

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sun Century Group Limited, you should at once hand this prospectus and the accompanying form of application (together with this prospectus, the "Prospectus Documents") to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix IV to this Prospectus, has been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of any of these documents.

Dealings in the securities of the Company may be settled through CCASS and you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time.

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



SUN CENTURY GROUP LIMITED
太陽世紀集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1383)

**OPEN OFFER IN THE PROPORTION OF
SIX (6) OFFER SHARES FOR EVERY ONE (1) SHARE
HELD ON THE RECORD DATE**

Terms used in this cover page have the same meanings as defined in this Prospectus.

The latest time for acceptance of and payment for the Offer Shares is at 4:00 p.m. on Tuesday, 15 January 2013. The procedures for application and payment of the Offer Shares are set out on pages 36 and 37 of this Prospectus.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events. These certain events are set out in the paragraph headed "Termination of the Underwriting Agreement" on pages 9 and 10 of this Prospectus. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Open Offer will not proceed. Shareholders should note that the Shares are dealt in on an ex-entitlement basis commencing from Wednesday, 19 December 2012 and that dealing in the Shares may take place even though the conditions under the Underwriting Agreement remain unfulfilled. Any Shareholder or other person dealing in the Shares to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on or before 4:00 p.m. on Wednesday, 16 January 2013), will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed.

Any Shareholder or other persons contemplating dealings in the Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional advisers.

* For identification purpose only

CONTENTS

	<i>Page</i>
Definitions	1
Expected Timetable	8
Termination of the Underwriting Agreement	9
Summary of the Open Offer	11
Letter from the Board	13
Appendix I – Financial Information	I-1
Appendix II – Unaudited pro forma financial information	II-1
Appendix III – Property Valuation	III-1
Appendix IV – General Information	IV-1

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following words and expressions have the following meanings:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement of the Company dated 5 September 2012 in relation to, among other matters, the proposed Open Offer, the connected transaction in relation to the Set Off, the Whitewash Waiver and the proposed change in board lot size
“Application Form(s)”	the form(s) of application for use by the Qualifying Shareholders to apply for the Offer Shares
“Articles”	the articles of association of the Company, as amend from time to time
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no.8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Chairman”	the chairman of the Board
“Circular”	the circular of the Company dated 16 November 2012 in relation to among other things, the proposed Open Offer, the connected transaction in relation to the Set Off, the whitewash waiver and the propose change in board lot size
“Company”	Sun Century Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange

DEFINITIONS

“connected person”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder”	has the same meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company convened on Monday, 17 December 2012 during which the Shareholders or the Independent Shareholders approved, <i>inter alia</i> , the absence of excess application arrangement under the Open Offer, the Whitewash Waiver and the Set Off
“Executive”	Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegate(s)
“Existing Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Fame Select” or “Underwriter”	Fame Select Limited, a company incorporated in the British Virgin Islands with limited liability and beneficially owned as to 50% by Mr. Chau Cheok Wa, an executive Director and the chairman of the Board, and as to 50% by Mr. Cheng Ting Kong
“Fame Select Undertaking”	the irrevocable undertaking given by Fame Select pursuant to the Underwriting Agreement
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee comprising three non-executive Directors, namely Mr. Tou Kin Chuen, Dr. Wu Kam Fun Roderick and Mr. Lo Wai Tung John, established to advise the Independent Shareholders regarding to the Open Offer, the Underwriting Agreement, the Whitewash Waiver and the Set Off

DEFINITIONS

“Independent Financial Adviser” or “Veda”	Veda Capital Limited, a licensed corporation to carry on type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Open Offer, the Underwriting Agreement, the Whitewash Waiver and the Set Off are fair and reasonable and are in the interests of the Company and the Shareholders as a whole and advise the Independent Shareholders as to how to vote at the EGM
“Independent Shareholders”	Shareholders other than Fame Select, its beneficial owners and parties acting in concert with any of them and those who are involved in or interested in the Open Offer, the Underwriting Agreement, the Whitewash Waiver and the Set Off who are required by the Listing Rules and/or the Takeovers Code to abstain from voting in respect of the resolution(s) relating to the Open Offer, the Underwriting Agreement, the Whitewash Waiver and the Set Off to approve the resolutions at the EGM
“Independent Third Party”	third party independent of the Company and its connected persons (as defined in the Listing Rules)
“Last Trading Date”	27 July 2012, being the last trading day of the Shares prior to the release of the Announcement
“Latest Practicable Date”	21 December 2012 being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information referred to in this prospectus
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 15 January 2013 or such other date and/or time as the Underwriter and the Company may agree as the latest date for acceptance and payment in respect of provisional allotments and applications for excess under the Open Offer
“Latest Time for Termination”	4:00 p.m. on the Business Day after the Latest Time for Acceptance or such other time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	the listing sub-committee of the Stock Exchange

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the principal sum of approximately HK\$421,550,000 as at the Latest Practicable Date owed by the Company to Fame Select
“Mr. Chau”	Mr. Chau Cheok Wa, an executive Director and the chairman of the Board
“Offer Share(s)”	1,254,184,050 Shares to be allotted and issued pursuant to Open Offer
“Open Offer”	the proposed issue of Offer Shares on the basis of six (6) Offer Shares for every one (1) Share to Qualifying Shareholders by way of rights or to holders of Offer Shares at the Subscription Price, pursuant to the terms and conditions of the Underwriting Agreement
“Overseas Letter”	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Open Offer
“Overseas Shareholders(s)”	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose registered address(es) as shown on such register is(are) outside Hong Kong
“Placing Agent”	SBI E2-Capital Financial Services Ltd., a licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 27 July 2012 (as supplemented on 5 September 2012) and entered into between the Underwriter and the Placing Agent in respect of placing of up to 254,636,303 Underwritten Shares taken up by the Underwriter on the date of completion of the Open Offer after completion of the Open Offer but before the opening of the morning trading session on the next Business Day following the date of completion of the Open Offer to the extent that at least 25% of the entire issued share capital of the Company will be held by the public

DEFINITIONS

“Possible Acquisition”	the possible acquisition of the entire equity interest in 安徽龍升房地產開發有限責任公司 (Anhui Longsheng Property Development Company Limited [#]), a limited liability company established in the PRC and ultimately and beneficially owned by Mr. Zhang Ming, by the Company or a party designated by the Company, details of which are disclosed in the announcement of the Company dated 19 July 2012
“PRC”	the People’s Republic of China which for the purpose of this prospectus, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prohibited Shareholders”	such Overseas Shareholders, to whom the Directors, based on legal opinions provided by legal advisers and on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place, consider it necessary or expedient not to offer the Offer Shares
“Prospectus”	this prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	this Prospectus and the application form to be used by the Qualifying Shareholders to apply for the Offer Shares
“Prospectus Posting Date”	Friday, 28 December 2012 or such later date as the Underwriter may agree in writing with the Company
“Qualifying Shareholder(s)”	Shareholder(s), other than the Prohibited Shareholder(s), whose name(s) appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	Thursday, 27 December 2012, the record date of which entitlements to the Open Offer were determined
“Registrar”	Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, being the Company’s Hong Kong branch share registrar

DEFINITIONS

“Relevant Period”	the period beginning six month immediately prior to the date of the publication of the Announcement and ending on the Latest Practicable Date
“Set Off”	the set off of the Subscription Price for the Offer Shares to which Fame Select is entitled under the Open Offer
“SFC”	The Securities and Futures Commission in Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Share Option(s)”	the share option(s) granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	subscription price of HK\$0.25 per Offer Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriting Agreement”	the underwriting agreement dated 27 July 2012 (as supplemented on 5 September 2012) entered into among the Company and the Underwriter in relation to the Open Offer
“Underwritten Shares”	977,282,850 Offer Shares underwritten by Fame Select as the Underwriter under the Underwriting Agreement
“Warrants”	8,100,000 warrants which entitle holders thereof to subscribe for 8,100,000 Shares, which expired on 2 October 2012

DEFINITIONS

“Whitewash Waiver”	the whitewash waiver from the obligation of the Underwriter and parties acting in concert with it to make a mandatory offer under Rule 26 of the Takeovers Code as a result of the underwriting of the Offer Shares under the Underwriting Agreement pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	Per cent.
#	<i>The English transliteration of the Chinese name(s) in this prospectus, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).</i>

EXPECTED TIMETABLE

The expected timetable for the Open Offer set out below is indicative only. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Latest time for acceptance of, and payment of Offer Shares	4:00 p.m. on Tuesday, 15 January 2013
Latest time for the Open Offer to become unconditional (being the Latest Time for Termination)	4:00 p.m. on Wednesday, 16 January 2013
Announcement of results of acceptance of the Offer Shares to be published on the Stock Exchange	On or before Tuesday, 22 January 2013
Despatch of share certificates for Offer Shares	On or before Wednesday, 23 January 2013
Dealings in Offer Shares commence	9:00 a.m. on Thursday, 24 January 2013
Effective date of change in board lot size from 1,000 Shares to 10,000 Shares	Thursday, 24 January 2013
Designated broker starts to stand in the market to provide matching services for odd lot of Shares	9:00 a.m. on Thursday, 24 January 2013
Last day for the designated broker to stand in the market to provide matching services for odd lot of Shares	4:00 p.m. on Wednesday, 20 February 2013

Note: All references to time in this prospectus are references to Hong Kong time.

EFFECT OF BAD WEATHER AT THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will be postponed if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning

in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Tuesday, 15 January 2013. Instead, the Latest Time for Acceptance will be rescheduled to 12:00 noon on the next Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 12:00 noon. If the Latest Time for Acceptance is postponed in accordance with the foregoing, the dates mentioned in the section headed “EXPECTED TIMETABLE” in this announcement may be affected. An announcement will be made by the Company in such event.

TERMINATION OF THE UNDERWRITING AGREEMENT

Termination of the Underwriting Agreement

If at any time, prior to the Latest Time for Termination:

- (1) in the sole and absolute discretion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
 - (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the sole and absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the sole and absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (4) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
- (5) the circular, prospectus or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the sole and absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to accept the Offer Shares provisionally allotted to it,

The Underwriter shall at its sole and absolute discretion be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriting Agreement further contains provisions that the Underwriter may terminate its commitment under the Underwriting Agreement if prior to the Latest Time for Termination, there is:

- (a) any material breach of any of the warranties or undertakings under the Underwriting Agreement; or
- (b) any event occurring or matter arising on or after the date of the Underwriting Agreement comes and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties given by the Company under the Underwriting Agreement untrue or incorrect in any material respect.

If the Underwriting Agreement is terminated by the Underwriter on or before the aforesaid deadline or does not become unconditional, the Open Offer will not proceed.

SUMMARY OF THE OPEN OFFER

The following information is derived from, and should be read in conjunction with, the full text of this prospectus.

Basis of the Open Offer	:	Six (6) Offer Shares for every one (1) Share held on the Record Date
Number of Shares in issue	:	209,030,675 Shares as at the Latest Practicable Date
Number of outstanding Share Options	:	2,899,578 Share Options entitle the holders to subscribe for an aggregate of 2,899,578 Shares as at the Latest Practicable Date
Number of outstanding Warrants	:	8,100,000 Warrants entitle the holders to subscribe for an aggregate of 8,100,000 Shares as at the date of the Announcement. As at the Latest Practicable Date, all Warrants had expired
Number of Offer Shares	:	1,254,184,050 Offer Shares
		The aggregate nominal value of the Offer Shares will be HK\$125,418,405.00
Number of Offer Shares undertaken to be taken up by Fame Select	:	Pursuant to the Underwriting Agreement, Fame Select has given the irrevocable Fame Select Undertaking in favour of the Company that, among others, (i) the 46,150,200 Shares registered in the name of and beneficially owned by Fame Select will remain registered in the name of and beneficially owned by Fame Select before the date when the announcement of the results of the Open Offer is published; (ii) Fame Select will accept its entitlements under the Open Offer for an aggregate of 276,901,200 Offer Shares; and (iii) Fame Select will lodge the application form in respect of the Offer Shares accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance

SUMMARY OF THE OPEN OFFER

Number of Offer Shares underwritten by Fame Select : 977,282,850 Offer Shares, being the total number of the Offer Shares less the number of the Offer Shares to be taken up by Fame Select. The Open Offer (other than the Offer Shares undertaken to be taken up by Fame Select under the Fame Select Undertaking) will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement.

LETTER FROM THE BOARD



SUN CENTURY GROUP LIMITED
太陽世紀集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1383)

Executive Directors:

Mr. CHAU Cheok Wa (*Chairman*)
Ms. YEUNG So Mui
Ms. CHENG Mei Ching
Ms. YEUNG So Lai
Mr. QIU Bin

Independent non-executive Directors:

Mr. TOU Kin Chuen
Dr. WU Kam Fun Roderick
Mr. LO Wai Tung John

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
George Town
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Room 2108, 21st Floor
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan, Hong Kong

28 December 2012

To the Shareholders

Dear Sir or Madam,

**OPEN OFFER IN THE PROPORTION OF
SIX (6) OFFER SHARES FOR EVERY ONE (1) SHARE
HELD ON THE RECORD DATE**

INTRODUCTION

Reference is made to the Announcement of the Company dated 5 September 2012 in relation to, among other matters, the Open Offer, the Set Off, the Whitewash Waiver and the change of board lot size.

* *For identification purpose only*

LETTER FROM THE BOARD

Reference is also made to the Circular of the Company dated 16 November 2012 with the notice of the EGM. All resolutions as set out in the EGM notice have been duly passed and approved on 17 December 2012 at the EGM.

The purpose of this prospectus is to provide you with further details of the Open Offer including information on dealings in and application for the Offer Shares, and certain financial and other information of the Group.

OPEN OFFER

The Board proposes to raise approximately HK\$313 million before expenses and the Set Off by issuing 1,254,184,050 Offer Shares at the Subscription Price of HK\$0.25 per Offer Share on the basis of six (6) Offer Shares for every one (1) Shares held on the Record Date.

Issue statistics

Basis of the Open Offer:	Six (6) Offer Shares for every one (1) Share held on the Record Date
Number of Shares in issue:	209,030,675 Shares as at the Latest Practicable Date
Number of outstanding Share Options:	2,899,578 Share Options entitle the holders to subscribe for an aggregate of 2,899,578 Shares as at the Latest Practicable Date
Number of outstanding Warrants:	8,100,000 Warrants entitle the holders to subscribe for an aggregate of 8,100,000 Shares as at the date of the Announcement. As at the Latest Practicable Date, all Warrants had expired.
Number of Offer Shares:	1,254,184,050 Offer Shares
	The aggregate nominal value of the Offer Shares will be HK\$125,418,405.00
Number of Offer Shares undertaken to be taken up by Fame Select:	Pursuant to the Underwriting Agreement, Fame Select has given the irrevocable Fame Select Undertaking in favour of the Company that, among others, (i) the 46,150,200 Shares registered in the name of and beneficially owned by Fame Select will remain registered in the name of and beneficially owned by Fame Select before the date when the announcement of the results of the Open Offer is published; (ii) Fame Select will accept its entitlements under the Open Offer for an aggregate of 276,901,200 Offer Shares; and (iii) Fame Select will lodge the application form in

LETTER FROM THE BOARD

respect of the Offer Shares accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

Number of Offer Shares
underwritten by the Fame
Select:

977,282,850 Offer Shares being the total number of the Offer Shares less the number of the Offer Shares to be taken up by Fame Select. The Open Offer (other than the Offer Shares undertaken to be taken up by Fame Select under the Fame Select Undertaking) will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement.

As at the Latest Practicable Date, the Company has 2,899,578 outstanding Share Options which entitle holders thereof to subscribe for 2,899,578 Shares. Save as disclosed above, the Company does not have any other outstanding securities in issue which are convertible or exchangeable into Shares as at the Latest Practicable Date. The Company has no intention to issue any new Shares and any other securities before the completion of the Open Offer.

As at the Latest Practicable Date, the Company has not received any notice from the holders of the Share Options of their intention to exercise any Share Options.

Subscription price

The Subscription Price for the Offer Shares is HK\$0.25 per Offer Share, payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Open Offer. The net Subscription Price per Offer Share (after deducting the relevant expenses) will be approximately HK\$0.248.

The Subscription Price represents:

- (i) a discount of approximately 78.26% to the closing price of HK\$1.15 per Share as quoted on the Stock Exchange on 27 July 2012, being the Last Trading Day;
- (ii) a discount of approximately 34.21% to the theoretical ex-entitlements price of approximately HK\$0.38 per Share based on the closing price of HK\$1.15 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 78.41% to the average closing price of approximately HK\$1.158 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;

LETTER FROM THE BOARD

- (iv) a discount of approximately 79.42% to the average closing price of approximately HK\$1.215 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day; and
- (v) a discount of approximately 72.83% to the closing price of HK\$0.92 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the prevailing market price of the Shares and the financial requirements of the Company. The Group needs additional funds to finance the Possible Acquisition. In view of the recent financial conditions of the Group as mentioned above and taking into consideration of the theoretical price per Share, in order to increase the attractiveness of the Open Offer to the Qualifying Shareholders, the Directors (including the independent non-executive Directors after taking into consideration of the advice of Independent Financial Adviser) consider that the proposed discount of the Subscription Price is appropriate. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors (including the independent non-executive Directors after taking into consideration of the advice of Independent Financial Adviser) consider the Subscription Price is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Conditions of the Open Offer

The Open Offer is conditional upon the following conditions being fulfilled:

- (a) the passing by the Independent Shareholders at the relevant EGM of ordinary resolutions to approve the Underwriting Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Offer Shares, the lack of excess application arrangement in the Open Offer and the Whitewash Waiver by no later than the date on which the prospectus for the Open Offer is despatched;
- (b) the passing by the Independent Shareholders at the relevant EGM of ordinary resolutions to approve the Set Off of the Loan;
- (c) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the date on which the prospectus for the Open Offer is despatched;

LETTER FROM THE BOARD

- (d) the posting of the prospectus documents for the Open Offer to the Qualifying Shareholders of the Company and the posting of the prospectus for the Open Offer and a letter in the agreed form to the Prohibited Shareholders as defined in the Underwriting Agreement, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the prospectus for the Open Offer is despatched;
- (e) the Executive granting the Whitewash Waiver to the Underwriter and parties acting in concert with it and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (f) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Offer Shares by no later than the date on which the prospectus for the Open Offer is despatched;
- (g) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement;
- (h) compliance with and performance of all the undertakings and obligations of the Fame Select under the terms of the Underwriting Agreement and the Fame Select Undertaking; and
- (i) the entering into of the Placing Agreement by the Underwriter.

If any of the conditions of the Open Offer are not fulfilled at or before 4:00 p.m. on Wednesday, 16 January 2013 (or such later time and/or date as the Company and Fame Select may determine), neither the Company nor the Underwriter shall have any rights or be subject to any obligations arising from the Underwriting Agreement and the Open Offer will not proceed.

As at the Latest Practicable Date save for conditions (a), (b), (e) and (i), none of the above conditions had been fulfilled.

Status of the Open Offer

The Offer Shares, when allotted, issued and fully-paid, will rank *pari passu* with the Shares in issue in all respects. Holders of such Offer Shares will be entitled to receive full future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to Qualifying Shareholders and (ii) the Prospectus with the Overseas Letter, for information only, to the Prohibited Shareholders.

LETTER FROM THE BOARD

To qualify for the Open Offer, the Shareholder must be registered as a member of the Company on the Record Date and must not be a Prohibited Shareholder.

Prohibited Shareholders

Based on the register of members of the Company as at the Record Date, there was no Shareholder with address on the register of members of the Company outside Hong Kong. Accordingly, there is no Prohibited Shareholder under the Open Offer.

Fractional entitlement to the Offer Shares

Fractions of Offer Shares will not be allotted to Qualifying Shareholders and fractional entitlements will be rounded down to the nearest whole number of Offer Shares. Any Offer Shares created from the aggregation of fractions of Offer Shares will be taken up by the Underwriter.

No application for excess Offer Shares

No Qualifying Shareholder is entitled to apply for any Offer Shares which are in excess to his/her/its entitlement. Any Offer Shares not taken up by the Qualifying Shareholders, and the Offer Shares to which the Prohibited Shareholders would otherwise have been entitled to under the Open Offer, will not be available for subscription by other Qualifying Shareholders by way of excess application and will be taken up by the Underwriter.

The Board holds the view that assuming that there does not exist any Prohibited Shareholder on the Record Date and all Qualifying Shareholders take up their entitlements, the Open Offer allows the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and to participate in the future growth and development of the Group. After arm's length negotiation with the Underwriter, and taking into account that the related administration costs would be lowered in the absence of excess applications (which are estimated to be lowered by more than HK\$500,000 to HK\$1,000,000) and the Underwriter does not charge any commission for the Offer Shares taken up by it, the Directors consider that it is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole not to offer any excess application to the Shareholders and to have the unsubscribed Offer Shares taken up by the Underwriter.

LETTER FROM THE BOARD

Share Certificates of the Offer Shares

Subject to the fulfillment of the conditions of the Open Offer, share certificates for all Offer Shares are expected to be posted to the Qualifying Shareholders who have accepted and applied for (where appropriate), and paid for the Offer Shares on or before Wednesday, 23 January 2013 by ordinary post at their own risk.

Application for listing of the Offer Shares on the Stock Exchange

The Company has applied to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. The Offer Shares shall have the board lot size of 10,000 Shares per board lot.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Offer Shares will be subject to the payment of stamp duty and any other applicable fees and charges in Hong Kong.

Reasons for the Open Offer and the use of proceeds

The Company is an investment holding company. The Group is principally engaged in the development of middle to high range residential and commercial properties in the PRC.

Upon the full subscription of the Offer Shares and assuming no further Shares have been allotted and issued from the date hereof to the Record Date, the Company will receive gross proceeds of approximately HK\$313 million. The net proceeds under the Open Offer are expected to amount to approximately HK\$240 million (after the Set Off of the Loan of approximately HK\$69 million and deducting the costs and expenses in relation to the Open Offer). The Company intends to use all the net proceeds for the Possible Acquisition. The Group is now conducting due diligence investigation on the Possible Acquisition at initial stage. The total consideration for the Possible Acquisition is expected to be RMB400 million to RMB450 million. The expected total consideration for the Possible Acquisition of around RMB400 million to RMB450 million is based on the Directors' estimation with reference to the general market situation of the land transactions within Huangshan City, focusing on the area nearby the property project developed by the target company of the Possible Acquisition, as well as the future development prospect of the city. The deposit for the Possible Acquisition is expected to

LETTER FROM THE BOARD

be around RMB240 million which will be financed by the net proceeds of the Open Offer and the rest of the consideration for the Possible Acquisition will be financed by the income from other projects of the Group. Valuation on the property project developed by the target company of the Possible Acquisition will be conducted upon the Company having raised fund successfully. The terms of the Possible Acquisition are still in negotiations and the consideration is just a preliminary estimation. For details of the Possible Acquisition, please refer to the announcement of the Company dated 19 July 2012. If the Possible Acquisition does not proceed, the Company will use the net proceeds for other investment opportunities relevant to the principal business of the Group in the real property market. As at the date of the Announcement, apart from the Possible Acquisition, no other specific investment opportunities have been identified by the Group.

The Board has considered other alternative fund raising methods such as issue of new shares and bank borrowings and consider that the Open Offer will provide an equal opportunity to all Qualifying Shareholders to maintain their respective shareholdings in the Company and participate in the growth and development of the Company. Considering (i) the low trading volume of the Shares and (ii) the low monetary value per board lot, the Board is of the opinion that the trading of nil paid rights will either incur a high transaction cost for trading of small board of Shares, which is not economical, or not be active enough for the trading of a large board of Shares.

Furthermore, compared to rights issue, the absence of trading nil paid rights in the Open Offer reduces associated administrative work and costs thus requiring less time for completion.

The Board is of the opinion that as each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company, Shareholders are treated equally and fairly under the Open Offer.

As mentioned in the section headed "Proposed Open Offer – Subscription Price", a lower subscription price was adopted so as to make the Open Offer attractive to the Qualifying Shareholders. The basis of the Open Offer was determined based on the additional funds needed by the Group for the Possible Acquisition.

The Company conducted share consolidation (the "Share Consolidation") which was effective on 4 June 2012 in order to increase the trading price of the Shares since the Company did not intend to conduct the Possible Acquisition and the Open Offer at such time. After completion of the Open Offer, based on the theoretical ex-entitlement price of HK\$0.38, the trading price of the Shares will fall significantly from the trading price of HK\$1.15 on the Last Trading Day. Although the decrease in the trading price of the Shares after completion of the Open Offer would partially offset the benefits of the Share Consolidation, the Board considers that the benefits of financing the Possible Acquisition by the Open Offer and the benefits of the Possible Acquisition outweigh the negative effect of the fall in the trading price of the Shares.

LETTER FROM THE BOARD

Accordingly, the Directors (including the independent non-executive Directors after taking into consideration of the advice of the Independent Financial Adviser) consider that the Open Offer is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

If the Open Offer is not completed, the Company may still proceed with the Possible Acquisition provided that the Company is able to obtain sufficient funding to finance the Possible Acquisition from an alternative source.

UNDERWRITING ARRANGEMENTS

Fame Select Undertaking

Pursuant to the Underwriting Agreement, Fame Select has given the irrevocable Fame Select Undertaking in favour of the Company that (i) the 46,150,200 Shares registered in the name of and beneficially owned by Fame Select will remain registered in the name of and beneficially owned by Fame Select before the date when the announcement of the results of the Open Offer is published; (ii) Fame Select will accept its entitlements under the Open Offer for an aggregate of 276,901,200 Offer Shares; (iii) Fame Select will lodge the application form in respect of the Offer Shares accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance; and (iv) the Underwriter shall enter into the Placing Agreement.

Save for the Fame Select Undertaking as disclosed above, the Board has not received any information or irrevocable undertakings from any substantial Shareholders of their intention to take up the securities of the Company to be offered to them under the Open Offer.

Underwriting Agreement

Date: 27 July 2012 (as supplemented by a supplemental agreement entered into by the parties to the Underwriting Agreement on 5 September 2012)

Underwriter: Fame Select

Fame Select is a limited liability company incorporated in the British Virgin Islands which is owned as to 50% by Mr. Chau Cheok Wa, an executive Director and the chairman of the Board and as to 50% by Mr. Cheng Ting Kong. Fame Select is principally engaged in investment holding and its ordinary course of business does not include underwriting.

LETTER FROM THE BOARD

Fame Select held 46,150,200 Shares as at the Latest Practicable Date, representing approximately 22.08% of the issued share capital of the Company.

Number of Offer Shares
underwritten:

Pursuant to the Underwriting Agreement, Fame Select as the underwriter has conditionally agreed to underwrite the Offer Shares (other than the Offer Shares agreed to be taken up under the Fame Select Undertaking) which have not been taken up by the Shareholders. Accordingly, the Open Offer is fully underwritten.

Commission and expenses:

No underwriting commission will be payable by the Company to the Underwriter under the Underwriting Agreement. The Company shall pay and reimburse to the Underwriter all reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Open Offer and the Placing Agreement including the fees payable to the Placing Agent under the Placing Agreement.

Termination of the Underwriting Agreement

If at any time, prior to the Latest Time for Termination:

- (1) in the sole and absolute discretion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

LETTER FROM THE BOARD

- (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the sole and absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the sole and absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
- (5) the circular, prospectus or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the sole and absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to accept the Offer Shares provisionally allotted to it,

The Underwriter shall at its sole and absolute discretion be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

LETTER FROM THE BOARD

The Underwriting Agreement further contains provisions that the Underwriter may terminate its commitment under the Underwriting Agreement if prior to the Latest Time for Termination, there is:

- (a) any material breach of any of the warranties or undertakings under the Underwriting Agreement; or
- (b) any event occurring or matter arising on or after the date of the Underwriting Agreement comes and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties given by the Company under the Underwriting Agreement untrue or incorrect in any material respect.

The Underwriting Agreement contains warranties and undertakings which are usual to an underwriting agreement for an open offer and include, among others, the following:

- (1) the announcement, the circular and the Prospectus Documents in respect of the Open Offer are true and accurate without material omission and contain all particulars and information required by, and will be in accordance with the Companies Ordinance, the Listing Rules, the rules and regulations of the Stock Exchange and all other relevant statutory provisions and governmental regulations in Hong Kong and the Cayman Islands;
- (2) there will be no information not disclosed in the Prospectus Documents (a) the omission of which makes any statement therein misleading or which, in the context of the issue of the Offer Shares, might be material for disclosure therein or (b) which is necessary to enable investors to make an informed assessment of the activities, assets and liabilities, financial position, management, profits and losses and prospects of the Company and of the rights attaching to the Offer Shares;
- (3) the audited consolidated accounts of the Group for the year ended 31 December 2011 give (except to the extent (if any) disclosed therein) a true and fair view of the state of affairs of the Group and there has been no material adverse change in the financial or trading position of the Group since 31 December 2011;
- (4) the statements, forecasts, estimates and expressions of opinion, intention and expectation to be contained in the announcement, the circular or the prospectus will at the respective dates of issue thereof be made after due and proper consideration, will at the respective dates of issue thereof be fair and honest and represent reasonable expectations based on facts known or which on reasonable enquiry ought to have been known to the Company and/or the Directors or any of them;
- (5) each of the companies in the Group is duly incorporated in and under the laws of its place of incorporation and has full power and authority to conduct its business as now carried on;

LETTER FROM THE BOARD

- (6) incorporation and has full power and authority to conduct its business as now carried on; Shares or issue or grant any share options or other securities convertible into, exchangeable for or which carry rights to acquire Shares;
- (7) the Offer Shares, when allotted and issued, will be issued free from all liens, charges, encumbrances and third party rights, interests or claims of any nature whatsoever and will rank pari passu in all respects among themselves and with the Shares then in issue on the date of allotment and issue of the Offer Shares;
- (8) the obligations of the Company under the Underwriting Agreement constitute legally valid and binding obligations of the Company enforceable in accordance with the terms herein;
- (9) except for the Share Options of the Company in issue as at the date hereof, no unissued share capital of any member of the Group is under any option or agreed conditionally or unconditionally to be put under any option and no person has an outstanding warrant, pre-emptive right or any other right of any description to require shares to be allotted or issued by any member of the Group; and
- (10) the Company will promptly provide the Underwriter, at its reasonable request, with all such information known to it or which on reasonable enquiry ought to be known to it relating to the Group as may be required by the Underwriter in connection with the Open Offer for the purpose of complying with any applicable law, regulation or direction (including the establishment of any defence to any action under any of the same, whether relating to due diligence or otherwise) or any requirement of the Stock Exchange, the Securities and Futures Commission or any other applicable regulatory body.

If the Underwriting Agreement is terminated by the Underwriter on or before the aforesaid deadline or does not become unconditional, the Open Offer will not proceed.

CONNECTED TRANSACTION: SET-OFF OF THE LOAN

As at the Latest Practicable Date, the Company was indebted to Fame Select the Loan in the principal sum of HK\$421,550,000. The Loan is unsecured, repayable on demand and bearing an interest at 2% per annum.

Pursuant to the Underwriting Agreement, Fame Select and the Company have agreed that the aggregate Subscription Price required to be paid by Fame Select for the 276,901,200 Offer Shares to be subscribed by it under the Fame Select Undertaking will be paid by way of the Set Off of HK\$69,225,300 against the Loan.

Completion of the Set Off shall take place simultaneously with the issue of the Offer Shares by the Company pursuant to the terms of the Open Offer.

LETTER FROM THE BOARD

Reason for the Set Off

The Directors consider that the Set Off will enable the Group to repay part of the liabilities of the Company without cash outflow, reduce the interest expense of the Company and will allow the Group to reduce its gearing level. In addition, as at 31 October 2012, the Loan constituted over 15% of the current liability of the Company, the Directors consider that the Set Off will also reduce the proportion of the Loan in the current liability of the Company and the associated risk. The interest rates of other bank loans and borrowings of the Group are higher than the interest rate of the Loan. However, such other bank loans and borrowings of the Group are denominated in RMB and borrowed by the Group in the PRC. The Board considers that compared to spending a lot of time and effort to resolve the foreign exchange control issue in order to remit the net proceeds which is denominated in Hong Kong dollars to the PRC, the Set Off will be the expedited way to reduce the interest expense and gearing level of the Company. The Directors (including the independent non-executive Directors after taking into account the advice of the Independent Financial Adviser) accordingly consider that the Set Off is in the interests of the Company and the Independent Shareholders as a whole.

The Set Off has been duly approved by the Independent Shareholders at the EGM held on 17 December 2012.

WARNING OF THE RISKS OF DEALING IN THE SHARES

The Open Offer is conditional upon the obligations of the Underwriter under the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Shareholders and potential investors should therefore exercise caution when dealing in Shares, and if they are in any doubt about their positions, they should consult their professional advisers.

Shareholders should note that Shares are dealt in on an ex-entitlement basis commencing from Wednesday, 19 December 2012 and that dealings in Shares will take place while the conditions to which the Open Offer is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled, will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares who is in any doubt about his/her/its position is recommended to consult his/her/its own professional adviser.

LETTER FROM THE BOARD

MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

To ensure that immediately upon closing of the Open Offer, the Shares held in the public hands will not be less than 25% of the Company's entire issued share capital, on 27 July 2012, the Underwriter has entered into the Placing Agreement (as supplemented on 5 September 2012) with the Placing Agent, who acts as the placing agent for the Underwriter, on a fully underwritten basis, to place up to 254,636,303 Underwritten Shares taken up by the Underwriter to other investors who are independent of the directors, the chief executives, the controlling shareholders and the substantial shareholders of the Underwriter and the Company and their respective subsidiaries and associates and concert parties on the date of completion of the Open Offer after completion of the Open Offer but before the opening of the morning trading session on the next Business Day following the date of completion of the Open Offer to the extent that at least 25% of the entire issued share capital of the Company will be held by the public.

As at the Latest Practicable Date, UK First Orient Investment Limited ("UK First Orient") and Aimsrich Development Limited ("Aimsrich") had undertaken to the Placing Agent in writing to take up up to 127,318,152 placing Shares and 127,318,151 placing Shares respectively at the placing price of HK\$0.25.

Aimsrich Development Limited and UK First Orient Investment Limited and their respective ultimate beneficial owners are third parties independent of the directors, the chief executives, the controlling shareholders and the substantial shareholders of the Underwriter and the Company and their respective subsidiaries and associates and concert parties.

PLACING AGREEMENT

Date: 27 July 2012 (as supplemented by a supplemental agreement entered into by the parties to the Placing Agreement on 5 September 2012)

Vendor: Fame Select

Placing Agent: SBI E2-Capital Financial Services Ltd.

The Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Number of placing shares: up to 254,636,303 Underwritten Shares taken up by the Underwriter to the extent that at least 25% of the issued share capital of the Company will be held by the public.

LETTER FROM THE BOARD

As at the date of the Announcement, Green Auspice Limited is a substantial Shareholder and holds 21,653,663 Shares, representing approximately 10.36% of the issued share capital of the Company. Green Auspice Limited does not hold any Share Options and Warrants. As Green Auspice Limited is a substantial Shareholder, it is not counted as a public Shareholder in determination of the public float of the Company. If more than 7,505,955 Shares were issued pursuant to the partial exercise of the Share Options and Warrants by their holders, the shareholding of Green Auspice Limited would fall below 10% and no longer be a substantial Shareholder. In such event, the Shares held by Green Auspice Limited would be counted as Shares held by the public in determination of the public float of the Company and accordingly, the maximum number of the placing Shares required to be placed by the Placing Agent would be reduced by such number of Shares held by Green Auspice Limited.

In order to determine the maximum number of the placing Shares required to be placed by the Placing Agent such that at least 25% of the issued share capital of the Company will be held by the public, an assumption that only 7,505,955 Shares have been issued pursuant to the partial exercise of the Share Options and Warrants by their holders is made such that Green Auspice Limited would still hold more than 10 percent of the issued share capital of the Company and remain a substantial Shareholder and not be counted as a public Shareholder.

Placees:	placees independent of and not acting in concert with the directors, chief executive, controlling shareholders, and substantial shareholders of the Company and the Underwriter and their respective subsidiaries and associates and concert parties and other placees. Upon completion of the Placing, none of the placees and parties acting in concert with any one of them will become a substantial Shareholder of the Company.
Placing price:	\$0.25 per placing share which is equal to the Subscription Price
Commission:	1% of the placing price of the placing shares actually placed by the Placing Agent subject to a minimum commission of HK\$10,000

LETTER FROM THE BOARD

Conditions:

The placing is conditional upon

- (i) completion of the Open Offer;
- (ii) less than 25% of the issued share capital of the Company being held by the public upon completion of the Open Offer; and
- (iii) all necessary consents and approvals to be obtained on the part of Placing Agent and Fame Select in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained.

In the event the above conditions is not fulfilled by 31 March 2013 (or such later date as may be agreed by the parties to the Placing Agreement in writing), all rights, obligations and liabilities of the parties under the Placing Agreement shall cease and determine and neither of the parties shall have any claim against the others in respect of the placing save for any antecedent breach.

Completion:

Completion of the placing under the Placing Agreement shall take place on the date of completion of the Open Offer after completion of the Open Offer but before the opening of the morning trading session on the next Business Day following the date of completion of the Open Offer.

LETTER FROM THE BOARD

CHANGES IN SHAREHOLDING STRUCTURE

The following is the shareholding structure of the Company immediately before and after completion of the Open Offer (for illustration purpose only) (*Note: All Warrants had expired as at the Latest Practicable Date*):

Name of Shareholder	As at the Latest Practicable Date		Immediately after the completion of the Open Offer assuming that all Shareholders have fully subscribed for their entitlements under the Open Offer and no Share Options and Warrants have been exercised		Immediately after the completion of the Open Offer but before the completion of the Placing assuming that no Shareholders subscribed for their entitlements under the Open Offer except for Fame Select and no Share Options and Warrants have been exercised ⁴		Immediately after the completion of the Open Offer and the Placing assuming that no Shareholders subscribed for their entitlements under the Open Offer except for Fame Select and no Share Options and Warrants have been exercised ⁴		Immediately after the completion of the Open Offer and the Placing assuming that no Shareholders subscribed for their entitlements under the Open Offer except for Fame Select and all Share Options and Warrants have been exercised ⁴		Immediately after the completion of the Open Offer and the Placing assuming that no Shareholders subscribed for their entitlements under the Open Offer except for Fame Select, Magicmount Holdings Limited and Green Auspice Limited and 7,505,955 Shares have been issued pursuant to the partial exercise of the Share Options and Warrants		Immediately after the completion of the Open Offer and the Placing assuming that no Shareholders subscribed for their entitlements under the Open Offer except for Fame Select, Magicmount Holdings Limited and Green Auspice Limited and all Share Options and Warrants have been exercised ⁵	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
	Substantial Shareholders:													
Fame Select ¹	46,150,200	22.08%	323,051,400	22.08%	1,300,334,250	88.87%	1,097,411,043	75.00%	1,155,158,828	75.00%	814,231,897	53.72%	984,149,059	63.90%
Magicmount Holdings Limited ²	24,429,967	11.69%	171,009,769	11.69%	24,429,967	1.67%	24,429,967	1.67%	24,429,967	1.59%	171,009,769	11.28%	171,009,769	11.10%
Green Auspice Limited ³	21,653,663	10.36%	151,575,641	10.36%	21,653,663	1.48%	21,653,663	1.48%	21,653,663	1.41%	151,575,641	10.00%	151,575,641	9.84%
Sub-total:	92,233,830	44.13%	645,636,810	44.13%	1,346,417,880	92.02%	1,143,494,673	78.15%	1,201,242,458	78.00%	1,136,817,307	75.00%	1,306,734,469	84.84%
Public Shareholders:														
Public Shareholders	116,796,845	55.87%	817,577,915	55.87%	116,796,845	7.98%	116,796,845	7.98%	116,796,845	7.58%	116,796,845	7.70%	116,796,845	7.58%
Holders of the Share Options and the Warrants	-	-	-	-	-	-	-	-	10,999,578	0.72%	7,505,955	0.50%	10,999,578	0.72%
UK First Orient	-	-	-	-	-	-	101,461,604	6.94%	105,586,445	6.85%	127,318,152	8.40%	52,840,440	3.43%
Aimsrich	-	-	-	-	-	-	101,461,603	6.93%	105,586,445	6.85%	127,318,151	8.40%	52,840,439	3.43%
Total:	209,030,675	100.00%	1,463,214,725	100.00%	1,463,214,725	100.00%	1,463,214,725	100.00%	1,540,211,771	100.00%	1,515,756,410	100.00%	1,540,211,771	100.00%

Notes:

- Fame Select is owned as to 50% by Mr. Chau Cheok Wa, an executive Director and the chairman of the Board and as to 50% by Mr. Cheung Ting Kong.
- Magicmount Holdings Limited is wholly owned by Mr. Kwan Tat Ming.
- Green Auspice Limited is wholly owned by Ms. So Sok Ngo.
- In these scenarios, Magicmount Holdings Limited and Green Auspice Limited would be counted as public Shareholders. Together with the share capital held by Magicmount Holdings Limited and Green Auspice Limited, at least 25% of the issued share capital of the Company would be held by the public.
- In this scenario, Green Auspice Limited would be counted as a public shareholder. Together with the share capital held by Green Auspice Limited, at least 25% of the issued share capital of the Company would be held by the public.

LETTER FROM THE BOARD

ADJUSTMENTS IN RELATION TO THE SHARE OPTIONS

As at the Latest Practicable Date, the Company had 2,899,578 outstanding Share Options which entitle holders thereof to subscribe for 2,899,578 Shares.

Subject to the confirmation of the auditors of the Company, the issue of the Offer Shares may cause adjustments to the exercise price and number of the Share Options. The Company will instruct its auditors to review and certify the basis of such adjustments as soon as possible. Further announcement(s) will be made by the Company in respect of such adjustments as and when appropriate.

The adjustments to the exercise price of the Share Options will be in compliance with the requirements under Chapter 17 of the Listing Rules and in accordance with the terms of the existing share option scheme. Further announcement(s) will be made by the Company in respect of such adjustments as and when appropriate.

PREVIOUS FUNDS RAISING EXERCISE OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has performed the following fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
20 January 2012	Issue of convertible notes in the principal amount of HK\$30 million	Approximately HK\$29 million	General working capital of the Group	HK\$29 million has been used for settlement of construction cost of outstanding projects
22 November 2011	Issue of 615,335,692 new shares of HK\$0.01 each at HK\$0.1 per share under an open offer on the basis of one offer share for every two shares held on the record date	Approximately HK\$60.62 million	Approximately HK\$20.62 million for working capital of the Group for the daily operation of the Group's business and approximately HK\$40.00 million for settlement of outstanding projects construction cost	HK\$20 million has been used to repay shareholder's loan (<i>Note</i>) which was borrowed and used by the Company as the general working capital of the Group and the remaining HK\$40.62 million has been used for settlement of construction cost of outstanding projects

Note: The shareholder's loan was financed by Fame Select to the Company for working capital use in seven tranches from 11 November 2011 to 23 December 2011 in the total amount of HK\$103,000,000 before the repayment of the HK\$20 million. The repayment of the HK\$20 million to Fame Select was made on 6 January 2012. If the Company intends to use any of the proceeds from its future fund raising activities to repay Fame Select's loans, the Company will state clearly such use in all of its announcements and other documents for such future fund raising activities.

LETTER FROM THE BOARD

Save as disclosed above, the Company has not conducted any other fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

WHITEWASH WAIVER

As at the date of the Announcement, the Underwriter, together with its beneficial owners (namely Mr. Chau Cheok Wa and Mr. Cheng Ting Kong) and parties acting in concert with any one of them are beneficially interested in 46,150,200 Shares, representing approximately 22.08% of the issued share capital of the Company.

Assuming that no Shareholders have taken up any Offer Shares and there has been no exercise of the Options, upon completion of the Open Offer, the taking up of (i) the Offer Shares to which Fame Select is entitled under the Open Offer, and (ii) the Underwritten Shares would result in the aggregate shareholding of the Underwriter and its concert parties in the Company being increased from 46,150,200 Shares (representing approximately 22.08% of the issued share capital of the Company) to 1,300,334,250 Shares (representing approximately 88.87% of the enlarged issued share capital of the Company) and would therefore give rise to a mandatory offer obligation on the part of the Underwriter and its concert parties under Rule 26 of the Takeovers Code unless the Whitewash Waiver is obtained.

The relevant resolution in respect of the Whitewash Waiver has been duly approved by the Independent Shareholders at the EGM and the Whitewash Waiver has been granted by the Executive.

The Directors (including the independent non-executive Directors after taking into account the advice of the Independent Financial Adviser) believe that the Whitewash Waiver is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Shareholders and potential investors should be aware that there is a possibility that, upon completion of the Open Offer, the Underwriter and parties acting in concert with it will hold more than 50% of the voting rights in the Company. Hence, the Underwriter and persons acting in concert with it may increase their holding of voting rights in the Company without incurring any further obligation under Rule 26 of the Takeovers Code to make a general offer.

INFORMATION ON THE UNDERWRITER

As at the Latest Practicable Date, the board of the Underwriter comprised Mr. Chau Cheok Wa, an executive Director and the chairman of the Board, and Mr. Cheng Ting Kong. The Underwriter is owned as to 50% by Mr. Chau Cheok Wa and as to 50% by Mr. Cheng Ting Kong.

LETTER FROM THE BOARD

As at the Latest Practicable Date, save for the Underwriting Agreement and the Placing Agreement, the Underwriter, its beneficial owners and the parties acting in concert with any one of them (including Mr. Chau Cheok Wa, Mr. Cheng Ting Kong and Ms. Yeung So Mui) had not acquired any voting rights of the Company and have not dealt in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares of the Company during the Relevant Period.

As at the Latest Practicable Date:

- (i) the Underwriter who had irrevocably committed itself to accept its entitlements under the Open Offer for an aggregate of 276,901,200 Offer Shares, owned 46,150,200 Shares;
- (ii) Mr. Chau Cheok Wa was deemed to be interested in the 46,150,200 Shares held by the Underwriter; and
- (iii) Mr. Cheng Ting Kong and his spouse Ms. Yeung So Mui was deemed to be interested in the 46,150,200 Shares held by the Underwriter.

As the Latest Practicable Date, other than (i) 46,150,200 Shares beneficially owned by the Underwriter, its beneficial owners and parties acting in concert with any one of them and (ii) the transactions contemplated under the Underwriting Agreement, the Underwriter, its beneficial owners and parties acting in concert with any one of them did not hold any other shareholding interests, or control the right of direction or hold any convertible securities, warrants or options of the Company, or any outstanding derivative in respect of securities in the Company.

The Underwriter considers and confirms that:

- (i) the Group will continue with its existing business following the completion of the Open Offer;
- (ii) the Open Offer is in the interests of the Group in the long run as the Group requires funding for the Possible Acquisition;
- (iii) the entering into the Underwriting Agreement by the Underwriter would (a) reduce the costs and expenses of the Open Offer since unlike other professional underwriters, the Underwriter did not charge any underwriting commission under the Underwriting Agreement; and (b) assist the Group to obtain the required funding for the Possible Acquisition, and the Underwriter would be indirectly benefited from the reduction in the costs and expenses of the Open Offer and the Possible Acquisition through its shareholding in the Company; and
- (iv) it has no intention to introduce any major changes to the existing business of the Group, including the continued employment of the Group's employees and has no intention to re-deploy the fixed assets of the Group other than in its ordinary course of business.

LETTER FROM THE BOARD

The Board considers that the Underwriter's intentions in respect of the Group and its employees will maintain the continuity of the business of the Group and are therefore in the interests of the Company and its shareholders as a whole.

Assuming that no Shareholders have taken up any Offer Shares and there has been no exercise of the Options, upon completion of the Open Offer but before completion of the Placing, the Underwriter will hold 1,300,334,250 Shares (representing 88.87% of the enlarged issued share capital of the Company). As the Underwriter is held as to 50% by Mr. Chau Cheok Wa and as to 50% by Mr. Cheng Ting Kong and Mr. Yeung So Mui is a spouse of Mr. Cheng Ting Kong, Mr. Chau Cheok Wa, Mr. Yeung So Mui and Mr. Cheng Ting Kong will be deemed to be interested in such 1,300,334,250 Shares which may be held by the Underwriter upon completion of the Open Offer but before completion of the Placing.

CHANGE IN BOARD LOT SIZE

The Shares are currently traded in board lots of 1,000 Shares each and the market value of each board lot is HK\$1,150 (based on the closing price of HK\$1.15 per Share as quoted on the Stock Exchange on the Last Trading Day) and HK\$380 (based on the theoretical ex-entitlement price of HK\$0.38 per Share calculated based on the closing price of HK\$1.15 per Share on the Last Trading Day and the Subscription Price of HK\$0.25 per Offer Share). In order to increase the value of each board lot of the Shares so that the value of each board lot of the Shares will not be less than HK\$2,000, as well as to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposes to change the board lot size for trading of the Shares from 1,000 Shares to 10,000 Shares with effect from Thursday, 24 January 2013 which is conditional upon completion of the Open Offer. Completion of the Open Offer is not conditional upon the change in board lot size. The change in board lot size will not result in any change in the relative rights of the Shareholders. The Board is of the opinion that the change in board lot size is in the interests of the Company and its Shareholders as a whole.

To alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, the Company has appointed the Placing Agent as an agent to provide matching services to Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from Thursday, 24 January 2013 to Wednesday, 20 February 2013 (both days inclusive). Holders of the Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their broker contact Mr. David Yam or Mr. Tim Yeung of SBI E2-Capital Financial Service Ltd. at Unit A2, 32/F., United Centre, 95 Queensway, Hong Kong (telephone: (852) 2533 3791 (Mr. David Yam) or (852) 2533 9869 (Mr. Tim Yeung) and facsimile: (852) 2533 9840) during such period. Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

LETTER FROM THE BOARD

The appointed agent, SBI E2-Capital Financial Services Ltd., is an independent third party not connected with any of the directors, chief executive, or substantial shareholders of the Company or any of its subsidiaries or their respective associates. All existing share certificates in board lot of 1,000 Shares will continue to be evidence of entitlement to the Shares and be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing shareholdings will be issued as a result of the change in board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size of 1,000 Shares to new share certificates in board lot size of 10,000 Shares is necessary. With effect from Thursday, 24 January 2013, any new certificate of the Shares will be issued in new board lot size of 10,000 Shares (except for odd lots or where the Shareholder(s) otherwise instruct(s)). Save and except for the change in the number of Shares for each board lot, new certificates of shares will have the same format and colour as the existing certificates of Shares.

The relevant resolutions in relation to the Open Offer and the absence of excess application and the alternative arrangement have been duly passed by the Independent Shareholders at the EGM.

FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in the development of middle to high end residential and commercial properties as well as leasing of commercial properties in Guangdong, Anhui and Liaoning Provinces, the PRC. As mentioned in the annual report of the Company for the year ended 31 December 2011, during the year under review, the Group has recognised a loss attributable to the owners of the Company of approximately RMB1,118.12 million, as compared with a net gain of approximately RMB37.61 million in last year. The loss per share for the year ended 31 December 2011 was RMB73.18 cents. The net loss for the reviewing year was mainly due to the decreased in turnover and the provision for impairment loss in fair value of investment properties and inventories. Summary of development and status of existing projects are as follows:-

Shenzhen Zirui Garden: Zirui Garden is in the boarder land of Luohu district and Buji of Longgang district of Shenzhen, on the hillside of the east side of Qingping expressway and Fengyi mountain tunnel. Zirui Garden consists of premier villas, residential units and retail shops with planned GFA of approximately 135,000 m². The project is under construction with pre-sale and delivery in phases scheduled for December 2012 onwards.

Chaohu Vacation Water Town: Vacation Water Town is situated in Zhongmiao Town of Chaohu in Anhui Province. Vacation Water Town consists of lake-side villas and residential units with planned GFA of approximately 116,000 m². The Group planned to commence pre-sale of the residential project in phases on the fourth quarter of 2013 onwards.

Shenyang Shengshi Yayuan: Shengshi Yayuan situated in Shenyang Tiexi Industrial New City of Shenyang Economic and Technological Development Zone of Liaoning Province. Shengshi Yayuan consists of high-end residence with planned GFA of approximately 196,000 m². Shengshi Yayuan is under construction.

LETTER FROM THE BOARD

The above development projects would be gradually put up for sale, and are expected to generate cash inflow for the Group. The Group believes that those projects will deliver attractive returns in the future, both in terms of capital gain and property sales in the long term.

Future Development

On 19 July 2012, the Group entered into a non-legally binding Agreement of Intent with an independent third party in relation to the possible acquisition of the entire equity interest in Anhui Longsheng Property Development Company Limited, a limited liability company established in the PRC which owns a property development project in Huangshan City of Anhui Province. The consideration for the possible acquisition will be negotiated between the parties based on the results of the due diligence investigations of the Company.

Market Outlook

As the European economy continued to be weakened and the globalisation of market economy, China's economic development has been affected to some extent. Comparing with last year, the GDP annual growth target had been tuned down from 9.2% to 7.5%. To maintain steady economic growth momentum in the PRC is the PRC government's priority, China's central bank lowered the reserve requirement ratio and cut the benchmark interest rates two times, and it was the first time to cut the interest rate by 0.25% in June 2012 since 2009, and it is believed that more fiscal stimuli initiatives would be launched.

Property development is a capital intensive industry and it is highly affected by any monetary policy decision. With the implementation of macroscopic policy restrictions in property purchase, selling price and mortgage financing in the last two years, the property potential buyer has shifted from speculative investor to real end-users. With the effect of the favorable policies on the property market, such as the central government's reserve ratio and benchmark interest rate cut, it is believed that the PRC property development market will remain its growth momentum.

PROCEDURE FOR APPLICATION AND PAYMENT

The Application Form is enclosed with this prospectus which entitles the Qualifying Shareholders to whom it is addressed to apply for the number of Offer Shares as shown therein subject to payment in full by the Latest Time for Acceptance. Qualifying Shareholders should note that they may apply for any number of Offer Shares only up to the number set out in the Application Form.

If Qualifying Shareholders wish to apply for all the Offer Shares offered to them as specified in the Application Form or wish to apply for any number less than their entitlements under the Open Offer, they must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with remittance for the full amount payable in respect of such number of Offer Shares they have applied for with, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Tuesday, 15 January 2013.

LETTER FROM THE BOARD

All remittance(s) must be made in Hong Kong dollars and cheques must be drawn on an account with, or bankers' cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "Sun Century Group Limited – Open Offer Account" and crossed "Account Payee Only". It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with, Tricor Investor Services Limited by not later than 4:00 p.m. on Tuesday, 15 January 2013, the entitlements of the respective Qualifying Shareholders under the Open Offer and all rights in relation thereto shall be deemed to have been declined and will be cancelled.

The Application Form is for the use by the person(s) named therein only and is not transferable.

No receipt will be issued in respect of any application monies received. Any Offer Shares not applied for by the Qualifying Shareholders will be taken up by the Underwriter. The Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee as a single Shareholder according to the register of members of the Company.

FURTHER INFORMATION

Your attention is drawn to the information set out in the appendices to this prospectus.

By the order of the Board
Sun Century Group Limited
Chau Cheok Wa
Chairman

1. FINANCIAL INFORMATION OF THE GROUP**(A) Financial summary for the six months ended 30 June 2012 and three years ended 31 December 2011**

Financial information of the Group for the six months ended 30 June 2012, including the notes thereto, have been published in the interim report of the Company for the six months ended 30 June 2012. The said interim report is available on the Company's website at www.sun1383.com and the website of the Stock Exchange at www.hkexnews.hk.

Financial information of the Group for the years ended 31 December 2009, 2010 and 2011, including the notes thereto, have been published in the annual reports of the Company for the years ended 31 December 2009, 31 December 2010 and 31 December 2011 respectively. The said annual reports of the Company are available on the Company's website at www.sun1383.com and the website of the Stock Exchange at www.hkexnews.hk.

Set out below is a summary of the financial results of the Group for the six months ended 30 June 2012 and each of the years ended 31 December 2009, 2010 and 2011 as extracted from the interim report of the Company for the six months ended 30 June 2012 and annual reports of the Company for the years ended 31 December 2009, 2010 and 2011 respectively. Save as disclosed on the face of the financial information below, there were no items which were extraordinary or exceptional because of size, nature or incidence for the consolidated statement of comprehensive income of the Group for the six months' period ended 30 June 2012 and each of the years ended 31 December 2009, 2010 and 2011. The auditors of the Company were KPMG Certified Public Accountants, RSM Nelson Wheeler Certified Public Accountants and Andes Glacier CPA Limited for the years ended 31 December 2009, 2010 and 2011 respectively and there was no audit qualification contained in the auditors' report in respect of each of the years ended 31 December 2009, 2010 and 2011.

Consolidated Statement of Comprehensive Income

	For the	Year ended 31 December		
	six months ended 30 June 2012	2011	2010	2009
	RMB'000 (Unaudited)	RMB'000 (Audited)	RMB'000 (Audited)	RMB'000 (Audited)
Turnover	18,161	324,494	1,132,896	362,369
Cost of sales	(6,025)	(270,857)	(864,086)	(274,903)
	<u>12,136</u>	<u>53,637</u>	<u>268,810</u>	<u>87,466</u>
Less: Sales return of properties sold	–	–	(313,521)	–
Cost of properties return	–	–	27,776	–
	<u>–</u>	<u>–</u>	<u>(285,745)</u>	<u>–</u>
Gross profit/(loss)	12,136	53,637	(16,935)	87,466
Other net (expense)/income	15,311	(18,886)	(4,125)	64,964
Other income	2,246	15,085	6,516	31,071
Selling and distribution expenses	(1,249)	(7,390)	(33,394)	(21,775)
General and administrative expenses	(21,489)	(54,544)	(63,097)	(35,304)
Other operating expenses	(62,575)	(233,344)	(216,069)	(10,711)
Net (decrease)/increase in fair value of investment properties	–	(752,000)	208,415	56,830
Impairment loss on inventories	–	(260,506)	–	–
	<u>(55,620)</u>	<u>(1,257,948)</u>	<u>(118,689)</u>	<u>172,541</u>
(Loss)/Profit from operation	(55,620)	(1,257,948)	(118,689)	172,541
Net change in fair value of derivative financial instruments	–	14,267	15,977	(19,994)
Finance cost	(35,578)	(156,023)	(160,934)	(87,843)
Gain on bargain purchase in respect of business combination	–	–	123,979	–
Gain on derecognition of available-for-sale	–	33,306	–	–
Gain on disposal of subsidiaries	16,948	81,873	200,801	–
Impairment loss on subsidiaries group classified as held for sale	–	(8,861)	–	–
	<u>(74,250)</u>	<u>(1,293,386)</u>	<u>61,134</u>	<u>64,704</u>
(Loss)/Profit before tax	(74,250)	(1,293,386)	61,134	64,704
Income tax	–	175,259	(28,455)	(33,497)
	<u>–</u>	<u>175,259</u>	<u>(28,455)</u>	<u>(33,497)</u>
(Loss)/Profit and total comprehensive (expense)/income for the year	<u>(74,250)</u>	<u>(1,118,127)</u>	<u>32,679</u>	<u>31,207</u>

	For the six months ended		Year ended 31 December	
	30 June 2012 RMB'000 (Unaudited)	2011 RMB'000 (Audited)	2010 RMB'000 (Audited)	2009 RMB'000 (Audited)
Attributable to				
Owners of the Company	(74,250)	(1,118,121)	37,609	32,699
Non-controlling interest	—	(6)	(4,930)	(1,492)
	<u>(74,250)</u>	<u>(1,118,127)</u>	<u>32,679</u>	<u>31,207</u>
(Loss)/Earnings per share (cents)			(adjusted)	(adjusted)
Basic	<u>(36.82)</u>	<u>(73.18)</u>	<u>2.50</u>	<u>2.42</u>
Diluted	<u>(36.82)</u>	<u>(73.18)</u>	<u>2.50</u>	<u>2.41</u>

Consolidated Statement of Financial Position

	As at	As at 31 December		
	30 June 2012 RMB'000 (Unaudited)	2011 RMB'000 (Audited)	2010 RMB'000 (Audited)	2009 RMB'000 (Audited)
Non-current assets				
Property, plant and equipment	6,506	3,836	9,871	9,921
Investment properties	780,000	780,000	1,614,100	1,376,436
Available-for-sale financial assets	–	–	251,895	–
Deferred tax assets	8,924	8,924	13,233	49,947
	<u>795,430</u>	<u>792,760</u>	<u>1,889,099</u>	<u>1,436,304</u>
Current assets				
Inventories	1,275,105	1,273,475	1,782,393	2,042,233
Trade and other receivables	746,453	760,199	769,384	783,115
Consideration receivables	158,745	75,603	153,927	–
Trading securities	2,109	2,296	4,060	4,519
Pledged deposits	1,154	1,078	9,431	73,569
Bank and cash balances	39,792	49,049	92,787	216,950
	<u>2,223,358</u>	<u>2,161,700</u>	<u>2,811,982</u>	<u>3,120,386</u>
Subsidiaries group classified as held for sale – assets	<u>–</u>	<u>447,108</u>	<u>–</u>	<u>–</u>
Current Liabilities				
Trade and other payables, and accruals	443,392	963,766	378,286	447,781
Receipts in advance	131,746	18,046	120,745	82,257
Rental and other deposits	36,484	11,768	11,792	11,743
Derivative financial liabilities	8	8	14,275	30,252
Bank and other borrowings	1,519,630	865,957	823,230	375,800
Current tax liabilities	132,287	138,414	175,601	262,552
	<u>2,263,547</u>	<u>1,997,959</u>	<u>1,523,929</u>	<u>1,210,385</u>
Subsidiaries group classified as held for sale – liabilities	<u>–</u>	<u>201,408</u>	<u>–</u>	<u>–</u>

	As at 30 June 2012 RMB'000 (Unaudited)	As at 31 December 2011 RMB'000 (Audited)	2010 RMB'000 (Audited)	2009 RMB'000 (Audited)
Net current (liabilities)/assets	(40,189)	409,441	1,288,053	1,910,001
Total assets less current liabilities	755,241	1,202,201	3,177,152	3,346,305
Non-current liabilities				
Bank and other borrowings	–	447,000	1,112,200	1,393,834
Deferred tax liabilities	98,091	98,091	288,726	231,634
	98,091	545,091	1,400,926	1,625,468
Net assets	<u>657,150</u>	<u>657,110</u>	<u>1,776,226</u>	<u>1,720,837</u>
Capital and reserves				
Share capital	18,949	11,971	11,971	10,296
Reserves	638,201	645,139	1,763,260	1,707,809
Equity attributable to owners of the Company	657,150	657,110	1,775,231	1,718,105
Non-controlling interest	–	–	995	2,732
Total equity	<u>657,150</u>	<u>657,110</u>	<u>1,776,226</u>	<u>1,720,837</u>

(B) Unaudited consolidated financial statements for the six months ended 30 June 2012

The unaudited financial information of the Group for the six months ended 30 June 2012 can be referred to the interim report of the Company for the six months ended 30 June 2012 published on 14 September 2012.

The above mentioned financial information has been published on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.sun1383.com).

(C) Audited consolidated financial statements for the three years ended 31 December 2011

The audited financial information of the Group for each of the three years ended 31 December 2009, 2010 and 2011 can be referred to the annual reports of the Company for the years ended 31 December 2009, 2010 and 2011 respectively which published on 22 April 2010, 26 April 2011 and 30 April 2012 respectively.

The above mentioned financial information has been published on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.sun1383.com). The auditors of the Company have not issued any qualified opinion on the Group's financial statements for the financial years ended 31 December 2009, 2010 and 2011.

2. STATEMENT OF INDEBTEDNESS

Borrowings

The Group's borrowings are principally applied by the Group for working capital purposes. As at 31 October 2012, being the latest practicable date for the purpose of this indebtedness statement, the Group had total outstanding borrowings of approximately RMB1,627 million, which included borrowings of approximately 1,221 million and 497 million denominated in RMB and HK\$ respectively. The Group had secured or guaranteed borrowings of approximately RMB963 million and had unsecured and unguaranteed borrowings of approximately RMB664 million.

The secured borrowings are secured by certain investment properties, properties under development valued and prepaid land cost at RMB780 million, RMB778 and RMB82 million respectively.

The interest rates of banking facilities are ranging from 6.32% to 8.28% per annum. There was unutilized facilities of RMB18 million as at 31 October 2012. There was no material adverse change in the indebtedness of the Group from 31 October 2012 up to the Latest Practicable Date.

Contingent liabilities

As at close of business on 31 October 2012, the Group had total contingent liabilities of RMB1,101 million, including RMB981 million representing guarantees given to certain banks for the loan facilities provided to some disposed subsidiaries, and RMB120 million representing various claims against to the Group.

Disclaimers

Save as disclosed above and apart from intra-group liabilities, at the close of business on 31 October 2012, the Group did not have any outstanding loan capital, debt securities and term loan issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

Our Directors are of the opinion that, taking into consideration the financial resources presently available to our Group, including borrowings and other internal resources, the estimated net proceeds of the Open Offer and in the absence of unforeseen circumstances, our Group has sufficient working capital for our present requirements at least in the next twelve months commencing from the date of this prospectus.

4. MATERIAL CHANGE

As at the Latest Practicable Date, save as disclosed in the following paragraphs and in the interim report of the Group for the six months ended 30 June 2012, the Directors were not aware of any material change in the financial or trading position or outlook of the Group since 31 December 2011, being the date to which the latest published audited consolidated financial statements of the Group were made up:

- (a) in the first half of 2012, the Group completed the disposal of two property development projects, namely Xingning Ningjiang Uptown project and Shenyang Hong Long Century Business Square as detailed in the circular of the Company dated 8 February 2012 and 24 April 2012 respectively;
- (b) on 19 July 2012, the Group entered into a non-legally binding agreement of intent with an independent third party in relation to the Possible Acquisition. The consideration for the Possible Acquisition will be negotiated between the parties based on the results of the due diligence investigations of the Company. Details of which are disclosed in the announcement of the Company dated 19 July 2012;
- (c) Shenzhen Branch of Shanghai Pudong Development Bank Company Limited has filed a writ of civil proceedings (the "Writ") with Shenzhen Intermediate People's Court against 梅州地中海酒店有限公司 (Meizhou Mediterranean Sea Hotel Company Limited[#]) as borrower, the second defendant as charger and other five defendants as guarantors (including 深圳市紫瑞房地產開發有限公司 (Shenzhen Zirui Real Estate Development Limited[#]) ("Shenzhen Zirui") and 大陽世紀地產集團有限公司 (Sun Century Property Group Company Limited[#]) ("Sun Century Property") as guarantor). Shenzhen Zirui and Sun Century Property are both indirect wholly-owned subsidiaries of the Company. The Writ was received by the Company on 6 August 2012. The Board denies that Shenzhen Zirui and Sun Century Property have authorised the execution of any loan guarantee undertaking in relation to the loan referred to under the Writ. Details of the Writ was set out in the announcement of the Company dated 13 August 2012;
- (d) as stated in profit warning announcement of the Company dated 16 August 2012 and the interim report of the Group for the six months ended 30 June 2012, the Group recorded a loss for the six months ended 30 June 2012 as compared to the profit recorded in the corresponding period of 2011. Such loss was principally due to the reasons of (i) the decrease in the Group's turnover resulting from a significant decrease in gross floor area sold and delivered of Shenzhen Hong Long Century Plaza in Shenzhen; and (ii) a gain on derecognition of available-for-sale financial assets and a gain of disposal of subsidiaries were recognized as and income of the Group for the six months ended 30 June 2011; and

- (e) as at 30 September 2012, due to certain conditions precedents had yet to be fulfilled (or waived by the purchaser) and accordingly, the disposal agreement in relation to the proposed disposal of Shenzhen Properties and the entire issued share capital of Shenzhen Gang Long City Commercial Management Company Limited, which constitutes a very substantial disposal of the Company, has lapsed. Details of which are set out in the announcement of the Company dated 3 October 2012. The lapse of the proposed disposal has no material adverse impact on the existing business and/or the financial position of the Group as (i) the value of properties proposed to be disposed would not be decreased due to the lapse of the proposed disposal; (ii) the proceeds from the proposed disposal was intended to repay the loan due to the Shenzhen Branch of China Construction Bank. However, the litigation with the Shenzhen Branch of China Construction Bank is still in progress. As at the Latest Practicable Date, no hearing date had been fixed. Based on the latest development, it is expected that there will not be any judgment before the end of 2013.

5. FUTURE PLANS AND PROSPECT OF THE GROUP

The Group is principally engaged in the development of middle to high end residential and commercial properties as well as leasing of commercial properties in Guangdong, Anhui and Liaoning Provinces, the PRC. Summary of development and status of existing projects are as follows:-

Shenzhen Zirui Garden: Zirui Garden is in the boarder land of Luohu district and Buji of Longgang district of Shenzhen, on the hillside of the east side of Qingping expressway and Fengyi mountain tunnel. Zirui Garden consists of premier villas, residential units and retail shops with planned GFA of approximately 135,000 m². The project is under construction with pre-sale and delivery in phases scheduled for December 2012 onwards.

Chaohu Vacation Water Town: Vacation Water Town is situated in Zhongmiao Town of Chaohu in Anhui Province. Vacation Water Town consists of lake-side villas and residential units with planned GFA of approximately 116,000 m². The Group planned to commence pre-sale of the residential project in phases on the fourth quarter of 2013 onwards.

Shenyang Shengshi Yayuan: Shengshi Yayuan situated in Shenyang Tiexi Industrial New City of Shenyang Economic and Technological Development Zone of Liaoning Province. Shengshi Yayuan consists of high-end residence with planned GFA of approximately 196,000 m². Shengshi Yayuan is under construction.

Future Development

On 19 July 2012, the Group entered into a non-legally binding Agreement of Intent with an independent third party in relation to the possible acquisition of the entire equity interest in Anhui Longsheng Property Development Company Limited, a limited liability company established in the PRC which owns a property development project in Huangshan City of Anhui Province. The consideration for the possible acquisition will be negotiated between the parties based on the results of the due diligence investigations of the Company.

Market Outlook

As the European economy continued to be weakened and the globalisation of market economy, China's economic development has been affected to some extent. Comparing with last year, the GDP annual growth target had been tuned down from 9.2% to 7.5%. To maintain steady economic growth momentum in the PRC is the PRC government's priority, China's central bank lowered the reserve requirement ratio and cut the benchmark interest rates two times, and it was the first time to cut the interest rate by 0.25% in June 2012 since 2009, and it is believed that more fiscal stimuli initiatives would be launched.

Property development is a capital intensive industry and it is highly affected by any monetary policy decision. With the implementation of macroscopic policy restrictions in property purchase, selling price and mortgage financing in the last two years, the property potential buyer has shifted from speculative investor to real end-users. With the effect of the favorable policies on the property market, such as the central government's reserve ratio and benchmark interest rate cut, it is believed that the PRC property development market will remain its growth momentum.

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group (the “Unaudited Pro Forma Financial Information”) has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Open Offer on the consolidated net tangible assets of the Group as if the Open Offer had taken place on 30 June 2012.

The Unaudited Pro Forma Financial Information of the Group has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets to Shareholders following the Open Offer.

The Unaudited Pro Forma Financial Information of the Group has been prepared based on the unaudited consolidated net assets of the Group as at 30 June 2012, as extracted from the published interim report of the Company for the six months ended 30 June 2012 after incorporating the unaudited pro forma adjustments described in the accompanying notes.

Unaudited consolidated net tangible assets of the Group as at 30 June 2012	Estimated net proceeds from the Open Offer	Unaudited pro forma adjusted consolidated net tangible assets of the Group	Unaudited consolidated net tangible assets of the Group per Share as at 30 June 2012 prior to the completion of the Open Offer	Unaudited consolidated net tangible assets of the Group per Share upon completion of the Open Offer (Based on number of Offer Shares to be issued)
<i>RMB'000</i> (<i>Note 1</i>)	<i>RMB'000</i> (<i>Note 2</i>)	<i>RMB'000</i> (<i>Note 3</i>)	<i>RMB</i> (<i>Note 4</i>)	<i>RMB</i> (<i>Note 5</i>)
648,226	195,600	843,826	3.10	0.58

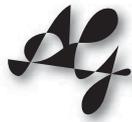
Notes:

- The unaudited consolidated net tangible assets attributable to owners of the Company as at 30 June 2012 is based on the unaudited consolidated net assets attributable to owners of the Company of approximately RMB657,150,000 as at 30 June 2012 after deducting deferred tax assets of approximately RMB8,924,000 as at 30 June 2012.
- The estimated net proceeds from the Open Offer of approximately HK\$240,000,000 (equivalent to approximately RMB195,600,000) are based on 1,254,184,050 Offer Shares to be issued at the Subscription Price of HK\$0.25 per Offer Share after the Set Off of the Loan of approximately HK\$69,000,000 (equivalent to approximately RMB56,235,000) and deducting estimated expenses of approximately HK\$4,000,000 (equivalent to approximately RMB3,260,000). The estimated net proceeds from the Open Offer are converted from Hong Kong dollars into Renminbi at an exchange rate of HK\$1.00 to RMB0.815.

3. The above unaudited pro forma statement of adjusted unaudited consolidated net tangible assets of the Group illustrates the effect on the issue of 1,254,184,050 Offer Shares.
4. The number of Shares used for the calculation of this amount is 209,030,675 which was the number of Shares in issue as at the Latest Practicable Date.
5. The number of Shares used for the calculation of this amount is 1,463,214,725 which will be the total number of Shares expected to be in issue after completion of the Open Offer representing the existing 209,030,675 Shares in issue as at the Latest Practicable Date and 1,254,184,050 Offer Shares to be issued pursuant to the Open Offer.
6. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2012.

2. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of an accountants' report prepared for the purpose of incorporation in this prospectus received from Andes Glacier CPA Limited, the independent reporting accountants, in respect of the unaudited pro forma financial information of the Group.



Andes Glacier CPA Limited

CERTIFIED PUBLIC ACCOUNTANTS

思捷會計師行有限公司

Unit 1, 20/Floor, No. 50 Gloucester Road,
Wanchai, Hong Kong
香港灣仔告士打道50號馬來西亞大廈20樓01室

28 December 2012

The Directors
Sun Century Group Limited
2108, 21/F, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan
Hong Kong

Dear Sirs,

We report on the unaudited pro forma adjusted consolidated net tangible assets (the "Unaudited Pro Forma Financial Information") of Sun Century Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company (the "Directors") for illustrative purposes only, to provide information about how the proposed Open Offer (as defined in the prospectus of the Company dated 28 December 2012 (the "Prospectus")) might have affected the financial information presented, for inclusion in Appendix II to this prospectus. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix II to the Prospectus.

Respective Responsibilities of the Directors and Reporting Accountants

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments, and discussing the Unaudited Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 June 2012 or any future dates.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Andes Glacier CPA Limited
Hsu Yuk King, Mercedes
Practising Certificate Number: P03548

Hong Kong, 28 December 2012

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Ascent Partners Valuation Service Limited, an independent valuer, in connection with its valuation as at 30 September 2012 of the property interests of the Group.



Suite 2102, Hong Kong Trade Centre
161-167 Des Voeux Road Central
Hong Kong
Tel: 3679-3890
Fax: 3586-0683

Date: 28 December 2012

The Board of Directors
Sun Century Group Limited
2108 China Merchants Tower, Shun Tak Centre
168-200 Connaught Road Central, Hong Kong

Dear Sirs,

INSTRUCTIONS

In accordance with your instructions for us to value various properties in which Sun Century Group Limited (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) have interests in the People’s Republic of China (the “PRC”), we confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 30 September 2012 (referred to as the “Valuation Date”).

This letter which forms part of our valuation report explains the basis and methodologies of valuation, clarifying assumptions, valuation considerations, title investigation and limiting conditions of this valuation.

BASIS OF VALUATION

Our valuation of the property interests represents the market value which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion”.

PROPERTY INTERESTS CATEGORISATION

The property interests are categorised as follows:

- | | | |
|-----------|---|---|
| Group I | – | Property interests held by the Group for sale in the PRC |
| Group II | – | Property interests held by the Group for investment in the PRC |
| Group III | – | Property interests held by the Group under development in the PRC |

VALUATION METHODOLOGY

We have valued the property interests of the property in Group I on market basis and the direct comparison method is adopted where comparison based on prices realised on actual sales and/or asking price of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of values.

In valuing the property interests of the property in Group II, which are subject to tenancies, we have adopted the investment method on the basis of capitalization of the net rental incomes with due allowance for reversionary income potential. The direct comparison method is also adopted in estimating the values of their reversionary interest.

In valuing the property interests of the property in Group III under development, we have valued the property on the basis that the property will be developed and completed in accordance with the Group's latest development proposals provided to us. The market value of the property interests will be formulated by the direct comparison approach by making reference to comparable sales as available in the market and have taken into account the cost expended and to be expended to complete the development.

VALUATION CONSIDERATIONS

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, Rule 11 of the Code on Takeovers and Mergers and Share Repurchase issued by the Securities and Futures Commission and the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors effective from 1 January 2005.

VALUATION ASSUMPTIONS

In valuing the property interests which are currently under construction, we have assumed that they will be developed and completed in accordance with the Company's latest development proposal provided to us. In arriving at our opinion of value, we have taken into account the construction costs and professional fees relevant to the stage of construction as at the valuation date and the remainder of the costs and fees to be expended to complete the developments.

Our valuations have been made on the assumption that the seller sells the property interests on the open market in their existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the values of the property interests.

In undertaking our valuation, we have assumed that, unless otherwise stated, transferable land use rights in respect of the property interests for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that the owners of the properties have enforceable titles to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

No allowance has been made in our report for any outstanding or additional land premium, charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Other special assumptions of the property interests, if any, have been stated out in the footnotes of the valuation certificates attached herewith.

TAX LIABILITY

There may be potential tax liability which would arise if the property interests were to be sold. Should disposal of the property interests located in the PRC be conducted, the potential tax liabilities arising may include business tax (5% on the transaction amount), urban maintenance and construction tax (7% on the business tax), educational surtax and surcharge (3% on the business tax), corporation income tax (25% on net profit upon disposal); stamp duty (0.05% on transaction amount) and land appreciation tax (the applicable rate is ranging from 30% to 60% on the net appreciated amount less deductibles). The Company has further confirmed that the Company has intention to dispose of the property interests of Groups I and III.

TITLE INVESTIGATION

We have been, in some instances, shown copies of various title documents and other documents relating to the property interests and have made relevant enquiries. We have not examined the original documents to verify the existing title to the property interests and any material encumbrances that might be attached to the property interests or any lease amendments. However, we have relied considerably on the information given by the Company's PRC legal adviser, Beijing Bairui Law Firm (Shenzhen) (北京市百瑞(深圳)律師事務所), concerning the validity of the Group's title to the property interests located in the PRC.

All legal documents provided by the Group have been used for reference only. No responsibility regarding legal title to the property interests is assumed in this valuation report.

LIMITING CONDITIONS

We have inspected the exterior, and wherever possible, the interior of the properties but no structural survey had been made. In the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of documents handed to us are correct.

The site inspection of the property nos. 1, 2 and 3 was carried out by Mr. Ian K. F. Ng, who is a chartered surveyor. The property no. 4 was inspected by Mr. Charles Choi, ASc (Estate Surveying). All properties were inspected in October 2012.

We have not carried out any soil investigations to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. We do not make any allowance for contamination or pollution of the land, if any, which may have been caused by past usage.

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us on such matters, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the property interests.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Liability in connection with this valuation report is limited to the client to whom this report is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes.

This report is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our report in whole or in part, in any document you prepare and/ or distribute to third parties may be made without written consent.

EXCHANGE RATE

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

Our summary of values and valuation certificates are herewith attached.

Yours faithfully,
For and on behalf of
Ascent Partners Valuation Service Limited
Ian K. F. Ng

MBA BSc (EstMan) BSc MHKIS MRICS RPS (GP)
Principal

Mr. Ian K. F. Ng is a Registered Professional Surveyor with over 8 years' experience in valuation of properties in HKSAR, Macau SAR and mainland China. Mr. Ng is a Professional Member of The Hong Kong Institute of Surveyors as well as a chartered surveyor of The Royal Institution of Chartered Surveyors.

SUMMARY OF VALUES

Property	Market Value in Existing State as at 30 September 2012 RMB
Group I – Property interests held by the Group for sale in the PRC	
1 Unsold Portions of Hong Long Century Plaza situated at west of Heping Road, Luohu District, Shenzhen, Guangdong Province, the PRC	432,000,000
Sub-total:	<u>432,000,000</u>
Group II – Property interests held by the Group for investment in the PRC	
2 101, 201, 306, 401 and 501 of Hong Long Plaza, Baomin Road, Xixiang Jiedao, Bao'an District, Shenzhen, Guangdong Province, the PRC	1,080,000,000
Sub-total:	<u>1,080,000,000</u>
Group III – Property interests held by the Group under development in the PRC	
3 A Development Site (Lot No.G06203-0105) Buji Jiedao Bugouwo, Longgang District, Shenzhen, Guangdong Province, the PRC	1,070,000,000
4 A Development Site situated at east of Jiancheng District and northwest of Zhongmiaoxinyugang, Zhongmiaoji Town, Chaohu City, Anhui Province, the PRC	189,000,000
Sub-total:	<u>1,259,000,000</u>
Grand Total:	<u><u>2,771,000,000</u></u>

VALUATION CERTIFICATE

Group I – Property interests held by the Group for sale in the PRC

Property	Description and Tenure	Particular of Occupancy	Market Value in Existing State as at 30 September 2012										
1	<p>Unsold Portions of Hong Long Century Plaza situated at west of Heping Road, Luohu District, Shenzhen, Guangdong Province, the PRC</p> <p>Hong Long Century Plaza is a composite development comprising one 32-storey office building, one 33-storey office building and one 35-storey residential building, namely Blocks A, B and C respectively, built upon a commercial podium and carparking basement completed in 2010.</p> <p>The property comprises various commercial spaces on Levels 1 to 5; and portions of office space of Block B and portions of residential space on Block C. As advised by the Company, the total gross floor area of the property is approximately 16,264.67 sq.m. with breakdown as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area <i>Approx (sq.m.)</i></th> </tr> </thead> <tbody> <tr> <td>Commercial</td> <td>11,003.48</td> </tr> <tr> <td>Office</td> <td>3,421.36</td> </tr> <tr> <td>Residential</td> <td>1,839.83</td> </tr> <tr> <td></td> <td><u>16,264.67</u></td> </tr> </tbody> </table>	Use	Gross Floor Area <i>Approx (sq.m.)</i>	Commercial	11,003.48	Office	3,421.36	Residential	1,839.83		<u>16,264.67</u>	The property is currently vacant.	RMB432,000,000 (Renminbi Four Hundred Thirty Two Million)
Use	Gross Floor Area <i>Approx (sq.m.)</i>												
Commercial	11,003.48												
Office	3,421.36												
Residential	1,839.83												
	<u>16,264.67</u>												
	<p>The land use rights of the property were granted for a term of 50 years commencing on 15 May 2008 and expiring on 14 May 2058 for composite use.</p>												

Notes:

- (1) Pursuant to a Certificate of Real Estate Ownership – Shen Fang Di Zi No. 2000484795 issued by Real Estate Administration Bureau of Shenzhen City (深圳市房地產管理局) registered on 10 February 2010, the land use rights of a parcel of land with a site area of approximately 6,885 sq.m. were jointly owned by Hong Long Property Group Limited (鴻隆地產集團有限公司) for a term of 50 years commencing on 15 May 2008 and expiring on 14 May 2058 for composite uses.
- (2) Hong Long Property Group Limited is a wholly-owned subsidiary of the Company.
- (3) In the course of our valuation, we have valued the property based on the legal opinion that the Group owns the unsold portions of Hong Long Century Plaza; and as confirmed by the Company, the total gross floor area of the unsold portions of Hong Long Century Plaza is approximately 16,264.67 sq.m.
- (4) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
 - (i) the Group legally owns the unsold portion of Hong Long Century Plaza and is entitled to lease, use, transfer, mortgage and dispose of the property subject to the prior consent from the mortgagee; and
 - (ii) the property is subject to a mortgage in favour of Bohai International Trust Co., Ltd. (渤海國際信託有限公司).

VALUATION CERTIFICATE

Group II – Property interests held by the Group for investment in the PRC

	Property	Description and Tenure	Particular of Occupancy	Market Value in Existing State as at 30 September 2012														
2	101, 201, 306, 401 and 501 of Hong Long Plaza, Baomin Road, Xixiang Jiedao, Bao'an District, Shenzhen, Guangdong Province, the PRC	<p>Hong Long Plaza is a composite development comprising 3 blocks of residential buildings built upon a 5-storey commercial podium plus 2 basement carparking levels completed in 2006.</p> <p>The property comprises various commercial spaces on Levels 1 to 5 of Hong Long Plaza.</p> <p>The total gross floor area of the property is approximately 64,397.13 sq.m. with the breakdown as follows:</p> <table border="1"> <thead> <tr> <th>Portion</th> <th>Gross Floor Area <i>Approx (sq.m.)</i></th> </tr> </thead> <tbody> <tr> <td>101</td> <td>12,776.27</td> </tr> <tr> <td>201</td> <td>12,507.05</td> </tr> <tr> <td>306</td> <td>12,632.04</td> </tr> <tr> <td>401</td> <td>13,960.03</td> </tr> <tr> <td>501</td> <td>12,521.74</td> </tr> <tr> <td></td> <td><u>64,397.13</u></td> </tr> </tbody> </table> <p>The land use rights of the property were granted for a term commencing on 25 October 1992 and expiring on 24 October 2062 for commercial/finance uses.</p>	Portion	Gross Floor Area <i>Approx (sq.m.)</i>	101	12,776.27	201	12,507.05	306	12,632.04	401	13,960.03	501	12,521.74		<u>64,397.13</u>	<p>Portions of the property with a total gross floor area of approximately 61,899.13 sq.m. are currently subject to various tenancies with the expiry dates between 12 October 2012 and 31 August 2026 at a total monthly base rental of approximately RMB3,454,000 exclusive of management fee for commercial use.</p> <p>The remaining portions of the property with a total gross floor area of approximately 2,498 sq.m. are vacant.</p>	<p>RMB1,080,000,000</p> <p>(Renminbi One Billion Eighty Million)</p>
Portion	Gross Floor Area <i>Approx (sq.m.)</i>																	
101	12,776.27																	
201	12,507.05																	
306	12,632.04																	
401	13,960.03																	
501	12,521.74																	
	<u>64,397.13</u>																	

Notes:

- (1) Pursuant to 5 Certificates of Real Estate Ownership issued by Land Resources and Housing Administration Bureau of Baoan of Shenszhen City (深圳市國土資源和房產管理局寶安分局) registered on 2 March 2007, the land use rights and the building ownership rights of the property with a total gross floor area of approximately 64,397.13 sq.m. were granted to Hong Long Property (Shenzhen) Limited (鴻隆地產(深圳)有限公司) for a term commencing on 25 October 1992 and expiring on 24 October 2062 for commercial/finance uses. Details of the Certificates are as follows:

Portion	Certificate No.	Gross Floor Area <i>Approx (sq.m.)</i>
101	Shen Fang Di Zi No. 5000248401	12,776.27
201	Shen Fang Di Zi No. 5000248406	12,507.05
306	Shen Fang Di Zi No. 5000248405	12,632.04
401	Shen Fang Di Zi No. 5000248404	13,960.03
501	Shen Fang Di Zi No. 5000248402	12,521.74
		64,397.13

- (2) Hong Long Property (Shenzhen) Limited is a wholly-owned subsidiary of the Company.
- (3) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
- (i) the Group legally owns the property and is entitled to lease, use, transfer, mortgage and dispose of the property subject to the prior consent from the mortgagee;
 - (ii) the property is subject to a mortgage in favour of China Construction Bank Corporation Shenzhen Branch (中國建設銀行股份有限公司深圳市分行); and
 - (iii) the property is subject to legal dispute between the China Construction Bank Corporation Shenzhen Branch and the Group.

VALUATION CERTIFICATE

Group III – Property interests held by the Group under development in the PRC

Property	Description and Tenure	Particular of Occupancy	Market Value in Existing State as at 30 September 2012														
3	<p>A Development Site (Lot No.G06203-0105) Buji Jiedao Bugouwo, Longgang District, Shenzhen, Guangdong Province, the PRC</p> <p>The property comprises a parcel of land with an area of approximately 43,538.73 sq.m. together with structures being constructed upon. The development is scheduled to be completed in early 2013.</p> <p>The total planned gross floor area of the property is approximately 134,775.70 sq.m. with the breakdown as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area Approx (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>76,733.32</td> </tr> <tr> <td>Villa</td> <td>13,348.36</td> </tr> <tr> <td>Commercial</td> <td>5,936.63</td> </tr> <tr> <td>Kindergarten</td> <td>1,940.00</td> </tr> <tr> <td>Others including basement carpark</td> <td><u>36,817.39</u></td> </tr> <tr> <td></td> <td><u><u>134,775.70</u></u></td> </tr> </tbody> </table> <p>The land use rights of the property were granted for a term of 70 years commencing on 29 April 2005 and expiring on 28 April 2075 for commercial/residential uses.</p>	Use	Gross Floor Area Approx (sq.m.)	High-rise residential	76,733.32	Villa	13,348.36	Commercial	5,936.63	Kindergarten	1,940.00	Others including basement carpark	<u>36,817.39</u>		<u><u>134,775.70</u></u>	The property is currently under construction.	RMB1,070,000,000 (Renminbi One Billion Seventy Million)
Use	Gross Floor Area Approx (sq.m.)																
High-rise residential	76,733.32																
Villa	13,348.36																
Commercial	5,936.63																
Kindergarten	1,940.00																
Others including basement carpark	<u>36,817.39</u>																
	<u><u>134,775.70</u></u>																

Notes:

- (1) Pursuant to a Certificate of Real Estate Ownership – Shen Fang Di Zi Di No. 6000238994 issued by Land Resources and Housing Administration Bureau of Longgang of Shenszhen City (深圳市國土資源和房產管理局龍崗分局) registered on 31 January 2007, the land use rights of a parcel of land with a site area of approximately 43,538.73 sq.m. were granted to Shenzhen Zirui Real Estate Development Limited (深圳市紫瑞房地產開發有限公司) for a term of 70 years commencing on 29 April 2005 and expiring on 28 April 2075 for commercial/residential uses.

- (2) Pursuant to a Construction Land Use Planning Permit – Shen Gui Tu Xu No. LG-2012-0065 issued by the Planning and Land Resources Committee of Longgang of Shenzhen City (深圳市規劃和國土資源委員會龍崗管理局) date 14 August 2012, Shenzhen Zirui Real Estate Development Limited was approved to develop a parcel of land with an area of approximately 42,233.64 sq.m., which forms part of the property, for residential use.
- (3) Pursuant to a Construction Project Planning Permit – Shen Gui Tu Jian Xu Zi No. LG-2010-0065 issued by Planning and Land Resources Committee of Longgang of Shenzhen City dated 21 July 2010, Shenzhen Zirui Real Estate Development Limited was approved the construction works of Zirui Garden (Phase 1) (紫瑞花園(一期)) with a total gross floor area of approximately 28,163.87 sq.m.
- (4) Pursuant to a Construction Project Planning Permit – Shen Gui Tu Jian Xu Zi No. LG-2010-0066 issued by Planning and Land Resources Committee of Longgang of Shenzhen City dated 21 July 2010, Shenzhen Zirui Real Estate Development Limited was approved the construction works of Zirui Garden (Phase 2) (紫瑞花園(二期)) with a total gross floor area of approximately 106,611.83 sq.m.
- (5) Pursuant to a Construction Works Commencement Permit – No. 44030020100416001 issued by Housing and Construction Bureau of Shenzhen City (深圳市住房和建設局) dated 26 July 2010, Shenzhen Zirui Real Estate Development Limited was approved to commence construction works of Zirui Garden (Phase 1) with a total gross floor area of approximately 28,163.87 sq.m.
- (6) Pursuant to a Construction Works Commencement Permit – No. 44030020100417001 issued by Housing and Construction Bureau of Shenzhen City dated 26 July 2010, Shenzhen Zirui Real Estate Development Limited was approved to commence construction works of Zirui Garden (Phase 2) with a total gross floor area of approximately 106,611.83 sq.m.
- (7) As advised by the Group, as at the Valuation Date, the estimated outstanding construction cost to complete the whole development was approximately RMB293,000,000. The market value of the property as if completed as at the Valuation Date was RMB1,770,000,000.
- (8) The major certificates and permits of the property are summarized as follows:
- | | | |
|-------|--|-----|
| (i) | Certificate of Real Estate Ownership | Yes |
| (ii) | Construction Land Use Planning Permit | Yes |
| (iii) | Construction Project Planning Permit | Yes |
| (iv) | Construction Works Commencement Permit | Yes |
- (9) Shenzhen Zirui Real Estate Development Limited is a wholly-owned subsidiary of the Company.
- (10) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
- (i) the Group legally owns the property and is entitled to lease, use, transfer, mortgage and dispose of the property subject to the prior consent from the mortgagee; and
- (ii) the property is subject to a mortgage in favour of China CITIC Bank Corporation Limited (中信銀行股份有限公司深圳分行).

VALUATION CERTIFICATE

Property	Description and Tenure	Particular of Occupancy	Market Value in Existing State as at 30 September 2012												
4	<p>A Development Site situated at east of Jiancheng District and northwest of Zhongmiaoxinyugang, Zhongmiaoji Town, Chaohu City, Anhui Province, the PRC</p> <p>The property comprises a parcel of land with an area of approximately 100,154.9 sq.m. together with structures being constructed upon. The property is planned to be completed in 2013.</p> <p>As advised by the Company, the planned total gross floor area of the property is approximately 113,412 sq.m. with the breakdown as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area <i>Approx (sq.m.)</i></th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>40,600</td> </tr> <tr> <td>Villa</td> <td>62,177</td> </tr> <tr> <td>Commercial & Clubhouse</td> <td>10,000</td> </tr> <tr> <td>Others</td> <td>635</td> </tr> <tr> <td>Total:</td> <td>113,412</td> </tr> </tbody> </table> <p>The land use rights of the property were granted for terms expiring on 31 January 2048 for tourism use and expiring on 31 January 2078 for residential use.</p>	Use	Gross Floor Area <i>Approx (sq.m.)</i>	High-rise residential	40,600	Villa	62,177	Commercial & Clubhouse	10,000	Others	635	Total:	113,412	The property is currently under construction.	RMB189,000,000 (Renminbi One Hundred Eighty Nine Million)
Use	Gross Floor Area <i>Approx (sq.m.)</i>														
High-rise residential	40,600														
Villa	62,177														
Commercial & Clubhouse	10,000														
Others	635														
Total:	113,412														

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract dated 31 August 2008 entered into between Land Resources Bureau of Juchao District of Chaohu City (巢湖市居巢區國土資源局) and Chaohu Boshing Tourism Development Company Limited (巢湖寶升旅遊開發有限公司), the land use rights of a land parcel with an area of approximately 100,154.9 sq.m. were contracted to be transferred to Chaohu Boshing Tourism Development Company Limited for terms of 40 years for tourism use and 70 years for residential use at a land premium of RMB24,050,000.
- Pursuant to a State-owned Land Use Rights Certificate – Chao Ju Guo Yong (2009) Di No.001725 issued by Land Resources Bureau of Juchao District of Chaohu City dated 24 April 2009, the land use rights of a parcel of land with a site area of approximately 100,154.9 sq.m. were granted to Chaohu Boshing Tourism Development Company Limited for terms expiring on 31 January 2048 for tourism use and expiring on 31 January 2078 for residential use.

- (3) Pursuant to a Construction Land Use Planning Permit – Di Zi Di (2010) Di No.180 issued by Construction Committee of Juchao District of Chaohu City (巢湖市居巢區建設局) date 28 April 2010, Chaohu Boshing Tourism Development Company Limited was approved to develop a parcel of land with an area of approximately 100,154.9 sq.m. for Residential Buildings of Vacation Water Town (假日水鎮住宅樓).
- (4) Pursuant to a Construction Project Planning Permit – Jian Zi Di (2010) Di No.048 issued by Construction Committee of Juchao District of Chaohu City dated 20 May 2010, Chaohu Boshing Tourism Development Company Limited was approved the construction works of residential block nos. 5 to 50 of Residential Buildings of Vacation Water Town with a total gross floor area of approximately 62,177 sq.m.
- (5) Pursuant to a Construction Works Commencement Permit –No. 341402201106030101 issued by Construction Committee of Juchao District of Chaohu City dated 14 June 2011, Chaohu Boshing Tourism Development Company Limited was approved to commence construction works of residential block nos. 5 to 50 of Residential Buildings of Vacation Water Town with a total gross floor area of approximately 62,177 sq.m.
- (6) As advised by the Group, as at the Valuation Date, the estimated outstanding construction cost to complete the whole development was approximately RMB265,000,000. The market value of the property as if completed as at the Valuation Date was RMB689,000,000.
- (7) Chaohu Boshing Tourism Development Company Limited is a wholly-owned subsidiary of the Company.
- (8) The major certificates and permits of the property are summarized as follows:
- | | | |
|-------|--|------------|
| (i) | State-owned Land Use Rights Grant Contract | Yes |
| (ii) | State-owned Land Use Rights Certificate | Yes |
| (iii) | Construction Land Use Planning Permit | Yes |
| (iv) | Construction Project Planning Permit | Yes (Part) |
| (v) | Construction Works Commencement Permit | Yes (Part) |
- (9) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
- (i) the Group legally owns the property and is entitled to lease, use, transfer, mortgage and dispose of the property subject to the prior consent from the mortgagee; and
- (ii) the property is subject to a mortgage in favour of Bohai International Trust Co., Ltd..

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

(a) Share capital

The authorised and issued share capital of the Company as at the Latest Practicable Date was as follows:

Authorised capital:		HK\$
<u>3,000,000,000</u>	ordinary shares of HK\$0.10 each	<u>300,000,000.00</u>
Issued and to be issued:		
209,030,675	ordinary shares of HK\$0.10 each as at the Latest Practicable Date	20,903,067.50
1,254,184,050	number of the Offer Shares to be issued immediately after completion of the Open Offer	125,418,405.00
<u>1,463,214,725</u>		<u>146,321,472.50</u>

All of the Offer Shares to be issued will rank pari passu in all respects with all the Shares in issue as at the date of allotment and issue of the Offer Shares. The Offer Shares to be issued will be listed on the Stock Exchange.

All existing issued Shares rank pari passu in all respect as to return of capital, dividends and voting. 85,963,537 Shares have been issued since 31 December 2011, being the date on which the latest audited financial statements of the Company were made up.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Offer Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

There is no arrangement under which future dividends are/will be waived or agreed to be waived.

(b) Share Options

As at the Latest Practicable Date, the Company has 2,899,578 outstanding Share Options.

	Date of grant	Number of outstanding at the Latest Practicable Date	Exercise price HK\$	Exercise period
Share Options	15.05.2007	166,594	14.80	15.11.2007– 14.05.2017
	10.10.2007	124,066	24.10	10.04.2008– 09.10.2017
	15.05.2007	1,616,217	14.80	15.11.2007– 14.05.2017
	13.02.2008	992,701	13.70	13.08.2008– 12.08.2018

Save as disclosed above, the Company did not have any other options, warrants and other exchangeable or convertible securities or rights affecting the Shares as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

(a) Director's and chief executive's interests in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives and their associates in the shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company or any of its associated corporations) and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or that was required to be recorded pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Name of director	Number of shares		Total	Percentage of aggregate interest to total number of shares in issue
	Family interest	Corporate interest		
Mr. Chau Cheok Wa	–	1,366,331,718 ¹	1,366,331,718	653.65%
Ms. Yeung So Mui	1,366,331,718 ²	–	1,366,331,718	653.65%

Notes:

1. This represents interests held by Mr. Chau Cheok Wa through Fame Select Limited ("Fame Select"), which holds 46,150,200 shares of the Company and is interested in 1,320,181,518 Shares under the Underwriting Agreement and the Fame Select Undertaking. Mr. Chau Cheok Wa has 50% interest in Fame Select, he is therefore deemed to be interested in 1,366,331,718 shares of the Company.
2. This represents interests held by Mr. Cheng Ting Kong through Fame Select, which holds 46,150,200 shares of the Company and is interested in 1,320,181,518 Shares under the Underwriting Agreement and the Fame Select Undertaking. Mr. Cheng Ting Kong has 50% interest in Fame Select. Ms. Yeung So Mui is the spouse of Mr. Cheng Ting Kong and she is therefore deemed to be interest in 1,366,331,718 Shares of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(b) Substantial shareholders and other persons' interests in Shares and underlying Shares

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any member of the Group:

(i) Substantial shareholders of the Company:

Name	Capacity in which shares were held	Number of shares	Number of underlying shares held under equity derivatives	Percentage of shares to total number of shares in issue %
Fame Select ¹	Beneficial owner	1,366,331,718 (L)	-	653.65%
Magicmount ²	Beneficial owner	24,429,967 (L)	-	11.69%
Green Auspice Limited ³	Beneficial owner	21,653,663 (L)	-	10.36%

L: Long position

S: Short position

Notes:

- This represents 46,150,200 Shares held by Fame Select and 1,320,181,518 Shares in which Fame Select is interested under the Underwriting Agreement and the Fame Select Undertaking Fame Select owned as to 50% by Mr. Chau Cheok Wa and 50% by Mr. Cheng Ting Kong. As such, Mr. Chau Cheok Wa and Mr. Cheng Ting Kong were deemed to be interest in 1,366,331,718 shares of the Company in which Fame Select is interested.
- Magicmount Holdings Limited was wholly owned by Mr. Kwan Tat Ming. As such, Mr. Kwan Tat Ming was deemed to be interest in 24,429,967 Shares held by Magicmount Holdings Limited.
- Green Auspice Limited was wholly owned by Ms. So Sok Ngo. As such, Ms. So Sok Ngo was deemed to be interest in 21,653,663 shares of the Company held by Green Auspice Limited.

Save as disclosed above and so far as is known to the Directors or chief executive of the Company, there is no person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying rights to vote in all circumstances at general meeting of any other member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

Pursuant to the appointment letter dated 10 October 2012 entered into between Mr. Lo Wai Tung John and the Company, Mr. Lo Wai Tung John was appointed as independent non-executive Director for a term of 3 years with effect from 10 October 2012. Pursuant to the appointment letter, Mr. Lo Wai Tung John is entitled to receive a remuneration of HK\$30,000 per quarter. There is no other variable remuneration to be entitled by Mr. Lo Wai Tung John.

Pursuant to the appointment letter dated 26 April 2012 entered into between Mr. Tou Kin Chuen and the Company, Mr. Tou Kin Chuen was appointed as independent non-executive Director for a term of 3 years with effect from 26 April 2012. Pursuant to the appointment letter, Mr. Tou Kin Chuen is entitled to receive a remuneration of HK\$30,000 per quarter. There is no other variable remuneration to be entitled by Mr. Tou Kin Chuen.

Pursuant to the appointment letter dated 26 April 2012 entered into between Dr. Wu Kam Fun Roderick and the Company, Dr. Wu Kam Fun Roderick was appointed as independent non-executive Director for a term of 3 years with effect from 26 April 2012. Pursuant to the appointment letter, Dr. Wu Kam Fun Roderick is entitled to receive a remuneration of HK\$30,000 per quarter. There is no other variable remuneration to be entitled by Dr. Wu Kam Fun Roderick.

Save as disclosed above, none of the Directors has service contract with the Company or any of its subsidiaries or associated companies (i) which (including both continuous and fixed term contract) have been entered into or amended within 6 months before the date of the Announcement; (ii) which are continuous contracts with a notice period of 12 months or more; or (iii) which are fixed term contracts with more than 12 months to run irrespective of the notice period.

5. DIRECTORS' INTEREST IN ASSETS

None of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2011 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. DIRECTORS' INTEREST IN CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, save for the Underwriting Agreement, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group since 31 December 2011, being the date to which the latest published audited financial statements of the Company were made up, and which was significant in relation to the business of the Group.

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

8. LITIGATION

Litigation with Shenzhen Branch of China Construction Bank

- (a) On about 5 March 2012, Shenzhen Branch of China Construction Bank (the "Bank") filed a writ of civil proceeding (the "First Writ") with Guangdong Higher People's Court against 深圳市鴻隆商業管理有限公司 (Shenzhen Hong Long Commercial Management Company Limited[#]) ("Hong Long Commercial Management"), 大陽世紀地產集團有限公司 (Sun Century Property Group Company Limited[#]) ("Sun Century Property"), both indirect wholly-owned subsidiaries of the Company and a former Director (the "Former Director") of the Company (the "Action"). The Action is relating to the loan contract dated 27 February 2009 and entered into between Hong Long Commercial Management and the Bank for a loan of RMB600 million (the "Loan") and the charge contract entered into between Sun Century Property the Bank in 2009 pursuant to which Sun Century Property created a charge over five commercial units in Bao An District, Shenzhen with total GFA of about 64,447.13 m² (the "Charged Properties") in favour of the Bank as security for the Loan, Pursuant to the First Writ, the following orders are being sought by the Bank:
- (i) Hong Long Commercial Management shall repay the outstanding principal of the Loan of RMB440.6 million and the outstanding interest accrued thereon up to the date of the full repayment of the outstanding principal of the Loan;
 - (ii) the Bank shall have the right to dispose of the Charged Properties and priority to be compensated by the proceeds from such disposal;
 - (iii) Sun Century Property and the Former Director shall be jointly liable for the liabilities of Hong Long Commercial Management as guarantors; and

- (iv) Hong Long Commercial Management, Sun Century Property and the Former Director shall bear the costs of the proceedings and other costs incurred by the Bank.

As at the Latest Practicable Date, the litigation with Shenzhen Branch of China Construction Bank was still in progress and no hearing date had been fixed.

Litigation with Shenzhen Branch of Shanghai Pudong Development Bank Company Limited

Shenzhen Branch of Shanghai Pudong Development Bank Company Limited (the "Shanghai Bank") has filed a writ of civil proceedings (the "Second Writ") with Shenzhen Intermediate People's Court against 梅州地中海酒店有限公司 (Meizhou Mediterranean Sea Hotel Company Limited[#]) as borrower (the "Borrower"), the second defendant as chargor (the "Chargor") and other five defendants as guarantors (including 深圳市紫瑞房地產開發有限公司 (Shenzhen Zirui Real Estate Development Limited[#]) ("Shenzhen Zirui") and 大陽世紀地產集團有限公司 (Sun Century Property Group Company Limited[#]) ("Sun Century Property") as guarantor).

Shenzhen Zirui and Sun Century Property are both indirect wholly-owned subsidiaries of the Company. Pursuant to the Second Writ, the following orders are being sought by the Shanghai Bank:

- (i) the entrusted loan agreement executed among the Shanghai Bank, the Borrower and a third party shall be declared legal and valid and the Borrower shall repay the Shanghai Bank the principal of the loan in the amount of RMB120 million and the relevant interest and penalty interest (as at 6 June 2012, the outstanding interest is RMB16,237,208.73);
- (ii) the Shanghai Bank shall enjoy the rights under the charge over a parcel of land in Meijiang District, Meizhou city created by the Chargor. The Shanghai Bank shall have the right to apply such charged property to settle the outstanding loan. After the disposal of the charged property by the Shanghai Bank, if the charged property is insufficient to settle the outstanding loan, the Chargor shall assume the joint liability for the repayment of the unsettled loan to the Shanghai Bank;
- (iii) based on the loan guarantee undertakings, Shenzhen Zirui, Sun Century Property and other three defendants shall assume the joint liability for the repayment of the loan to the Shanghai Bank; and
- (iv) all the defendants shall be jointly liable for the costs of the proceedings.

The Second Writ was received by the Group on 6 August 2012. Other than the Second Writ, the Group has not received other litigation materials pertaining to such legal proceedings.

The Board denies that Shenzhen Zirui and Sun Century Property have authorised the execution of any loan guarantee undertaking in relation to the loan referred to under the Second Writ. The Group has no business relationship or any other relationship with the Borrower, the Chargor and all other defendants.

As at the Latest Practicable Date, the litigation with Shenzhen Branch of Shanghai Pudong Development Bank Company Limited was still in progress and no hearing date had been fixed.

Potential Litigation with CCB International Asset Management Limited (“CCB”)

As disclosed in the announcement dated 21 December 2009, on 21 December 2009, the Company entered into the credit note (the “Credit Note”) with CCB under which CCB agreed to make available to the Company the Offshore Financing in the amount of US\$40,000,000 to the Company. Grand Prosperity Limited (“Grand Prosperity”) was acting as the corporate guarantor in favour of CCB under the Credit Note.

Under the Credit Note, the Company agreed to pay to CCB an up-front fee of HK\$76,000,000, which was settled by issue and allotment of 80,000,000 consideration shares by the Company at the issue price of HK\$0.95 each.

Under the Credit Note, Grand Prosperity has granted a put option (the “Put Option”) to CCB. On exercise of the Put Option, the price payable by Grand Prosperity for the purchase of each consideration shares would be HK\$1.50 per share, being the aggregate of HK\$120,000,000.

On 20 November 2012, the Company received a letter (the “CCB Letter”) from the solicitors acting on behalf of CCB (“CCB Solicitors”) alleging and claiming that:

- (i) as a result of the exercise of the Put Option by CCB, Grand Prosperity was required under the Credit Note to pay CCB the aggregate exercise price of the option shares of HK\$120,000,000;
- (ii) CCB has received from Grand Prosperity only partial payment in the sum of HK\$35,000,000, leaving the outstanding balance of HK\$85,000,000 which remains due and payable;
- (iii) pursuant to the terms of the Credit Note, the Company is required to indemnify CCB against any cost, loss or liability incurred by CCB as a result of, respectively, an event of default, and the failure by Grand Prosperity (being an obligor) to pay any amount due under a finance document as defined under the Credit Note on its due date; and
- (iv) pursuant to the terms of the Credit Note, an event of default includes the non-payment by an obligor of any amount payable pursuant to a finance document as defined under the Credit Note.

Under the CCB Letter, CCB’s Solicitors demanded payment from the Company (by way of indemnity) of (i) the unpaid sum of HK\$85,000,000, together

with (ii) default interest at the rate of ten per cent per annum from 13 January 2012, the original completion date of the alleged exercise of the Put Option, until the date of payment and (iii) all costs and expenses (including legal fees) incurred by them in recovering payment (the “Possible Claims”).

The Board has sought legal advice from its legal advisers in respect of the claims under the CCB Letter and considers that based on the current information available to the Company, the Company is doubtful whether the Put Option as a distinct agreement between Grand Prosperity and CCB could be treated as a finance document within the meaning the Credit Note.

Based on counsel opinion, the Directors are of the view that the Possible Claims are not valid. The Company will continue to seek legal advice in respect of the Possible Claims under the Letter and will make further announcement in due course as to any material development in connection with the aforesaid matter.

On 10 December 2012, Fame Select gave an irrevocable undertaking in favour of the Company that it would make available the shareholder’s loan of HK\$85 million to the Company in the event that the Company should be required to make good the Possible Claims.

As at the Latest Practicable Date, the Company was not aware that CCB had commenced formal proceedings against the Company.

As at the Latest Practicable Date and save as disclosed above, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

9. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given opinion or advice which is contained in this prospectus:

Name	Qualifications
Andes Glacier CPA Limited (“Andes”)	Certified Public Accountants
Ascent Partners Valuation Service Limited (“Ascent”)	independent valuer

Each of Andes and Ascent do have given and have not withdrawn their written consent to the issue of this prospectus with the inclusion herein of their letter or their name in the form and context in which they respective appear.

Each of Andes and Ascent do not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of Andes and Ascent do not have any direct or indirect interests in any assets which have been, since 31 December 2011 (being the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

10. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or any of its subsidiaries within the two years immediately preceding the date of this prospectus and are or may be material:

1. the Underwriting Agreement;
2. the non-legally binding agreement of intent dated 19 July 2012 and entered among 深圳國華資產管理有限公司 (Shenzhen Guohua Assets Management Company Limited[#]) as vendor and the Company or a party designated by the Company as purchaser in relation to the possible acquisition of the entire equity interest of 安徽龍升房地產開發有限責任公司 (Anhui Longsheng Property Development Company Limited[#]) at a consideration which is subject to further negotiation between the parties based on the results of the due diligence investigations;
3. the framework agreement dated 27 March 2012 and entered into among Sun Century Property as vendor, 深圳市鴻鼎盛投資有限公司 (Shenzhen Hong Ding Sheng Investment Company Limited[#]) as purchaser and Shenzhen Hong Long as confirming party for the sale and purchase of a commercial unit in Shenzhen (the first floor of Hong Long Plaza) with a total gross floor area of about 12,776.27 square metres and the entire registered capital of 深圳市港隆城商業管理有限公司 (Shenzhen Gang Long City Commercial Management Company Limited[#]) at the aggregate consideration of RMB780 million (equivalent to approximately HK\$959.40 million);
4. the subscription agreement dated 20 January 2012 and entered into between the Company and the Magicmount Holdings Limited in relation to the subscription and issue of the 1-year 0.1% coupon convertible notes in an aggregate principal amount of HK\$30 million;
5. the agreement dated 6 January 2012 and entered into between 鴻隆地產集團有限公司 (Hong Long Property Group Limited[#]) and 瀋陽和信恒實業有限公司 (Shenyang Hexinheng Company Limited[#]) in relation to the sale and purchase of the entire registered capital of 瀋陽鴻業置業有限公司 (Shenyang Hong Long Real Estates Company Limited*) at the consideration of RMB82,000,000 (equivalent to approximately HK\$100,860,000);

6. the underwriting agreement dated 22 November 2011 and entered into by SBI E2-Capital Financial Services Ltd. and the Company in relation to the open offer of 615,335,692 new shares of HK\$0.01 each of the Company at the issue price of HK\$0.1 per offer share with the underwriting commission of 1% of the aggregate subscription price in respect of the maximum number of offer shares underwritten by SBI E2-Capital Financial Services Ltd;
 7. the sale and purchase agreement dated 1 August 2011 and the supplemental agreement dated 30 December and entered into by the Company as vendor and Ning Jiang Holdings Limited as purchaser pursuant to which Ning Jiang Holdings Limited has conditionally agreed to acquire and the Company has conditionally agreed to dispose of 100% of the equity interest in Luxegood Development Limited and the shareholder's loan at the consideration of HK\$294.84 million (subject to adjustment); and
 8. the sale and purchase agreement dated 30 June 2011 and entered into by the Company as vendor and Yu Cai Investments Limited as purchaser pursuant to which Yu Cai Investments Limited has conditionally agreed to acquire and the Company has conditionally agreed to dispose of 100% of the equity interest in Powermore Limited at the consideration of HK\$80 million (subject to adjustment).
- # *The English translation of Chinese names or words for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

11. EXPENSES

The expenses in connection with the Open Offer, including financial advisory fees, printing, registration, translation, legal and accountancy charges are estimated to amount approximately HK\$4 million and are payable by the Company.

12. MARKET PRICES

The table below shows the closing prices of the Shares as recorded on the Stock Exchange on (i) the last day on which dealings took place in each of the six months immediately preceding the date of the Announcement; (ii) the Last Trading Day; and (iii) the Latest Practicable Date.

Date	Closing price of the Shares (HK\$)
31 January 2012	1.49
29 February 2012	3.45
30 March 2012	Not applicable (trading in the Shares suspended)
30 April 2012	2.25
31 May 2012	1.54
29 June 2012	1.39
27 July 2012 (being the Last Trading Date)	1.15
31 July 2012	Not applicable (trading in the Shares suspended)
31 August 2012	Not applicable (trading in the Shares suspended)
28 September 2012	1.65
31 October 2012	1.30
30 November 2012	Not applicable (trading in the Shares suspended)
21 December 2012 (being the Latest Practicable Date)	0.92

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the period commencing from 5 March 2012, being the date six months preceding the date of the Announcement, and ending on the Latest Practicable Date were HK\$3.5 as quoted on 5 March 2012 and HK\$0.54 as quoted on 12 September 2012 respectively.

13. PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION

Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong	Room 2108, 21/F. China Merchants Tower Shun Tak Centre 168–200 Connaught Road Central Sheung Wan Hong Kong
Authorised representative	Ms. Yeung So Lai Room 2108, 21/F China Merchants Tower Shun Tak Centre 168–200 Connaught Road Central Sheung Wan Hong Kong
	Mr. Luk Chi Keung Room 2108, 21/F China Merchants Tower Shun Tak Centre 168–200 Connaught Road Central Sheung Wan Hong Kong
Company Secretary	Mr. Luk Chi Keung, HKICPA, ACCA
Legal advisor to the Company	As to Hong Kong law Michael Li & Co 19th Floor, Prosperity Tower No. 39 Queen's Road Central Central, Hong Kong
	As to Cayman Islands law Conyers Dill & Pearman (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands

Independent financial adviser	Veda Capital Limited Suite 3214, 32/F, COSCO Tower 83 Queen's Road Central Hong Kong
Auditors and reporting accounts	Andes Glacier CPA Limited <i>Certified Public Accountants</i> Room 1, 20/F. Malaysia Building 50 Gloucester Road, Wanchai Hong Kong
Independent valuer	Ascent Partners Valuation Service Limited Suite 2102, Hong Kong Trade Centre 161-167 Des Voeux Road Central Hong Kong
Underwriter	Fame Select Limited P.O. Box 957 Offshore Incorporations Centre Road Town, Tortola British Virgin Islands
Principal share registrar and transfer office in the Cayman Islands	Butterfield Fund Services (Cayman) Limited Butterfield House 68 Fort Street P.O. Box 705 George Town Grand Cayman The Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 26th Floor Tesbury Centre 28 Queen's Road East Hong Kong

Principal bankers

In Hong Kong:
DBS Bank (Hong Kong) Limited
G/F, The Center
99 Queen's Road Central
Central, Hong Kong

Bank of China (Hong Kong) Limited
1 Garden Road, Hong Kong

Bank of Communications Co., Ltd.
Hong Kong Branch
20 Pedder Street, Central

The Hongkong and Shanghai Banking
Corporation Limited
1 Queen's Road Central
Hong Kong

In the PRC:
China Construction Bank
Shenzhen Jingyuan Branch
1/F, Block C
He Zheng Ming Yuan
Xinwen Road, Futian District
Shenzhen, Guangdong Province
the PRC

Hua Xia Bank
Shenzhen Shanbu Branch
1/F., Block 521
The Bagualing Industrial Zone
Bagua San Road, Futian District
Shenzhen, Guangdong Province
the PRC

China CITIC Bank
Shenzhen Buji Branch
1/F, Block A
Zhongxin Plaza
69 Jihua Road, Buji Town
Longgang District
Shenzhen, Guangdong Province the PRC

14. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

15. MISCELLANEOUS

- (a) There is no benefit that was given or will be given to any Director as compensation for loss of office or otherwise in connection with the Open Offer.
- (b) The English text of this prospectus shall prevail over the Chinese text for the purpose of interpretation.
- (c) The business address of the Directors is Room 2108, 21/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the consent letter referred to in the paragraph headed "Experts and consents" in this appendix have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

16. DIRECTORS AND SENIOR MANAGEMENT**Executive Directors**

Mr. Chau Cheok Wa, aged 38, was born in the Macao Special Administrative Region (“Macao”). He joined the Company in September 2011 as executive director and acted as the Chairman of the Company on 8 November 2011. He has engaged in the business of operating and managing V.I.P. clubs at hotels in Macao. Mr. Chau is currently an executive director and the chairman of Sun International Resources Limited (formerly known as Sun International Group Limited) (Stock Code: 8029) (“Sun International”), a company listed on the Growth Enterprise Market (“GEM Board”) of the Stock Exchange. Mr. Chau is also a Committee Member of China Overseas Friendship Association (中華海外聯誼會).

Ms. Yeung So Mui, aged 35, joined the Company in October 2010 as executive director. Ms. Yeung is the founder and a director of Sparkle Life Charity Fund Limited. Ms. Yeung is experienced in corporate management.

Ms. Cheng Mei Ching, aged 30, joined the Company in September 2011 as executive director. Ms. Cheng holds a bachelor’s degree in commerce (marketing and advertising) from Curtin University of Technology in Perth, Western Australia. Ms. Cheng has over the past adopted a pragmatic and proactive management approach; and delivered solid performance in various areas, in particular corporate management and internal control. Ms. Cheng works at a subsidiary of Sun International since her graduation and is currently an executive director of Sun International. Ms. Yeung So Mui, an executive Director, is the sister-in-law of Ms. Cheng.

Ms. Yeung So Lai, aged 34, joined the Company in September 2011 as executive director. Ms. Yeung is presently a director of a number of private companies engaged in the business of bird’s net trading and investment holding. Ms. Yeung is experienced in corporate management. Ms. Yeung is currently an executive director of Sun International and JF Household Furnishings Limited (Stock Code: 0776), a company listed on the Main Board of the Stock Exchange. Ms. Yeung So Mui, an executive Director, is her sister.

Mr. Qiu Bin, aged 44, is the chief executive officer of Sun Century Property Group Limited (formerly named as Hong Long Property Group Company Limited), an indirectly wholly-owned subsidiary of the Company in the People’s Republic of China. Mr. Qiu holds a Master’s Degree in Management from the Asia International Open University (Macau). He had worked with various large corporations in Beijing, Shanghai and Shenzhen and been responsible for project investment and assets restructuring. Mr. Qiu has over 15 years of experience in investment management. He was the general manager of China Technology Education Trust Association from January 2009 to October 2011.

Independent non-executive Directors

Mr. Tou Kin Chuen, aged 35, is the principal of Roger K.C. Tou & Co. Mr. Tou graduated from the Hong Kong Shue Yan University (formerly known as Hong Kong Shue Yan College) with a Honours Diploma in Accounting in 2001. He is experienced in audit, taxation, company secretarial, insolvency and finance for over 15 years. Mr. Tou is a member of the Hong Kong Institute of Certified Public Accountants and an associate of the Taxation Institute of Hong Kong. Mr. Tou is currently an independent non-executive director of Sun International Resources Limited (formerly known as Sun International Group Limited) (Stock Code: 8029), a company listed on the Growth Enterprises Market of the Stock Exchange.

Dr. Wu Kam Fun Roderick, aged 73, Dr. Wu obtained his LL.B. degree and Honorary Doctorate of the University from the University of Buckingham, United Kingdom. Dr. Wu is also Associate of Chartered Institute of Arbitrators and a Barrister of the Inner Temple, the Victorian Bar, Australia and the Singapore Bar. Dr. Wu was awarded Diploma in Chinese Law by the then University of East Asia, Macau, now known as the University of Macau. Dr. Wu has been at the Hong Kong Bar for over 30 years. He is still now one of the practising members of Hong Kong Bar Association.

Mr. Lo Wai Tung John, aged 44, graduated from the Chinese University of Hong Kong with a bachelor's degree of Science (with honours) in Computer Science in 1991. Mr. Lo is experienced in securities and finance industry for over twenty years. He is currently the managing director (equities) and head of institutional sales of SBI E2-Capital Financial Services Limited.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) during normal business hours from 9:30 a.m. to 5:00 p.m. on any weekday (except for public holidays) at the head office and principal place of business of the Company in Hong Kong at Room 2108, 21/F., China Merchants Tower, Shun Tak Centre, Sheung Wan, Hong Kong (ii) on the website of the Company (<http://www.sun1383.com>), and (iii) on the website of the SFC (www.sfc.hk) from the date of this prospectus up to and including the date of the Latest Time of Acceptance:

- (a) this Prospectus;
- (b) the Circular;
- (c) the memorandum of association of the Company and the Articles;
- (d) the annual reports of the Company for the years three ended 31 December 2009, 31 December 2010 and 2011 respectively and the interim report of the Company for the six months ended 30 June 2012;
- (e) the material contracts as referred to in the paragraph headed "Material contracts" in this appendix.

- (f) the service contracts as referred to in the paragraph headed “Directors’ service contracts” in this appendix;
- (g) the written consents referred to in the paragraph headed “Experts and consents” in this appendix;
- (h) the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out in appendix II to this prospectus;
- (i) the letter from Andes in respect of the unaudited pro forma consolidated net tangible assets of the Group, the text of which is set out on pages II-3 to II-5 of this prospectus;
- (j) the valuation report of the property interests of the Group from Ascent, the text of which is set out in appendix III to this prospectus; and
- (k) a copy of each of the circulars issued pursuant to the requirements set out in Chapter 14 and/or Chapter 14A of the Listing Rules which have been issued by the Company since 31 December 2011 (the date to which the latest published audited consolidated financial statements of the Group were made up).