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漢港地產集團
SINO HARBOUR PROPERTY GROUP

SINO HARBOUR PROPERTY GROUP LIMITED

漢港房地產集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1663)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2012

HIGHLIGHTS

- The Group achieved a record high revenue of approximately RMB515.2 million, mainly attributable to the delivery of the residential units of Nanchang Honggu Kaixuan (南昌紅谷凱旋) and Fuzhou Hua Cui Ting Yuan (撫州華萃庭院) and the commercial units of Nanchang Honggu Kaixuan for the year under review. Revenue increased by approximately 51.4% for the year under review compared with the previous financial year.
- Gross profit margin rose from approximately 40.9% for the previous financial year to 41.7% for the year under review.
- Profit and total comprehensive income for the year under review attributable to the owners of the Company amounted to approximately RMB101.3 million and RMB99.0 million respectively, a decrease of approximately 18.2% and 19.4% respectively compared with the previous financial year.

- Profit and total comprehensive income for the year under review included Initial Public Offering related expenses of approximately RMB11.2 million.
- Basic earnings per share for profit attributable to the owners of the Company for the year under review decreased from approximately RMB13.77 cents for the previous financial year to RMB9.14 cents, a decrease of 33.6%.
- Cash and bank balances as at 31 March 2012 was approximately RMB82.6 million (31 March 2011: RMB137.2 million).
- The Group has no outstanding bank and other loans as at 31 March 2012 (31 March 2011: RMB210.0 million).
- The Board recommended the payment of a final dividend of HK3 cents per share for the year ended 31 March 2012.

ANNUAL RESULTS

The board of directors (the “**Board**”) of Sino Harbour Property Group Limited (the “**Company**”) is pleased to announce the unaudited annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2012 together with comparative figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 March 2012 <i>RMB’000</i> (Unaudited)	Year ended 31 March 2011 <i>RMB’000</i> (Audited)
	<i>Notes</i>		
Revenue	4	515,181	340,198
Cost of sales		<u>(300,174)</u>	<u>(201,063)</u>
Gross profit		215,007	139,135
Other income	4	15,798	49,483
Selling and distribution expenses		(3,447)	(6,741)
Administrative expenses		(11,955)	(4,965)
Listing expenses		(11,207)	–
Other operating expenses		<u>(21)</u>	<u>(749)</u>
Operating profit		204,175	176,163
Finance costs		–	–
Share of result of a jointly controlled entity		<u>(3,481)</u>	<u>(768)</u>
Profit before income tax	5	200,694	175,395
Income tax expense	6	<u>(99,943)</u>	<u>(51,694)</u>
Profit for the year		100,751	123,701
Other comprehensive income			
Exchange differences on translation of financial statements of foreign operations		<u>(2,344)</u>	<u>(1,090)</u>
Total comprehensive income for the year		<u>98,407</u>	<u>122,611</u>

	Year ended	Year ended
	31 March 2012	31 March 2011
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Profit/(Loss) for the year attributable to:		
Owners of the Company	101,316	123,911
Non-controlling interests	(565)	(210)
	<u>100,751</u>	<u>123,701</u>
Total comprehensive income		
attributable to:		
Owners of the Company	98,972	122,821
Non-controlling interests	(565)	(210)
	<u>98,407</u>	<u>122,611</u>
Earnings per share for profit attributable		
to the owners of the Company during		
the year (<i>in RMB cents</i>)	8	
– Basic and diluted	<u>9.14</u>	<u>13.77</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 March 2012 <i>RMB'000</i> (Unaudited)	At 31 March 2011 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		3,357	2,058
Investment properties		72,272	61,479
Interest in a jointly controlled entity		176,649	138,077
Deferred tax assets		1,406	–
		<u>253,684</u>	<u>201,614</u>
Current assets			
Properties held under development		814,082	1,063,121
Properties held for sale		338,468	125,481
Account receivables	9	577	175
Prepayments and other receivables		75,524	28,515
Pledged deposits		23,333	20,366
Cash and bank balances		82,631	137,157
		<u>1,334,615</u>	<u>1,374,815</u>
Non-current assets held for sale			
Investment properties held for sale		–	5,103
		<u>1,334,615</u>	<u>1,379,918</u>
Current liabilities			
Account payables	10	6,643	6,272
Accruals, receipts in advance and other payables		363,589	536,374
Provision for tax		121,663	87,410
Bank and other loans		–	210,000
		<u>491,895</u>	<u>840,056</u>
Net current assets		<u>842,720</u>	<u>539,862</u>
Total assets less current liabilities		<u>1,096,404</u>	<u>741,476</u>
Non-current liabilities			
Deferred tax liabilities		–	5,952
Net assets		<u><u>1,096,404</u></u>	<u><u>735,524</u></u>

		At 31 March 2012 <i>RMB'000</i> (Unaudited)	At 31 March 2011 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
EQUITY			
Equity attributable to the Company's owners			
Share capital	11	9,931	–
Reserves		857,427	535,177
Proposed final dividend	7	29,264	–
		896,622	535,177
Non-controlling interests			
		199,782	200,347
Total equity			
		1,096,404	735,524

Notes:

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in Bermuda on 5 January 2011 as an exempted company with limited liability under the Companies Act 1981 of Bermuda.

Pursuant to a reorganisation (the “**Reorganisation**”) of the Group which was completed on 30 June 2011 to rationalise the group structure in preparation of the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 12 July 2011 (the “**Prospectus**”). The Company’s shares were listed on the Stock Exchange on 22 July 2011 (the “**Listing**”).

The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Room 1215, Tower B, Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Hunghom, Kowloon, Hong Kong.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collectively includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKAS**”) and Interpretations (“**Int**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

2. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis except for investment properties, which are measured at fair values.

The significant accounting policies used in preparing the consolidated financial statements are consistent with those used in the financial statements for the year ended 31 March 2011 as set out in the Prospectus with the addition of certain new and revised standards, amendments and interpretations (the “**new or revised HKFRSs**”) issued by the HKICPA and became effective in current year as described below.

3. ADOPTION OF NEW OR REVISED HKFRSs

In the current year, the Group has applied for the first time the following new or revised HKFRSs, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2011:

HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
HKAS 24 (Revised)	Related Party Disclosures
HKFRSs (Amendments)	Improvements to HKFRSs 2010

Other than as noted below, the adoption of the new or revised HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKAS 24 (Revised) Related Party Disclosures

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the revised standard has no impact on the financial position or performance of the Group. The new disclosure requirement is not relevant to the Group because the Group is not a government related entity.

Improvements to HKFRSs 2010

In May 2010, the HKICPA issued "Improvements to HKFRSs 2010" which sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. With the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

(i) HKFRS 3 Business Combinations

As part of the Improvements to HKFRSs issued in 2010, HKFRS 3 has been amended to clarify that the option to measure non-controlling interests at either fair value or the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets is limited to instruments that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS. The Group has amended its accounting policies for measuring non-controlling interests but the adoption of the amendment has had no impact on the Group's financial statements as the Group has no business combination with non-controlling interests recognised during the year.

(ii) *HKAS 1 Presentation of Financial Statements*

The amendment clarifies that an analysis of each components of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes of equity.

New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective for the financial year beginning 1 April 2011 and have not been early adopted by the Group.

Amendments to HKFRS 1	First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans ⁴
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets ¹
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities ⁴
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets ²
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income ³
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ⁵
HKFRS 9	Financial Instruments ⁶
HKFRS 10	Consolidated Financial Statements ⁴
HKFRS 11	Joint Arrangements ⁴
HKFRS 12	Disclosure of Interests in Other Entities ⁴
HKFRS 13	Fair Value Measurement ⁴
HKAS 19 (2011)	Employee Benefits ⁴
HKAS 27 (2011)	Separate Financial Statements ⁴
HKAS 28 (2011)	Investments in Associates and Joint Ventures ⁴

¹ *Effective for annual periods beginning on or after 1 July 2011*

² *Effective for annual periods beginning on or after 1 January 2012*

³ *Effective for annual periods beginning on or after 1 July 2012*

⁴ *Effective for annual periods beginning on or after 1 January 2013*

⁵ *Effective for annual periods beginning on or after 1 January 2014*

⁶ *Effective for annual periods beginning on or after 1 January 2015*

Amendments to HKFRS 7 Disclosure – Transfer of Financial Assets

The amendments to HKFRS 7 improve the derecognition disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 introduce a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The amendment will be applied retrospectively.

Amendments to HKAS 1 (Revised) Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit or loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

HKFRS 9 Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for de-recognition of financial assets and financial liabilities.

HKFRS 10 Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of “de facto” control where an investor can control an investee while holding less than 50% of the investee’s voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee.

Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 11 Joint Arrangements

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC) – Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. Joint arrangements under HKFRS 11 have the same basic characteristics as joint ventures under HKAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognize its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply the equity method of accounting. HKFRS 11 does not allow proportionate consolidation. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement. Previously, the existence of a separate legal entity was the key factor in determining the existence of a jointly controlled entity under HKAS 31. HKFRS 11 will be applied retrospectively with specific restatement requirements for a joint venture which changes from proportionate consolidation to the equity method and a joint operation which changes from equity method to accounting for assets and liabilities.

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosure requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 Fair Value Measurements

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with *HKFRS 7 Financial Instruments: Disclosures*. HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

The Group is in the process of making an assessment of the potential impact of these new or revised HKFRSs that have been issued but are not yet effective. Except for HKFRS 10 and HKFRS 11, the Board so far concluded that the application of these new or revised HKFRSs will have no material impact on the Group's financial statements. The application of HKFRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated (e.g. the Group's investment in a jointly controlled entity may become the Group's subsidiaries based on the new definition of control and the related guidance in HKFRS 10). In addition, under HKFRS 11, those jointly controlled entities will be classified as a joint operations or joint venture, depending on the rights and obligations of the parties to the joint arrangement. However, the Board has not yet performed a detailed analysis of the impact of the application of these HKFRSs and hence has not yet quantified the extent of the impact.

4. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, and other income recognised during the year are as follows:

	Year ended 31 March 2012 <i>RMB'000</i> (Unaudited)	Year ended 31 March 2011 <i>RMB'000</i> (Audited)
Revenue		
Sale of properties held for sale	<u>515,181</u>	<u>340,198</u>
Other income		
Net fair value gain on investment properties	10,793	40,742
Interest income		
– from bank deposits	2,534	2,826
– from other receivables	1,260	–
– from amount due from a jointly controlled entity	–	4,697
Rental income	1,204	1,218
Sundry income	<u>7</u>	<u>–</u>
	<u>15,798</u>	<u>49,483</u>

For the years presented, the Board has determined that the Group has only one single business component/reportable segment as the Group is only engaged in the business of sale and lease of properties which is the basis to allocate resources and assess performance.

In the opinion of the Board, the majority of the Group's operation and centre of management are sourced from its subsidiaries in Jiangxi Province, the PRC, which considered that the operation base of the Group is domiciled in the PRC, as one geographical location and therefore, no analysis of geographical information is presented.

5. PROFIT BEFORE INCOME TAX

	Year ended 31 March 2012 <i>RMB'000</i> (Unaudited)	Year ended 31 March 2011 <i>RMB'000</i> (Audited)
Profit before income tax is arrived at after charging/(crediting):		
Auditors' remuneration	628	15
Cost of properties held for sale recognised as expense	271,676	184,053
Depreciation	449	152
Exchange loss, net	157	–
Loss on written off of property, plant and equipment	3	–
Operating lease charge in respect of land and buildings	150	61
<i>Less: amount capitalised in properties held under development</i>	(150)	(61)
	–	–
Outgoings in respect of investment properties that generated rental income during the year	213	132
Staff costs, including directors' emoluments		
– Wages and salaries	7,914	4,349
– Retirement benefit scheme contributions		
– defined contribution plans	734	314
<i>Less: amount capitalised in properties held under development</i>	(3,398)	(2,551)
	5,250	2,112

6. INCOME TAX EXPENSE

	Year ended 31 March 2012 RMB'000 (Unaudited)	Year ended 31 March 2011 RMB'000 (Audited)
Current tax – the PRC		
Current year		
– Enterprise income tax (“EIT”)	53,663	33,201
– Land appreciation tax (“LAT”)	53,876	9,176
	<u>107,539</u>	<u>42,377</u>
Current tax – Hong Kong		
Over provision in respect of prior years	(238)	–
	<u>107,301</u>	<u>42,377</u>
Deferred income tax	<u>(7,358)</u>	<u>9,317</u>
Total income tax expense	<u><u>99,943</u></u>	<u><u>51,694</u></u>

The EIT has been provided on the estimated profits of subsidiaries operating in the PRC at 25% (2011: 25%).

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including cost and land use rights, borrowing costs, business tax and all property development expenditures. The tax is incurred upon transfer of property ownership. There are certain exemptions available for the sales of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such an exemption.

Hong Kong profits tax is calculated at 16.5% (2011: 16.5%) on the estimated assessable profits for the year. No Hong Kong profits tax has been provided as the Group had no estimated assessable profits arising in or derived from Hong Kong for both years.

7. DIVIDEND

Dividend of the Company attributable to the year are as follows:

	Year ended 31 March 2012 <i>RMB'000</i> (Unaudited)	Year ended 31 March 2011 <i>RMB'000</i> (Audited)
Interim dividend (<i>Note (i)</i>)	–	105,000
Proposed final dividend – HK3 cents (2011: Nil) per ordinary share (<i>Note (ii)</i>)	<u>29,264</u>	<u>–</u>
	<u>29,264</u>	<u>105,000</u>

Notes:

- (i) The Board did not recommend the payment of an interim dividend for the year ended 31 March 2012 (2011: RMB105,000,000). Dividend amounted to RMB105,000,000 was declared and paid by a subsidiary to its respective then shareholders for the year ended 31 March 2011.
- (ii) At a meeting held on 28 May 2012, the directors proposed a final dividend of HK3 cents per ordinary share, amounting to HK\$36,000,000 (equivalent to approximately RMB29,264,000) for the year ended 31 March 2012, and the proposal will be submitted for formal approval by the shareholders at the forthcoming annual general meeting held on Wednesday, 25 July 2012. This final dividend will be reflected as an appropriation of retained earnings for the year ending 31 March 2013.

8. EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company for the year ended 31 March 2012 of approximately RMB101,316,000 (2011: RMB123,911,000) and the weighted average number of 1,108,767,000 (2011: 900,000,000) ordinary shares in issue during the year, assuming that 900,000,000 shares issued pursuant to the Reorganisation had been in issue throughout both years.

The diluted earnings per share is the same as the basic earnings per share amount as the Group has no dilutive potential shares during the current and prior periods.

9. ACCOUNT RECEIVABLES

The aging analysis of account receivables that are past due but neither individually nor collectively considered to be impaired is as follows:

	At 31 March 2012 <i>RMB'000</i> (Unaudited)	At 31 March 2011 <i>RMB'000</i> (Audited)
Based on invoice date		
Less than 3 months past due	80	–
3 – 6 months past due	445	–
6 months – 1 year past due	–	–
More than 1 year past due	<u>52</u>	<u>175</u>
	<u>577</u>	<u>175</u>

Receivables that were past due but not impaired relate to a number of independent buyers. Based on past experience, the Board considered that no impairment allowance is required as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

10. ACCOUNT PAYABLES

The aging analysis of account payables, based on invoice date, is as follows:

	At 31 March 2012 <i>RMB'000</i> (Unaudited)	At 31 March 2011 <i>RMB'000</i> (Audited)
Less than 3 months	395	1,593
3 – 6 months	1,358	2,781
6 months – 1 year	3,537	496
More than 1 year	1,353	1,402
	<u>6,643</u>	<u>6,272</u>

11. SHARE CAPITAL

	Year ended 31 March 2012 (Unaudited)		Year ended 31 March 2011 (Audited)	
	<i>Number of shares</i>	<i>RMB'000</i>	<i>Number of shares</i>	<i>RMB'000</i>
<i>Authorised:</i>				
Ordinary shares of HK\$0.01 each				
At 1 April or date of incorporation (<i>Note (a)</i>)	9,000,000	79	9,000,000	79
Increase of share capital (<i>Note (b)</i>)	4,491,000,000	37,322	–	–
	<u>4,500,000,000</u>	<u>37,401</u>	<u>9,000,000</u>	<u>79</u>
<i>Issued and fully paid:</i>				
Ordinary shares of HK\$0.01 each				
At 1 April or date of incorporation	1	–	1	–
Reorganisation and loan capitalisation (<i>Note (c)</i>)	4,999,999	41	–	–
Capitalisation issue (<i>Note (d)</i>)	895,000,000	7,407	–	–
Issuance of ordinary shares in connection with the Listing (<i>Note (e)</i>)	300,000,000	2,483	–	–
At 31 March	<u>1,200,000,000</u>	<u>9,931</u>	<u>1</u>	<u>–</u>

Notes:

- (a) The Company was incorporated on 5 January 2011 with authorised share capital of HK\$90,000 divided into 9,000,000 shares of HK\$0.01 each. One share was allotted and issued to the sole shareholder of the Company, Pan Hong Property, nil paid on 19 January 2011.
- (b) Pursuant to written resolutions passed by Pan Hong Property on 4 July 2011, the authorised share capital of the Company increased from HK\$90,000 to HK\$45,000,000 by the creation of an additional 4,491,000,000 shares, such new shares to rank pari passu with the then existing shares in all respects.
- (c) Pursuant to written resolutions passed by Pan Hong Property on 4 July 2011, in consideration for (i) Pan Hong Property transferring the entire issued share capital of Sino Harbour Property Holdings Limited; and (ii) the wholly-owned subsidiary of Pan Hong Property, Pan Hong Investment Limited (“**Pan Hong Investment**”), assigning the outstanding loan due from the Company wholly-owned subsidiary, Sino Harbour Limited (“**Sino Harbour**”), to Pan Hong Investment in the aggregate amount of HK\$313,928,090 to the Company, 4,999,999 shares were allotted and issued by the Company to Pan Hong Property, all credited as fully paid. In addition, the one nil-paid share held by Pan Hong Property was credited as fully paid.
- (d) Pursuant to written resolutions passed by Pan Hong Property on 4 July 2011, 895,000,000 shares of the Company were allotted and issued, credited as fully paid at par value of HK\$0.01 each to Pan Hong Property by capitalisation of HK\$8,950,000 (equivalent to approximately RMB7,407,000) from the share premium account. Such allotment and capitalisation was conditional on the share premium account being credited as a result of the new shares issued in connection with the Listing.
- (e) On 22 July 2011, 300,000,000 shares (at par value of HK\$0.01 each) of the Company were allotted and issued at the price of HK\$1.1 per share in connection with the Listing.

12. CAPITAL EXPENDITURE

During the year ended 31 March 2012, there were additions to property, plant and equipment amounted to approximately RMB2.1 million (2011: RMB0.9 million). There was no additions to investment properties for the year ended 31 March 2012 (2011: approximately RMB10.7 million).

PROPOSED FINAL DIVIDEND AND ANNUAL GENERAL MEETING

The Board is pleased to recommend a final dividend of HK3 cents per share for the year ended 31 March 2012 to shareholders who are registered on the register of members of the Company on Friday, 3 August 2012.

The proposed final dividend is subject to the approval by the shareholders of the Company (the “**Shareholders**”) at the forthcoming annual general meeting (the “**AGM**”) which is scheduled to be held on Wednesday, 25 July 2012. Upon the approval by the Shareholders at the AGM, the final dividend will be payable on Friday, 17 August 2012. A notice convening the AGM and a circular for the AGM will be issued and disseminated to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the following periods:

- (i) The share register of the Company will be closed from Monday, 23 July 2012 to Wednesday, 25 July 2012 (both days inclusive), during which no transfer of shares will be effected. In order to be eligible to attend and vote at the forthcoming AGM, completed share transfer form must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on Friday, 20 July 2012; and
- (ii) The share register of the Company will be closed from Wednesday, 1 August 2012 to Friday, 3 August 2012 (both days inclusive), during which no transfer of shares will be effected. In order to be qualified for the proposed final dividend, completed share transfer form must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 31 July 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Initial Public Offering

During the year under review, the shares of the Company were successfully listed on the Stock Exchange on 22 July 2011 and the Company raised net proceeds of approximately HK\$302 million (approximately RMB251.3 million) from the initial public offering (“**IPO**”). The successful listing of the Company’s shares has set a new milestone for the Company. The listing has not only strengthened the Company’s financial position, but will also allow the Company to consolidate its resources in expanding its businesses in the Jiangxi Province, the People’s Republic of China (the “**PRC**”).

Revenue

During the year ended 31 March 2012, the Group achieved a record high revenue of approximately RMB515.2 million from the sale of residential and commercial units of Nanchang Honggu Kaixuan (南昌紅谷凱旋) and the residential units of Fuzhou Hua Cui Ting Yuan (撫州華萃庭院), representing an increase of approximately 51.4% over the previous financial year. The total gross floor area (“**GFA**”) of the residential and commercial properties (excluding car parking spaces) sold in the year under review amounted to approximately 64,107 sq. m.

The following table sets out an analysis of the revenue for (i) residential properties; and (ii) commercial properties; and (iii) car parking spaces during the year under review:

	Year ended 31 March 2012	Year ended 31 March 2011	% change
(i) Residential			
– GFA sold (in sq. m.)	60,258	51,656	+16.7%
– Average selling price (RMB per sq. m.)	5,843	5,175	+12.9%
– Revenue (<i>approx. RMB'000</i>)	352,116	267,310	+31.7%
(ii) Commercial			
– GFA sold (in sq. m.)	3,849	2,522	+52.6%
– Average selling price (RMB per sq. m.)	27,988	24,321	+15.1%
– Revenue (<i>approx. RMB'000</i>)	107,713	61,338	+75.6%
(iii) Car parking spaces			
– Revenue (<i>approx. RMB'000</i>)	<u>55,352</u>	<u>11,550</u>	+379.2%
Total revenue (<i>approx. RMB'000</i>)	<u><u>515,181</u></u>	<u><u>340,198</u></u>	+51.4%

Cost of Sales and Gross Profit Margin

Cost of sales increased from approximately RMB201.1 million in the previous financial year to approximately RMB300.2 million for the year under review. In the year under review, a greater portion of revenue was derived from the delivery of commercial units as compared with the previous financial year, gross profit margin improved from 40.9% in the previous financial year to 41.7% for the year under review.

Other Income

Other income decreased from approximately RMB49.5 million in the previous financial year to approximately RMB15.8 million. The decrease was mainly due to the drop in revaluation gain on investment properties.

Selling and Distribution Expenses

Selling and distribution expenses decreased from approximately RMB6.7 million in the previous financial year to approximately RMB3.4 million. The higher selling and distribution expenses in the previous financial year were mainly due to the expenses incurred to setup a showroom for Fuzhou Hua Cui Ting Yuan (撫州華萃庭院).

Administrative Expenses

Administrative expenses increased to approximately RMB12.0 million from approximately RMB5.0 million in the previous financial year. The increase was mainly attributable to the increase in staff costs and professional & consultancy expenses of approximately RMB3.1 million and RMB1.5 million respectively.

Profit for the Year

As a cumulative effect of the foregoing factors, the Group had recorded a profit before tax of approximately RMB200.7 million in the year under review, representing an increase of 14.4% from approximately RMB175.4 million in the previous financial year.

Income tax expense increased from approximately RMB51.7 million in the previous financial year to approximately RMB99.9 million in the year under review. The increase in income tax was mainly derived from the increase in Land Appreciation Tax (“LAT”) resulting from the higher assessable appreciated value of properties delivered to the customers during the year under review. According to the Provisional Regulations of the PRC on LAT and relevant implementation rules, an entity derives a profit from selling or transferring properties shall be liable to pay LAT at progressive rates from 30% to 60% of the appreciated value of the property, with certain exemptions available for the sale of ordinary residential properties if the appreciated value does not exceed 20% of the deductible items as defined in the relevant LAT regulations. Sales of commercial properties are not eligible for such exemption.

As a result, profit for the year attributable to the owners of the Company decreased by approximately 18.2% from approximately RMB123.9 million in the previous financial year to approximately RMB101.3 million for the year under review.

Interest in a Jointly Controlled Entity

Interest in a jointly controlled entity rose from approximately RMB138.1 million as at 31 March 2011 to approximately RMB176.6 million as at 31 March 2012, the increase mainly represented the advance to the jointly controlled entity by the Group for Yichun Royal Lake City (宜春御湖城) project.

Properties Held Under Development

As at 31 March 2012, the Group's properties held under development decreased to approximately RMB814.1 million from approximately RMB1,063.1 million as at 31 March 2011. The decrease was because certain property units which were previously under development had been completed in the year under review.

Properties Held for Sale

Properties held for sale increased from approximately RMB125.5 million as at 31 March 2011 to approximately RMB338.5 million as at 31 March 2012. The increase was mainly due to the completion of residential property units of Fuzhou Hua Cui Ting Yuan (撫州華萃庭院) Phase 1 in the year under review.

Prepayments and Other Receivables

As at 31 March 2012, the Group's prepayments and other receivables amounted to approximately RMB75.5 million, compared to approximately RMB28.5 million as at 31 March 2011. The increase was mainly attributable to the increase of prepayments to contractors for the construction of projects.

Account Payables, Accruals, Receipts in Advance and Other Payables

Account payables increased to approximately RMB6.6 million as at 31 March 2012 from approximately RMB6.3 million as at 31 March 2011 due to the near completion of the Group's property projects. Account payables mainly comprised of amount payable to suppliers for construction cost incurred in respect of the Group's properties under development.

Accruals, receipts in advance and other payables comprise mainly of the advance receipts from customers in respect of deposit and prepayments for the Group's property pre-sales, and the accrued construction costs and project-related expenses that are based on the progress of project development but are not due for payment.

Accruals, receipts in advance and other payables decreased to approximately RMB363.6 million as at 31 March 2012 from approximately RMB536.4 million as at 31 March 2011. The decrease mainly represented the advance receipts realised as revenue in the year under review, which was partially offset by the receipts from customers for the deposits and prepayments for the Group's property pre-sales in the same period.

LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 31 March 2012, the Group recorded a net cash outflow of approximately RMB43.3 million from operating activities, mainly as a result of the payment of Enterprise Income Tax and LAT and being partially offset by profit before working capital change.

Net cash outflow from investing activities for the year under review was approximately RMB97.1 million, which was mainly due to the advance to the jointly controlled entity by the Group for Yichun Royal Lake City (宜春御湖城) project.

Net cash generated from financing activities for the year under review was approximately RMB88.3 million, which mainly represented the receipts from the IPO, which was partially offset by the repayment of bank and other loans.

As at 31 March 2012, the Group had cash and bank balances of approximately RMB82.6 million (31 March 2011: approximately RMB137.2 million) and there were no outstanding bank and other loans (31 March 2011: approximately RMB210.0 million).

FOREIGN CURRENCY RISK

Most of the Group's transactions are carried out in RMB which is the functional currency of the Company and most of the operating subsidiaries. Exposures to currency exchange rates arise from certain of the Group's cash and bank balances which are denominated in HK\$. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and consider no significant exposure on its foreign exchange risk.

MATERIAL ACQUISITION AND DISPOSAL

During the year ended 31 March 2012, the Company had no material acquisition or disposal of assets, subsidiaries and affiliated companies.

EMPLOYEE AND REMUNERATION POLICY

As at 31 March 2012, there were 100 employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group.

PROPERTY PRE-SALES

The cumulative results for the pre-sale and delivery of properties under each project up to 18 May 2012 are summarised as follows:

Residential Units

	Nanchang Honggu Kaixuan Phase 2 (南昌紅谷 凱旋二期)	Fuzhou Hua Cui Ting Yuan Phase 1 (撫州華萃 庭院一期)	Yichun Royal Lake City Phase 1 (宜春御湖城 一期)
Estimated total GFA re-leased for sale (total units)	116,214 sq. m. (1,007 units)	81,165 sq. m. (581 units)	29,558 sq. m. (310 units)
Estimated total GFA pre-sold (total units)	113,830 sq. m. (998 units)	64,780 sq. m. (486 units)	13,224 sq. m. (133 units)
Percentage of pre-sale	98%	80%	45%
Pre-sale GFA (units pre-sold) not handed to buyers as at 31 March 2012 [^]	2,380 sq. m. (26 units)	37,392 sq. m. (283 units)	13,224 sq. m. (133 units)
Pre-sale value not handed over to buyers as at 31 March 2012 [^]	RMB18.0 million	RMB183.8 million	RMB56.4 million
Average Selling Price (“ASP”) per sq. m.*	RMB7,567	RMB4,915	RMB4,264

Commercial Units

	Nanchang Honggu Kaixuan Phases 1 and 2 (南昌紅谷凱旋 一、二期)
Estimated total GFA released for sale	16,215 sq. m.
Estimated total GFA pre-sold	13,785 sq. m.
Percentage of pre-sale	85%
Pre-sale GFA not handed to buyers as at 31 March 2012 [^]	7,415 sq. m.
Pre-sale value not handed over to buyers as at 31 March 2012 [^]	RMB124.7 million
ASP per sq. m.*	RMB16,821

*: *ASP of the projects is computed as follows: Pre-sale value not handed over to buyers divided by Pre-sale GFA not handed over to buyers.*

[^]: *Pre-sale value not handed over to buyers is computed as follows: Pre-sales at the beginning of the year plus New pre-sales during the year less those handed over to buyers during the year (recognised as sales during the year).*

FUTURE OUTLOOK

The continuation of restrictive measures by the PRC Government, particularly in relation to residential property, is expected to affect the property market in the PRC for the next financial year ending 31 March 2013. The Group believes that those measures should have limited impact on third- and fourth-tiered cities because the customers' demand in those locations remains strong as a result of ongoing rapid urbanisation.

According to Jiangxi Housing and Urban-Rural Construction Department, the urban population of Jiangxi Province exceeds 20 million with an urbanisation rate of 45.7% in 2011. Encouraged by the Central and Provincial governments' impetus to urbanise, the management believes that the migration of rural villagers from rural areas to cities will continue to be strong and lead to a greater demand for properties. The demand would be more pronounced in third and fourth tiered cities such as Fuzhou and Yichun in Jiangxi Province, the PRC.

For the financial year ending 31 March 2013, the Group will continue to release properties in Fuzhou Hua Cui Ting Yuan (撫州華萃庭院) and Yichun Royal Lake City (宜春御湖城) for pre-sale. Furthermore, a 27-storey commercial building in Nanchang Honggu Kaixuan (南昌紅谷凱旋) will be available for lease. This commercial building should provide the Group with a new source of stable rental income. Nanchang Dingxun project (南昌鼎迅項目) Phase 1 is also expected to be released for pre-sale near the end of the financial year ending 31 March 2013. The whole project will occupy a site area of approximately 719,548 sq. m with a planned aggregate saleable GFA of approximately 1,004,788 sq. m.

The Group continues to focus on the property development projects in Jiangxi Province, the PRC in order to strengthen its market position in this region, thereby driving long term profitability and generating greater value for its Shareholders.

USE OF PROCEEDS FROM IPO

The shares of the Company were listed on the Main Board of the Stock Exchange on 22 July 2011 and raised net proceeds from the IPO of approximately HK\$302 million (equivalent to approximately RMB251.3 million). The net proceeds are expected to be used in the following manner:

Purpose of net proceeds	Amount of net proceeds RMB'000	Utilised RMB'000	Balance RMB'000
Payment of the construction costs of phase 2 of Fuzhou Hua Cui Ting Yuan (撫州華萃庭院)	60,304	60,304	–
Payment of the construction costs of phase 1 of Nanchang Dingxun Project (南昌鼎迅項目)	70,354	11,900	58,454
Payment of the construction costs of phase 2 of Yichun Royal Lake City (宜春御湖城)	100,506	92,053	8,453
As general working capital of the Group	<u>20,102</u>	<u>20,102</u>	<u>–</u>
	<u>251,266</u>	<u>184,359</u>	<u>66,907</u>

The remaining net proceeds were deposited in reputable financial institutions. The Directors intend to apply the remaining net proceeds in the manner as set out in the announcement made on 16 May 2012.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained during the year under review the amount of public float as required under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period from the listing date of 22 July 2011 up to and including 31 March 2012.

CORPORATE GOVERNANCE COMPLIANCE

The Company focuses on maintaining high standard of corporate governance in order to achieve sustainable development and enhance corporate performance especially the areas of internal control, fair disclosure and accountability to all shareholders.

The Company has applied the principles and complied with all the provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules from the listing date to 31 March 2012 (both days inclusive).

CHANGE OF CHAIRMAN OF REMUNERATION COMMITTEE

In order to comply with the amendments to the Listing Rules which are effective on 1 April 2012, Mr. Shi Feng, the Deputy Chairman and CEO of the Company, ceased to be chairman of the Remuneration Committee of the Company but remains as a member of the Remuneration Committee; and Mr. Xie Gang, an Independent Non-executive Director of the Company who is an existing member of the Remuneration Committee, has been appointed as chairman of the Remuneration Committee with effect from 13 February 2012.

CHANGE OF CHAIRMAN OF NOMINATION COMMITTEE

In order to comply with the amendments to the Listing Rules which are effective on 1 April 2012, Mr. Wong Lui, an Executive Director of the Company, has ceased to be chairman of the Nomination Committee of the Company but remains as a member of the Nomination Committee; and Mr. Xie Gang, an Independent Non-executive Director of the Company who is an existing member of the Nomination Committee, has been appointed as chairman of the Nomination Committee with effect from 13 February 2012.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its code of conduct for securities transactions by the Directors. After making specific enquiries with all Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct since the listing of the Company on the Stock Exchange on 22 July 2011.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company has discussed and reviewed with the management the annual results and consolidated financial statements for the year ended 31 March 2012. In addition, the audit committee reviewed the internal control procedures and policy and procedures on corporate governance and made recommendations to the Board. The audit committee comprises three independent non-executive directors of the Board, namely Mr. Lee Man To (Chairman), Mr. Xie Gang and Ms. Zhang Juan.

SCOPE OF WORK OF THE AUDITOR

The financial figures in respect of the announcement of the Group's results for the year ended 31 March 2012 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 March 2012. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with the Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT, ANNUAL REPORT AND CIRCULAR

This annual results announcement is published on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.sinoharbour.com.hk>). The 2011/12 Annual Report and a circular containing the notice of Annual General Meeting will be dispatched to shareholders of the Company and published on the above websites in due course.

This announcement is originally prepared in English. In case of any inconsistency between the English version and the Chinese version, the English version shall prevail.

By order of the board of directors
Sino Harbour Property Group Limited
SHI Feng
Deputy Chairman

Hong Kong, 28 May 2012

As at the date of this announcement, the Board comprises Mr. SHI Feng and Mr. WONG Lui as executive Directors, Ms. CHAN Heung Ling as non-executive Director and Mr. XIE Gang, Mr. LEE Man To and Ms. ZHANG Juan as independent non-executive Directors.