial liabilities at amortised cost

按攤銷成本列賬的財務負債

		Group 本集團	
		2011 HK$'000 千港元	2010 HK$'000 千港元
Amount due to an associate (note 21)	應付一家聯營公司款項(附註21)	**2,984**	2,858
Financial liabilities included in trade and other payables (note 30)	計入貿易及其他應付款項的財務負債(附註30)	**1,134,611**	594,498
Senior notes (note 32)	優先票據(附註32)	**1,900,083**	—
Interest-bearing bank and other borrowings (note 31)	計息銀行及其他借貸(附註31)	**4,242,697**	4,202,725
Amount due to non-controlling interests (note 42(b)(ii))	應付非控股權益款項(附註42(b)(ii))	**51,170**	—
		7,331,545	4,800,081

43. Financial Instruments by Category *(continued)* 43. 金融工具分類*(續)*

Financial assets 財務資產

		Company 本公司 2011 HK$'000 千港元	2010 HK$'000 千港元
Loan to a subsidiary (note 19)	向一家附屬公司作出的貸款(附註19)	**752,400**	452,400
Due from subsidiaries (note 19)	應收附屬公司款項(附註19)	**968,195**	698,098
Financial assets included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收款項的財務資產	**3,708**	1,099
Cash and bank balances (note 29)	現金及銀行結餘(附註29)	**2,342,869**	1,505,842
		4,067,172	2,657,439

Financial liabilities at amortised cost 按攤銷成本列賬的財務負債

		Company 本公司 2011 HK$'000 千港元	2010 HK$'000 千港元
Due to subsidiaries (note 19)	應付附屬公司款項(附註19)	**899**	899
Financial liabilities included in other payables, accruals and deposits received	計入其他應付款項、應計項目及已收按金的財務負債	**34,055**	20,474
Senior notes (note 32)	優先票據(附註32)	**1,900,083**	—
		1,935,037	21,373

44. Fair Value Hierarchy

The carrying amounts and fair values of the Group's and the Company's financial instruments are as follows:

44. 公平值等級

本集團及本公司金融工具的賬面值及公平值如下：

Group

本集團

		Carrying amounts 賬面值		Fair values 公平值	
		2011 HK$'000 千港元	2010 HK$'000 千港元	**2011 HK$'000 千港元**	2010 HK$'000 千港元
Financial assets	**財務資產**				
Amounts due from jointly-controlled entities	應收共同控制實體款項	**11,479**	11,034	**11,479**	11,034
Loan receivables	應收貸款	**—**	625	**—**	625
Finance lease receivables	融資租賃應收款項	**46,795**	54,250	**46,795**	54,250
Held for trading investments	持作買賣投資	**153,065**	123,932	**153,065**	123,932
Trade receivables	應收貿易賬款	**589,943**	234,155	**589,943**	234,155
Financial assets included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收款項的財務資產	**22,746**	70,021	**22,746**	70,021
Restricted cash	受限制現金	**43,181**	8,851	**43,181**	8,851
Cash and bank balances	現金及銀行結餘	**4,521,310**	3,694,126	**4,521,310**	3,694,126
		5,388,519	4,196,994	**5,388,519**	4,196,994
Financial liabilities	**財務負債**				
Amount due to an associate	應付一家聯營公司款項	**2,984**	2,858	**2,984**	2,858
Financial liabilities included in trade and other payables	計入貿易及其他應付款項的財務負債	**1,134,611**	594,498	**1,134,611**	594,498
Senior notes	優先票據	**1,900,083**	—	**1,831,635**	—
Interest-bearing bank and other borrowings	計息銀行及其他借貸	**4,242,697**	4,202,725	**4,242,697**	4,202,725
Amount due to non-controlling interests	應付非控股權益款項	**51,170**	—	**51,170**	—
		7,331,545	4,800,081	**7,263,097**	4,800,081

44. Fair Value Hierarchy *(continued)*

44. 公平值等級*(續)*

Company

本公司

		Carrying amounts 賬面值		Fair values 公平值	
		2011	2010	**2011**	2010
		HK$'000	HK$'000	**HK$'000**	HK$'000
		千港元	千港元	**千港元**	千港元
Financial assets	**財務資產**				
Loan to a subsidiary	向一家附屬公司作出的貸款	**752,400**	452,400	**752,400**	452,400
Due from subsidiaries	應收附屬公司款項	**968,195**	698,098	**968,195**	698,098
Financial assets included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收款項的財務資產	**3,708**	1,099	**3,708**	1,099
Cash and bank balances	現金及銀行結餘	**2,342,869**	1,505,842	**2,342,869**	1,505,842
		4,067,172	2,657,439	**4,067,172**	2,657,439
Financial liabilities	**財務負債**				
Due to subsidiaries	應付附屬公司款項	**899**	899	**899**	899
Financial liabilities included in other payables, accruals and deposits received	計入其他應付款項、應計項目及已收按金的財務負債	**34,055**	20,474	**34,055**	20,474
Senior notes	優先票據	**1,900,083**	—	**1,831,635**	—
		1,935,037	21,373	**1,866,589**	21,373

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

財務資產及負債的公平值按自願雙方於一項現行交易中交換有關工具可得款項(除強逼或清盤出售外)入賬。以下方法及假設用於估計公平值：

Cash and bank balances, restricted cash, trade receivables, financial assets included in prepayments, deposits and other receivables, and financial liabilities included in trade and other payables, approximate to their carrying amounts largely due to the short term maturities of these instruments.

現金及銀行結餘、受限制現金、應收貿易賬款、計入預付款項、按金及其他應收款項的財務資產以及計入貿易及其他應付款項的財務負債與其賬面金額大致相若，主要由於該等工具屬短期性質。

44. Fair Value Hierarchy *(continued)*

The fair values of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value of senior notes is calculated using the market price on 31 March 2011.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

44. 公平值等級*(續)*

計息銀行及其他借貸的公平值乃透過使用類似條款、信貸風險及餘下到期日的金融工具現時可得的利率折現預期未來現金流量計算。優先票據的公平值乃採用於2011年3月31日的市場價值計算。

公平值等級

本集團運用下列等級，以取決及披露金融工具之公平值：

第一級：以可供識別資產或負債於活躍市場之報價(未經調整)為基準計量之公平值

第二級：以對可直接或間接觀察已記錄公平值具重大影響之輸入數據的評估方法計量之公平值

第三級：以對已記錄公平值具重大影響，而沒有可觀察市場數據(非可觀察投入)之輸入數據的評估方法計量之公平值

44. Fair Value Hierarchy *(continued)*

44. 公平值等級*(續)*

Assets measured at fair value:

按公平值計量之資產：

Group

本集團

		Level 1 第一級 HK$'000 千港元	Level 2 第二級 HK$'000 千港元	Level 3 第三級 HK$'000 千港元	Total 總計 HK$'000 千港元
As at 31 March 2011	**於2011年3月31日**				
Held for trading investments at fair value through profit or loss (note 27)	透過損益以公平值列賬之持作買賣投資(附註27)	**153,065**	**—**	**—**	**153,065**

		Level 1 第一級 HK$'000 千港元	Level 2 第二級 HK$'000 千港元	Level 3 第三級 HK$'000 千港元	Total 總計 HK$'000 千港元
As at 31 March 2010	於2010年3月31日				
Held for trading investments at fair value through profit or loss (note 27)	透過損益以公平值列賬之持作買賣投資(附註27)	123,932	—	—	123,932

45. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise bank and other loans, senior notes, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets such as trade receivables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and foreign exchange risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

45. 財務風險管理目標及政策

本集團主要金融工具包括銀行及其他貸款、優先票據、現金及短期存款。該等金融工具主要為本集團業務籌集資金。本集團亦擁有多項其他財務資產，例如直接從業務營運產生的應收貿易賬款。

本集團金融工具所產生的主要風險包括利率風險、信貸風險、流動資金風險及外匯風險。董事會對管理上述各項風險的政策進行檢討及協定，該等風險概述如下。

45. Financial Risk Management Objectives and Policies *(continued)*

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's borrowings. The interest rates and terms of repayment of the Group's borrowings are disclosed in note 31 and 32 to the financial statements. The Group's policy is to obtain the most favourable interest rates available for its borrowings.

Because interest expenses related to the Group's borrowings were utilised primarily for property construction, and were capitalised when incurred, management does not anticipate any significant impact resulting from changes in interest rates for the year.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and bank balances, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral except for the loan receivables provided to the purchasers as disclosed in note 22 to the financial statements.

45. 財務風險管理目標及政策*(續)*

利率風險

本集團面臨的利率風險主要與本集團的借貸相關。本集團借貸的利率及還款期於財務報表附註31及32中披露。本集團的政策是為其借貸取得最有利的利率。

鑑於有關本集團借貸的利息開支主要用作物業建築，並於產生時予以資本化，管理層預期本年度的利率變動不會導致任何重大影響。

信貸風險

本集團僅與獲認可及信譽良好的第三方進行貿易。本集團的政策是，對所有擬按信貸條款進行貿易的客戶進行信貸核實程序。此外，本集團持續對應收款項結餘進行監控，而其所面臨的壞賬風險並不顯著。

本集團其他財務資產(包括現金及銀行結餘)的信貸風險乃因交易對方違約而產生，所面臨的最大信貸風險相等於該等工具的賬面值。

由於本集團僅與獲認可及信譽良好的第三方進行貿易，故毋須提供抵押品，惟本財務報表附註22所披露向買家提供的應收貸款除外。

45. Financial Risk Management Objectives and Policies *(continued)*

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

45. 財務風險管理目標及政策*(續)*

流動資金風險

本集團的目標是透過使用銀行貸款，維持資金持續性與靈活性之間的平衡。

本集團於申報期間結束時的財務負債的到期資料(按照合同未折現付款)如下：

Group 本集團

2011

		On demand 應要求 HK$'000 千港元	Within one year 一年內 HK$'000 千港元	One to two years 第一至二年 HK$'000 千港元	Two to five years 第二至五年 HK$'000 千港元	Beyond five years 五年後 HK$'000 千港元	Total 總計 HK$'000 千港元
Financial liabilities included in trade and other payables	計入應付貿易及其他應付款項的財務負債	—	1,134,611	—	—	—	1,134,611
Senior notes	優先票據	—	263,250	263,250	2,739,750	—	3,266,250
Interest-bearing bank and other borrowings	計息銀行及其他借貸	406,778	1,513,013	1,185,882	1,024,690	732,853	4,863,216
Total	總計	406,778	2,910,874	1,449,132	3,764,440	732,853	9,264,077

2010

		Within one year 一年內 HK$'000 千港元	One to two years 第一至二年 HK$'000 千港元	Two to five years 第二至五年 HK$'000 千港元	Beyond five years 五年後 HK$'000 千港元	Total 總計 HK$'000 千港元
Financial liabilities included in trade and other payables	計入應付貿易及其他應付款項的財務負債	594,498	—	—	—	594,498
Interest-bearing bank and other borrowings	計息銀行及其他借貸	1,612,020	944,485	1,500,858	514,941	4,572,304
Total	總計	2,206,518	944,485	1,500,858	514,941	5,166,802

45. Financial Risk Management Objectives and Policies *(continued)*

45. 財務風險管理目標及政策*(續)*

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

本公司於申報期間結束時的財務負債到期狀況(按照合同未折現付款)如下:

Company

本公司

		2011 On demand 應要求 HK$'000 千港元	Within one year 一年內 HK$'000 千港元	One to two years 第一至二年 HK$'000 千港元	Two to five years 第二至五年 HK$'000 千港元	Total 總計 HK$'000 千港元
Due to subsidiaries	應付附屬公司款項	899	—	—	—	899
Financial liabilities included in other payables, accruals and deposits received	計入其他應付款項、應計項目及已收按金的財務負債	—	34,055	—	—	34,055
Senior notes	優先票據	—	263,250	263,250	2,739,750	3,266,250
Total	總計	899	297,305	263,250	2,739,750	3,301,204

		2010 On demand 應要求 HK$'000 千港元	Within one year 一年內 HK$'000 千港元	Total 總計 HK$'000 千港元
Due to subsidiaries	應付附屬公司款項	899	—	899
Financial liabilities included in other payables	計入其他應付款項的財務負債	—	20,474	20,474
Total	總計	899	20,474	21,373

45. Financial Risk Management Objectives and Policies *(continued)*

Foreign exchange risk

The Group's only investment in China remains its operating vehicle, which solely conducts business within Mainland China. Except for interest payables, repayment of foreign currency loans obtained to finance the Group's operations and any potential future dividend its subsidiaries might declare to its shareholders, the bulk of its revenue, capital investment and expenses are denominated in RMB. At the date of approval of the financial statements, the Group had not experienced any difficulties in obtaining government approval for its necessary foreign exchange purchases. During the year, the Group did not issue any financial instruments for hedging purposes.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

45. 財務風險管理目標及政策*(續)*

外匯風險

本集團在中國僅有的投資項目仍為其經營公司，該公司僅在中國大陸經營業務。除應付利息、本集團撥資營運所需而取得的外幣貸款的還款以及其附屬公司可能向其股東宣派的任何潛在股息外，大部分收入、資本投資及開支均以人民幣為單位。於財務報表批准日期，本集團在申領政府批文以購買所需外匯方面，從未遇上任何困難。年內，本集團並無為對沖目的而發行任何金融工具。

下表顯示在所有其他變量維持不變的情況下，本集團稅前利潤於申報期間結束時對人民幣匯率的可能合理變動的敏感度，有關稅前利潤的變動乃因貨幣資產及負債的公平值出現變動所致。

Group

本集團

		Changes in RMB rate 人民幣匯率變動 %	Increase/ (decrease) in profit before tax 稅前利潤增加／（減少） HK$'000 千港元
2010	2010年		
If Hong Kong dollar weakens against RMB	倘港元兑人民幣轉弱	5	(741)
If Hong Kong dollar strengthens against RMB	倘港元兑人民幣轉強	3	445
2011	2011年		
If Hong Kong dollar weakens against RMB	倘港元兑人民幣轉弱	5	35,843
If Hong Kong dollar strengthens against RMB	倘港元兑人民幣轉強	3	(21,506)

45. Financial Risk Management Objectives and Policies *(continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2011 and 31 March 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity. Net debt includes interest-bearing bank and other borrowings, senior notes, less cash and bank balances and restricted cash. The gearing ratios as at the end of the reporting period were as follows:

45. 財務風險管理目標及政策*(續)*

資本管理

本集團資本管理的首要目標是為了確保本集團持續發展及穩健資本比率的能力，以支持其業務運作及實現最大股東價值。

本集團根據經濟情況的變動及相關資產的風險特色，管理其資本結構並對其作出調整。為維持或調整資本結構，本集團可能會調整向股東派發的股息付款、向股東返還資本或發行新股。截至2011年3月31日及2010年3月31日止年度，並無更改資本管理的目標、政策或程序。

本集團採用資本負債比率(債務淨額除以權益總額)監控資本情況。債務淨額包括計息銀行及其他借貸、優先票據減現金及銀行結餘及受限制現金。於報告期末，資本負債比率如下：

Group **本集團**

		2011 **HK$'000** **千港元**	2010 HK$'000 千港元
Senior notes (note 32)	優先票據(附註32)	**1,900,083**	—
Interest-bearing bank and other borrowings (note 31)	計息銀行及其他借貸(附註31)	**4,242,697**	4,202,725
Less: Cash and bank balances	減：現金及銀行結餘	**(4,521,310)**	(3,694,126)
Restricted cash	受限制現金	**(43,181)**	(8,851)
Net debt	債務淨額	**1,578,289**	499,748
Total equity	權益總額	**10,618,036**	9,026,685
Gearing ratio	資本負債比率	**15%**	6%

46. Events after the Reporting Period

(a) On 11 April 2011, a total of 226,900,000 share options under the Share Option Scheme were granted to an executive director and certain employees of the Company and its subsidiaries in respect of their services to the Group. These share options have an exercise price of HK$1.29 per share and an exercise period ranging from 11 April 2011 to 10 April 2016.

(b) On 27 May 2011, the Group entered into a land-use right transfer agreement with the Bureau of Land and Resources of Xi'an in relation to approximately 279,000 square metres of land at a total consideration of RMB277,000,000.

(c) On 16 June 2011, the Group entered into a framework agreement with the government of Harbin city (the PRC), the government of Daowai district of Harbin city (the PRC) and Hong Kong Howard Group (Holdings) Company Limited (the "Howard"), pursuant to which the Group and Howard agreed in principle to undertake the construction and development of a project involving the development of a large-scale integrated logistics and trade centers and construction of commercial and residential facilities in Harbin city (the "Harbin Project"). It is contemplated that a company will be jointly established by the Group and Howard to undertake the Harbin Project, which will be held as to 51% by the Group and 49% by Howard. The investment amount for the Harbin Project is preliminarily estimated to be approximately RMB20 billion (equivalent to approximately HK$24 billion). The Harbin Project will be developed in phases and the development is expected to be more than 10 years. It is preliminary anticipated that the total capital commitment to be contributed by the Group and Howard, including registered capital of joint venture company and other form of financial arrangement if necessary, would be approximately RMB2 billion.

47. Comparative Amounts

Certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatments.

48. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 28 June 2011.

46. 申報期間結束後事項

(a) 於2011年4月11日，本公司按購股權計劃授出合共226,900,000股購股權予本公司及其附屬公司的其中一名執行董事及若干該等僱員，行使價為每股1.29港元。購股權行使期為2011年4月11日至2016年4月10日。

(b) 於2011年5月27日，本集團就約279,000平方米土地與西安市國土資源局訂立土地使用權轉讓協議，總代價約為人民幣277,000,000元。

(c) 於2011年6月16日，本集團與(中國)哈爾濱市政府、(中國)哈爾濱市道外區政府及香港豪德集團(控股)有限公司(「豪德」)訂立一項框架協議，據此，本集團及豪德原則上同意負責一個涉及在哈爾濱市發展大型綜合商貿物流及商品交易中心，建設商業及住宅設施的項目(「哈爾濱項目」)。本集團與豪德將成立一間合營公司負責哈爾濱項目，本集團及豪德分別擁有51%及49%權益。哈爾濱項目之投資額初步估計約為人民幣200億元(相等於約240億港元)。哈爾濱項目將分階段發展，預期發展將需時超過10年。初步預期本集團及豪德的總資本承擔約為人民幣20億元，包括合營公司之註冊資本及其他形式的融資安排(如需要)。

47. 比較數字

若干比較數字已重新分類及重列以符合本年度之呈報方式及會計處理。

48. 批核財務報表

董事會於2011年6月28日批准及授權刊發財務報表。

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華南城

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