Annual Report
2012/2013

汎港地產集團
PAN HONG PROPERTY GROUP
Pan Hong Property Group Limited

Contents

2	Corporate Information
3	Corporate Profile
4	Financial Highlights
7	Chairman's Statement
10	Business, Operations and Financial Review
18	Board of Directors
21	Key Executive Officers
23	Corporate Governance Report
42	Directors' Report
46	Directors' Opinion Statement
47	Financial Section
134	Property Portfolio
137	Shareholders' Information
139	Notice of Annual General Meeting

Corporate Information

BOARD OF DIRECTORS

Executive:

Wong Lam Ping *(Chairman)*
Wang Cuiping
Chan Chun Kit

Non-Executive:

Chan Kin Sang *(Non-Independent Director)*
Sim Wee Leong *(Lead Independent Director)*
Choo Kian Koon *(Independent Director)*
Zheng Haibin *(Independent Director)*

AUDIT COMMITTEE

Sim Wee Leong *(Chairman)*
Choo Kian Koon
Zheng Haibin

NOMINATING COMMITTEE

Choo Kian Koon *(Chairman)*
Sim Wee Leong
Wong Lam Ping

REMUNERATION COMMITTEE

Zheng Haibin *(Chairman)*
Choo Kian Koon
Chan Kin Sang

COMPANY SECRETARIES

Chan Chun Kit
Yvonne Choo

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

BUSINESS OFFICE

Rooms 1214, 12 Floor, Tower B
Hunghom Commercial Centre
37-39 Ma Tau Wai Road
Hunghom, Hong Kong
Tel: 852-2363-1300
Fax: 852-2764-2160

ASSISTANT SECRETARY/ BERMUDA SHARE REGISTRAR

Codan Services Limited
2 Church Street
Hamilton, HM 11
Bermuda

SHARE TRANSFER AGENT

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

JOINT AUDITORS

BDO Limited
Certified Public Accountants
25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

BDO LLP
Public Accountants and
Certified Public Accountants, Singapore
21 Merchant Road
#05-01 Singapore 058267

AUDIT PARTNER-IN-CHARGE

BDO Limited
Certified Public Accountants
Joanne Y.M. Hung
(Appointed with effect from
financial year 31 March 2011)

BDO LLP
Public Accountants and
Certified Public Accountants, Singapore
Khoo Gaik Suan
(Appointed with effect from
financial year 31 March 2013)

Corporate Profile

Headquartered in Hong Kong, Pan Hong Property Group Limited (汎港地产集团) ("Pan Hong" or the "Group") is a property developer that focuses primarily on developing high-end residential and commercial properties in the high growth second- and third-tier cities in China, targeting at the middle to upper-middle income market segments.

The Group is an early entrant in the property development sector in these lower-tier cities. Rising industrialisation, urbanisation and consumer affluence in China underpin the promising prospects of property markets in these cities, as demand there tends to be relatively inelastic to the property cycles.

With over 20 years of experience in the PRC's property development industry, Pan Hong has established its presence in Zhejiang Province and Jiangxi Province. Iconic projects such as Nanchang Honggu Kaixuan and Huzhou Hua Cui Ting Yuan earned the Group several awards and favorable reputation among locals, making Pan Hong a renowned brand. The Group also has interests in strategically-located land parcels in Nanchang, Fuzhou, Yichun and Leping city in Jiangxi Province and Hangzhou and Huzhou city in Zhejiang Province.

As a testament to the strong brand identity that Pan Hong has established in the second- and third-tier cities as well as the quality of its property developments, the Group has received several awards for its projects. In 2003, the Group received the Huzhou City Outstanding Property Development Award for their Huzhou Xinya Jiayuan project. In 2007, the Group's Nanchang Honggu Kaixuan project was conferred the "4th Annual Nanchang City Best Property Award", "Most Popular Property in Nanchang", as well as receiving accolades such as "Reputable Brand of the Year in Jiangxi" and "Professional Property Developer of International Standard". The Group's Huzhou Hua Cui Ting Yuan project also clinched the "China Classic Villa Award 2008".

Pan Hong was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 20 September 2006. To further expand its business, the Group spun off its Jiangxi residential and commercial property development businesses and listed it as Sino Harbour Property Group on the Main Board of the Stock Exchange of Hong Kong Limited (the "SEHK") in July 2011.

Financial Highlights

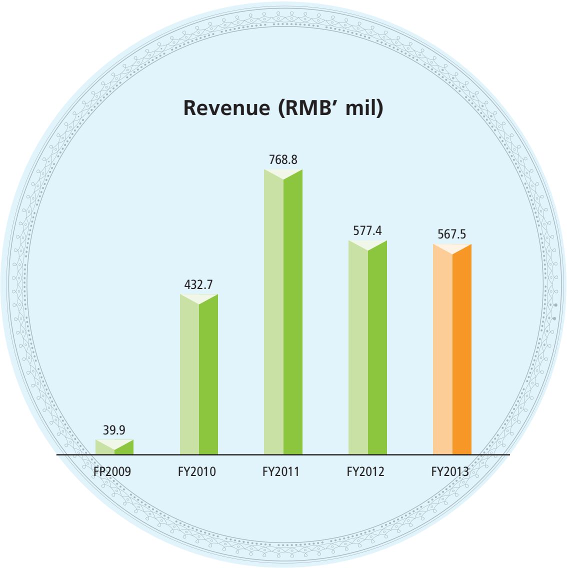
Healthy financials

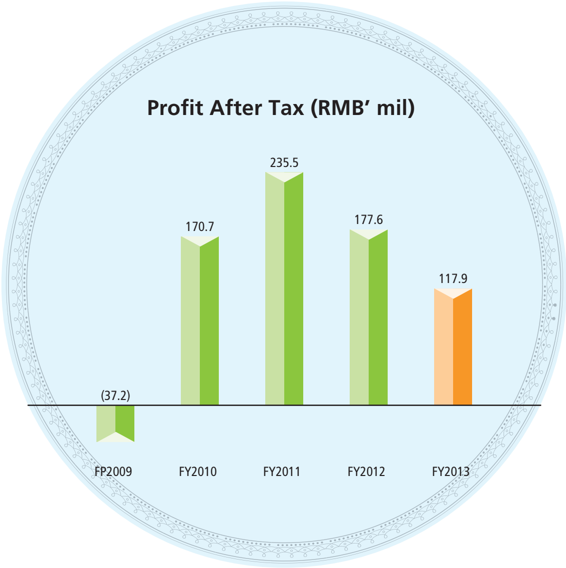
Pan Hong recorded a net gearing ratio of 16.5% which was significantly lower than our peers in the industry

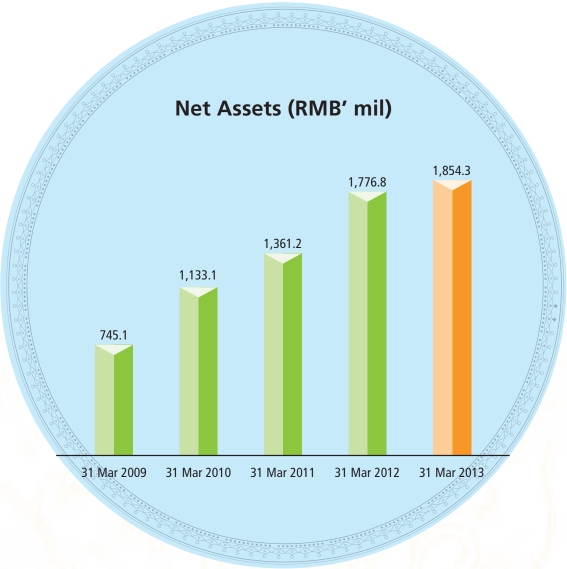
Financial Highlights

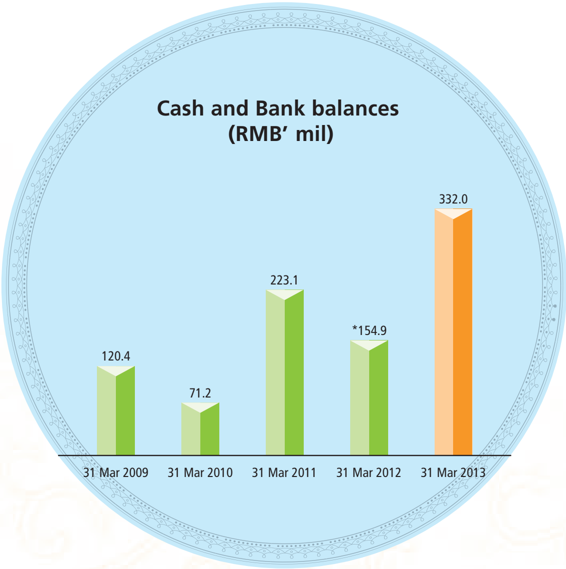
(RMB'000)	FY2013	FY2012	Change
PROFIT AND LOSS			
Revenue	**567,543**	577,384	(1.7%)
Gross Profit	**191,954**	246,901	(22.3%)
Gross profit margin	**33.8%**	42.8%	(9.0 pts)
Profit after tax	**117,891**	177,624	(33.6%)
Profit attributable to the owners of the Company	**87,675**	146,836	(40.3%)
REVENUE ANALYSIS BY TYPE OF PROPERTIES			
Residential	**419,978**	391,720	7.2%
Commercial and others	**147,565**	185,664	(20.5%)
REVENUE ANALYSIS BY GEOGRAPHICAL SEGMENT			
Northern Region	**7,625**	62,203	(87.7%)
Southern Region	**559,918**	515,181	8.7%

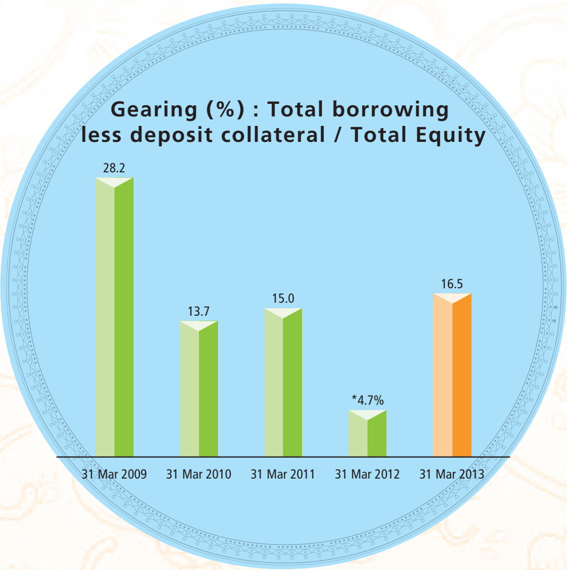
Financial Highlights

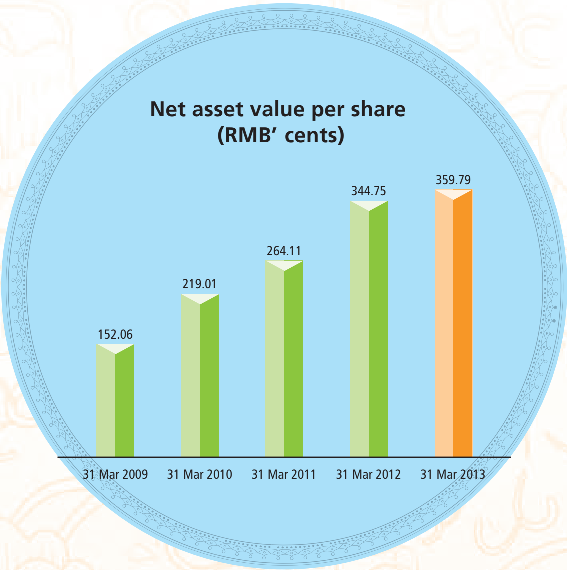












FY2013: April 2012 to March 2013
FY2012: April 2011 to March 2012
FY2011: April 2010 to March 2011
FY2010: April 2009 to March 2010
FP2009: January 2008 to March 2009
*Restated

Chairman's Statement

Bringing Value to Shareholders

Taking into account the Group's business development needs and shareholders' return, the Board is proposing a first and final dividend of 1 Singapore cent per share. This demonstrates its intent to bring return to the Company's shareholders.

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of the Group, I am pleased to present the annual results of the Group for the year ended 31 March 2013.

RESULTS AND DIVIDENDS

The Group had recorded a revenue of RMB567.5 million and a net profit of RMB117.9 million for the year ended 31 March 2013. Profit attributable to shareholders amounted to RMB87.7 million and basic earnings per share was 17.01 RMB cents. Taking into account the Group's business development needs and Shareholders' return on investment, the Board has proposed a first and final dividend of S$0.01 per share, subject to the approval of shareholders at the forthcoming Annual General Meeting to thank our shareholders for their continued support.

FINANCIAL STRENGTH

We ended FY2013 financially stronger with RMB332.0 million in cash and bank balances, compared to RMB154.9 million in FY2012. The net asset value per ordinary share of the Group which was computed using the actual cost of land acquisition excluding market value, had improved from 344.75 RMB cents as at 31 March 2012 to 359.79 RMB cents as at 31 March 2013.

Backed by a prudent financial policy, Pan Hong recorded a net gearing ratio of 16.5% which was significantly lower than our peers in the industry. A strong credit position will ensure that the Group's business will stay on track and flourish in the following years.

MARKET OVERVIEW

The PRC government has been enforcing tighter control on the PRC property market since the end of 2012. In the State Council Executive Meeting held on 20 February 2013, the PRC government expressed its determination to implement "The Five New Measures" to strengthen control over the property market, stating repeatedly its intention to eliminate residential property purchases for speculation and investment purposes, refine the home purchase quota policy and implement differential housing credit policies. At the same time, it has expressly stated a general policy direction of non-relaxation of property market restrictions.

Overall, we expect the PRC property market to remain challenging in 2013. Nevertheless, we are of the view that the series of PRC government policies to curb the excessive growth of housing prices will remain in place and will help stabilise the market in the longer term. Furthermore, ongoing urbanisation in the PRC will generate constant demand for improved housing.

Chairman's Statement

LOOKING AHEAD

In the short term, we will continue to focus on the sales of our projects, Fuzhou Hua Cui Ting Yuan and Yichun Royal Lake. The Group also plans to launch a pre-sale another of its major project, Nanchang Sino Harbour Island Villa Project Phase 1（南昌汉港林岛项目一期）in the coming financial year.

In the longer term, the Group will continue to increase its land bank by seeking land parcels at low cost through acquisitions or joint ventures.

Having established our pioneering position in the Zhejiang and Jiangxi Provinces' property markets, we aim to accelerate our growth by developing residential and commercial projects and will replicate our successful investment model in property projects in other provinces of the PRC that can generate high returns.

Apart from domestic market, we are actively exploring appropriate emerging overseas markets to potentially benefit from an early-mover advantage and create strong asset value growth in the future.

APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere appreciation to our shareholders for your continued confidence in the Group. I would like to also thank the Board of Directors and business partners for their contributions and support to Pan Hong. Last but not least, to my management and staff, thank you for your concerted efforts in building the business and enhancing the reputation of Pan Hong in the PRC. Together, we look forward to forging a better future for Pan Hong.

Wong Lam Ping
Executive Chairman

Business and Operations Review

Assured Future

With our sizeable land bank capable of yielding approximately 3.3 million square meters of total GFA, we are well-positioned to meet the challenges in the near and long-term future.

Business and Operations Review

OVERVIEW OF OUR BUSINESS

For the year ended 31 March 2013, the Group's revenue was mainly derived from sales of residential properties of Fuzhou Hua Cui Ting Yuan and Yichun Royal Lake City and the sales of commercial properties of Nanchang Honggu Kaixuan. The total gross floor area of the residential and commercial properties (excluding car parking spaces sold in the year under review amounted to approximately 100,596 sq. m.

The following table presents an analysis of the Group's revenue in FY2013:

		Year ended 31 March 2013
(i)	**Residential**	
	– GFA sold (in sq. m.)	**92,790**
	– Average selling price (RMB per sq. m.)	**4,526**
	– Revenue (approx RMB'000)	**419,978**
(ii)	**Commercial**	
	– GFA sold (in sq. m.)	**7,806**
	– Average selling price (RMB per sq. m.)	**16,362**
	– Revenue (approx RMB'000)	**127,723**
(iii)	**Car parking spaces**	
	– Revenue (approx RMB'000)	**19,842**

The Group will continue its strategies of focusing on property development in second and third tier cities in the PRC and timing its property launches and sales expeditiously. These strategies have brought us a year of success despite the tougher operating environment for developers as a result of the continuous effort by the PRC government to cool the residential property market.

Business and Operations Review

PROPERTY PRE-SALES

As of 20 May 2013, the Group's aggregate pre-sales value from our three major properties – residential properties of Fuzhou Hua Cui Ting Yuan and Yichun Royal Lake City and residential and commercial properties of Nanchang Honggu Kaixuan had total unbilled sales of RMB351.72 million. The status of the sales of our property developments are summarised as follows:

Name of Project	Province	Type of units	Est. total GFA released for sales (sq. m.)	Percentage of pre-sold units	^Unbilled sales (RMB'million)
Nanchang Honggu Kaixuan Phase 2 (南昌红谷凯旋二期)	Jiangxi	Residential	116,214	98%	5.47
Fuzhou Hua Cui Ting Yuan Phase 1 (抚州华萃庭院一期)	Jiangxi	Residential	91,853	87%	26.80
Fuzhou Hua Cui Ting Yuan Phase 2 (抚州华萃庭院二期)	Jiangxi	Residential	71,628	69%	242.23
Yichun Royal Lake City Phase 1 (宜春御湖城一期)	Jiangxi	Residential	72,882	83%	76.39
Nanchang Honggu Kaixuan Phase 1 and Phase 2 (南昌红谷凯旋一期及二期)	Jiangxi	Commercial	16,215	85%	0.83
TOTAL					351.72

^ *Unbilled sales is computed as follows: pre-sales at the beginning period plus new pre-sales during the period less those handed over to buyers as at 31 March 2013*

Business and Operations Review

CONSTRUCTION PROGRESS AND DEVELOPING PROJECTS

The Group will maintain its scale and pace of construction activities in order to have enough GFA available for sale and for delivery to support our growth in FY2014. Currently, the Group's property projects under construction are as follows:

Name of Project	Province	City	Planned Gross Floor Area	Expected Completion Date
Nanchang Honggu Kaixuan Phase 2 – Sino Harbour Kaixuan Center (南昌红谷凯旋二期－汉港凯旋中心)	Jiangxi	Nanchang	Commercial: 31,852	Q2CY2013
Fuzhou Hua Cui Ting Yuan Phase 2 (抚州华萃庭院二期)	Jiangxi	Fuzhou	Residential: 79,216 Commercial: 2,399	Q4CY2013
Nanchang Sino Harbour Island Villa Phase 1 (南昌汉港林岛一期)	Jiangxi	Nanchang	Residential: 137,668 Commercial: 6,464	Q1CY2014
Yichun Royal Lake City Phase 2 (宜春御湖城二期)	Jiangxi	Yichun	Residential: 105,000	Q1CY2015

LAND BANK

During FY2013, the Group acquired two land parcels with a total GFA of 136,380 sq. m. One of the newly acquired land parcels is located in Hangzhou City, Zhejiang Province. The planned saleable GFA of this new project is approximately 81,928 sq. m. and will be developed into a commercial complex with office premises and retail shops.

Details of the newly acquired lands by the Group are as follows:

Project	Type	Cities	Planned saleable GFA (sq. m.)	Land cost per sq. m. (RMB)	Effective Group Interest (%)
Huzhou Delong Project	Residential and Commercial	Huzhou	16,165	1,237	30%
Hangzhou Project	Commercial	Hangzhou	81,928	6,176	100%

Business and Operations Review

As at 31 March 2013, the Group had land bank with total Planned Saleable GFA of 3,259,312 sq. m. in 6 cities in the PRC. The Group's land bank as at 31 March 2013 was as follows:

	Landbank (sq. m.)
Completed properties held for sales	104,765
Properties under development	362,599
Properties held for future development	2,791,948
Total	3,259,312

FUTURE OUTLOOK

In FY2014, the Group intends to commence construction of its three projects with Planned Saleable GFA of approximately 405,617 sq. m.:

Name of Project	**Effective Group Interests**	**Province**	**Planned Saleable GFA** (sq.m.)
Nanchang Sino Harbour Island Villa Phase 2 (南昌汉港林岛二期)	55%	Jiangxi	171,756
Fuzhou Hua Cui Ting Yuan Phase 3 (抚州华萃庭院三期)	100%	Jiangxi	122,561
Huzhou Run Yuan Project Phase 1 (湖州润源项目)	100%	Zhejiang	111,300
Total			405,617

The Group will continue to release properties in Fuzhou Hua Cui Ting Yuan Phase 2 and Yichun Royal Lake City Phase 1 for pre-sales. Fuzhou Hua Cui Ting Yuan Phase 3, Nanchang Sino Harbour Island Villa Phase 1, Yichun Royal Lake City Phase 2 and Huzhou Run Yuan Project Phase 1 are also expected to be released for pre-sale in FY2014. Furthermore, a 26-storey commercial tower, Sino Harbour Kaixuan Center, will be available for lease in FY2014, this commercial building will provide the Group with a new source of stable rental income.

Financial Review

FINANCIAL RESULT

	Group	
	FY2013	FY2012
Revenue (RMB'000)		
Residential	**419,978**	391,720
Commercial and others	**147,565**	185,664
Total Revenue	**567,543**	577,384

The Group's revenue in FY2013 was RMB567.5 million compared to RMB577.4 million in FY2012, a slight decrease of 1.7%. The revenue in FY2013 comprised mainly residential units sold in Fuzhou Hua Cui Ting Yuan Phase 1 and Yichun Royal Lake City Phase 1, as well as commercial units sold in Nanchang Honggu Kaixuan.

Gross profit margin decreased from 42.8% in FY2012 to 33.8% in FY2013 due to the lower proportion of sales recognised from commercial units in FY2013 compared with FY2012. Commercial units have a significantly higher gross profit margin compared with residential units.

Other income and gains decreased to RMB49.9 million in FY2013 from RMB120.9 million in FY2012 (restated), a decrease of 58.8% due to higher other income and gains in FY2012. The other income and gains in FY2012 was due mainly to a gain on disposal of Hailian Project (海联项目) of RMB90.4 million in FY2012. In FY2013, other income and gains comprised mainly net fair value gain of the Group's investment properties derived from the transfer of a new property to the Group's investment properties during the year.

Selling and distribution expenses comprised mainly salaries and commission expenses of salesperson, agency fee and advertising expenses. Selling and distribution expenses increased by 131.7% from RMB6.2 million in FY2012 (restated) to RMB14.3 million in FY2013. The higher selling and distribution expenses in FY2013 were due mainly to the increase in marketing and promotional expenses from Yichun Royal Lake City.

Administrative expenses in FY2013 decreased slightly by 0.4% to RMB34.2 million in FY2013 from RMB34.4 million in FY2012 (restated).

Other operating expenses decreased by 90.2% from RMB5.9 million in FY2012 to RMB577,000 in FY2013. The decrease was due mainly to an increase in net fair value loss of financial assets at fair value through profit or loss in FY2012.

Finance costs decreased by 56.7% from RMB3.2 million in FY2012 to RMB1.4 million in FY2013 due to a decrease in bank loans as the borrowing costs are not capitalised to properties held under development.

Financial Review

As a cumulative effect of the foregoing factors, the profit before income tax in FY2013 decreased by 37.7% to RMB191.2 million, compared to RMB307.0 million in FY2012 (restated).

Income tax expense decreased from RMB129.4 million in FY2012 to RMB73.4 million in FY2013. The decrease was attributable mainly to the decrease in income tax in line with the decrease in revenue in FY2013 and Land Appreciation Tax ("LAT"). The decrease in LAT was attributable mainly to the lower assessable appreciated value of the property in FY2013 resulting from more ordinary residential property being delivered during the year.

The Group posted a decrease of 33.6% profit after tax of RMB117.9 million in FY2013 from RMB177.6 million in FY2012.

FINANCIAL POSITION

As at 31 March 2013, the Group had investment properties at fair value and held for sale of RMB160.7 million, compared to RMB119.6 million at 31 March 2012. The increase comprised mainly net fair value gain of the Group's investment properties derived from the transfer of a new property to the Group's investment properties during the year.

Interest in a joint venture increased from RMB95.1 million as at 31 March 2012 (restated) to RMB174.1 million as at 31 March 2013. The increase was attributable mainly to cash advance to a joint venture.

The Group has interest in an associate of RMB6.0 million as at 31 March 2013 represents the purchase consideration of RMB6.0 million to acquire a 30% equity interest in an associated company, Huzhou Delong Real Estate Co., Limited ("Huzhou Delong") and share of result of an associate for the year.

Properties held under development increased by RMB6.4 million from RMB1.34 billion as at 31 March 2012 (restated) to RMB1.35 billion as at 31 March 2013. The increase was in tandem with the construction progress of the Group's property projects in FY2013 which included the construction cost of Fuzhou Hua Cui Ting Yuan Phase 2 as well as Nanchang Sino Harbour Island Villa Project Phase 1.

Properties held for sale decreased to RMB386.5 million as at 31 March 2013, from RMB419.0 million as at 31 March 2012 due mainly to property units recognised as cost of sales for the completion of the handover of sold properties of Fuzhou Hua Cui Ting Yuan Phase 1 and Yichun Royal Lake City Phase 1 to the buyers.

Accounts receivable decreased to RMB602,000 as at 31 March 2013, from RMB1.6 million as at 31 March 2012. The decrease was due mainly to improvements in collection of outstanding balances.

Group prepayments and other receivables increased from RMB380.0 million as at 31 March 2012 (restated) to RMB421.6 million as at 31 March 2013 out of which RMB234.4 million was attributable to the receivable from the disposal of Hailian Project classified as "Other Receivables". The remaining RMB187.2 million was attributable mainly to an increase in the prepayments to contractors for the construction of Fuzhou Hua Cui Ting Yuan Phase 2.

Financial Review

Amount due from an associate of RMB37.9 million as at 31 March 2013 represents the cash advance to an associate – Huzhou Delong.

Financial assets at fair value through profit or loss decreased to RMB533,000 as at 31 March 2013 from RMB5.4 million as at 31 March 2012 due mainly to the disposal of listed equity securities in FY2013.

Long-term and Short-term pledged deposits increased from RMB62.8 million as at 31 March 2012 (restated) to RMB293.1 million as at 31 March 2013. The increase was due mainly to the increase in deposits pledged against the bank and other loans to the Group.

Accounts payable increased to RMB35.0 million as at 31 March 2013 from RMB29.2 million as at 31 March 2012 (restated) due to increase in amounts payable to suppliers for construction cost incurred in respect of the Group's properties held under development.

Accruals, receipts in advance and other payables increased to RMB525.8 million as at 31 March 2013 from RMB488.8 million as at 31 March 2012 (restated). Accruals, receipts in advance and other payables comprised mainly of receipts from deposit and prepayments relating to the Group's property pre-sales, accrued construction costs, guarantee deposit by the subcontractor and project-related expenses that were based on the progress of the project development but were not due for payment as at 31 March 2013. The increase in accruals, receipts in advance and other payables was due mainly to the increase in guarantee deposit by the subcontractor for the construction of Huzhou Run Yuan Project Phase 1.

As at 31 March 2013, the Group had total borrowings of RMB567.1 million, a significant increase from RMB120.7 million as at 31 March 2012 (restated) due mainly to new borrowings in FY2013 for the purpose of development cost in future project. Of these borrowings, a bank loan and other loans of approximately RMB248.4 million were secured by a deposit of RMB261.3 million which was classified as "Pledged deposits" as at 31 March 2013. Based on the Group's total equity of RMB1.85 billion and a deposit collateral of RMB261.3 million, the Group recorded a higher gearing ratio (total borrowings less deposit collateral/total equity) of 16.5% as at 31 March 2013, compared to 4.7% as at 31 March 2012 (restated).

Deferred Tax Liabilities increased to RMB27.6 million as at 31 March 2013 from RMB19.1 million as at 31 March 2012 due mainly to the provision of deferred tax liabilities in respect of fair value gain of investment properties.

In FY2013, the Group recorded RMB138.8 million of cash generated from operating activities which was attributable mainly to an operating profit before working capital changes, decrease in properties held for sale as well as increase in receipts in advance in FY2013.

Net cash used in investing activities in FY2013 amounted to RMB355.0 million due mainly to the increase in deposits pledged to banks against the bank loans as well as cash advance to a joint venture.

Net cash generated from financing activities in FY2013 amounted to RMB394.9 million due mainly to the new borrowings for the year.

As at 31 March 2013, the Group had cash and cash equivalents of RMB332.0 million.

Board of Directors

Mr. Wong Lam Ping is our Executive Chairman, Chief Executive Officer and Founder of our Group. He was appointed to our Board on 3 January 2006 and was last re-elected on 29 July 2010. Mr. Wong is responsible for the formulation and execution of overall business strategies and policies as well as the overall management of our Group. Mr. Wong has close to 30 years of property development experience since he established Pan Hong Co., Ltd. in 1983. Mr. Wong also sits on the board of several investment holding companies. In 2004, he was appointed a director of Chaozhou Jinaote Sanitary Ware Ltd. Mr. Wong completed a postgraduate course in Economics of Science and Technology and Management from Zhejiang University of Technology in 2000. He holds an honorary degree of a Doctor of Business Management from Armstrong University.

Ms. Wang Cuiping was appointed as an Executive Director on 14 August 2006 and was last re-elected on 30 July 2012. She joined our Group in 2002, and is responsible for planning and financial management, and human resource management of the Group. Before joining Pan Hong, she spent 13 years from 1982 with the Inner Mongolia Hai Bo Wan Mining Bureau (内蒙古海勃湾矿务局) handling accounting matters, eventually becoming the head of the financial department from 1992 to 1995. From 1995 to 2002, she worked as a tax expert for the Inner Mongolia Wu Hai City State Administration of Taxation (内蒙古乌海市国税局). She later joined 999 Huzhou Pharmaceutical Company (三九湖州药业) as the head of the financial department, before joining our Group as senior accountant in 2002. Ms. Wang graduated from the Inner Mongolia Coal Industrial School (内蒙古煤炭工业学校) in 1982 with a degree in Financial Accounting, and from the Inner Mongolia Broadcast and Television University (内蒙古广播电视大学) with a degree in Industrial Accounting in 1986. She was certified as a PRC Certified Tax Expert by the PRC Ministry of Finance, State Administration of Taxation in 2000 and as a PRC Certified Public Accountant by the Chinese Institute of Certified Public Accountants in 2004.

Mr. Chan Chun Kit was appointed as an Executive Director on 30 June 2011 and was last re-elected on 27 July 2011. He joined our Group in 2008 as the Group's Financial Controller and Company Secretary and is responsible for the Group's finance and accounting functions. He is also responsible for statutory compliance and corporate governance of our Group, as well as coordination with our Group's stakeholders. Prior to joining the Group, he was an auditor with an international public accounting firm. Mr. Chan graduated from The Hong Kong Polytechnic University with a Bachelor of Arts in Accountancy (Hons). Mr. Chan is also a Certified Public Accountant, a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. Chan Kin Sang is a Non-Executive Director of our Group. He was appointed to our Board on 14 August 2006 and was last re-elected on 30 July 2012. He is currently the sole proprietor of Messrs. Peter K.S. Chan & Co., Solicitors and Notaries. He has been a practising solicitor in Hong Kong since 1982. Mr. Chan graduated from the University of Hong Kong with a Bachelor of Laws degree in 1979. He was admitted as a Notary Public in 1997 and as a China-appointed Attesting Officer in 2000. He is currently a Fellow of the Hong Kong Institute of Directors.

Board of Directors

Mr. Chan Kin Sang is currently an independent non-executive director of two other Singapore listed companies, namely People's Food Holdings Limited and Luxking Group Holdings Limited and three Hong Kong listed companies, namely China Precious Metal Resources Holdings Co., Limited, International Taifeng Holdings Limited and Tianjin TEDA Biomedical Engineering Co., Limited. Mr. Chan is also a non-executive director of United Pacific Industries Limited and Combest Holdings Limited which are listed in Hong Kong. For the past 3 years, Mr. Chan also held directorships in the following Singapore listed company, namely Sunray Holdings Limited and in the following Hong Kong listed companies, namely Mayer Holdings Limited, Ming Kei Holdings Limited, Pacific Plywood Holdings Limited and Zhongda International Holdings Limited.

Mr. Sim Wee Leong is our lead Independent Director. He was appointed to our Board on 14 August 2006 and was last re-elected on 30 July 2012. He is currently practising as a certified public accountant in Smalley & Co, a well established local accounting practice. He started his professional career in 1989 with an international accounting firm, before leaving in 1997 to join his current firm. He graduated with a Bachelor of Accountancy from the National University of Singapore in 1989.

Dr. Choo Kian Koon is an Independent Director. He was appointed to our Board on 14 August 2006 and was last re-elected on 29 July 2010. Dr. Choo has over 35 years of experience in the property industry. He is currently the chairman of VestAsia Group Pte Ltd, a real estate advisory services company, an independent director on the boards of NTUC Choice Homes and Ascendas Hospitality Trust., and an adjunct associate professor at the Department of Real Estate, National University of Singapore.

Dr. Choo was formerly the CEO of the Real Estate Developers' Association of Singapore. Before that he was the Senior Vice President (Malaysia Investment) of CapitaLand Residential Limited, and was on the board of United Malayan Land Bhd, a real estate developer listed on Bursa Malaysia. Prior to joining the CapitaLand group of companies, Dr. Choo was the National Director and head of Research and Consultancy at Jones Lang LaSalle Property Consultants Pte Ltd where he was the Asia Pacific regional head of research. Before that, he was with Richard Ellis Property Consultants as the Director and the Head of Development and Consultancy. Dr. Choo was also previously a senior lecturer with the School of Building and Estate Management of the National University of Singapore.

Dr. Choo obtained a Doctorate in Urban Planning from the University of Washington with a Certificate of Achievement in Urban Design in 1988, a Master of Philosophy in Environmental Planning from the University of Nottingham in 1979, and a Bachelor of Science in Estate Management from the University of Singapore in 1974. He is a fellow of the Singapore Institute of Surveyors and Valuers and an affiliate member of the Singapore Institute of Planners.

Board of Directors

Dr. Zheng Haibin is an Independent Director. He was appointed to our Board on 14 August 2006 and was last re-elected on 30 July 2012. He is presently the President of CCH High-Tech Enterprise Ltd. and the General Manager of Shenzhen Scinfo Venture Capital Management Co., Ltd. He was also a visiting Assistant Professor at the University of Waterloo from 1989 to 1991. Dr. Zheng graduated from Copenhagen University with a Doctorate in Natural Science in 1987 and a Bachelor degree from Zhongshan University in 1982.

Mr. Chan Kin Sang is the nephew of Mr. Wong Lam Ping. Save as disclosed, none of our Directors is related to each other or to any of our Executive Officers.

None of our Directors had been appointed pursuant to any arrangement or understanding with a substantial shareholder, customer or supplier.

Key Executive Officers

Mr. Wang Yinjian is the General Manager and Managing Director of the principal subsidiaries of the Group. Mr. Wang is our Group's Human Resources Manager, and is responsible for our Group's human resource management. He joined the Zhejiang Provincial Bureau of Materials Chemical and Light Industrial Company (浙江省物资局化工轻工总公司) in 1983 and rose to become Head of the Planning Department. In 1993, he became the Import and Export Manager of the same company for the next five years. Concurrently, he was also appointed Assistant General Manager of the China Chemical Construction Zhejiang Material Trading Company Ltd. (中国化工建设浙江物化有限公司). He then became Trading Manager of both Huzhou Jinquan Trading Co., Ltd. (湖洲金泉贸易有限公司) as well as Huzhou Yiyuan Trading Co., Ltd. (湖洲怡源有限公司), from 1998 to 2002. He subsequently joined Huzhou Longhai Biological Pharmaceutical Co. Ltd. (湖州龙海生物药业有限公司) as the Assistant General Manager before joining our Group in 2004. Mr. Wang graduated from Zhejiang University of Technology (浙江工业大学) in 1983 with a Bachelor degree in Inorganic Chemical Engineering. He was later conferred a Master of Business Administration degree by the Zhejiang Province Degree Committee (浙江省学位委员会) in 2000. Mr. Wang was also certified as an Economist by the Zhejiang Provincial Bureau of Materials (浙江省物资局) in 1991.

Mr. Xu Guangquan is our Group's Property Management Manager. He is responsible for the property management, decoration management and development, as well as the management of certain of our subsidiaries. He has over 37 years of work experience, with the greater part of the last decade based in the real estate industry. Mr. Xu started working in 1967 with the Hangzhou Machine Tool Group Co., Ltd. (杭州机床厂) where he rose to become Head of the Supply and Marketing Department. In 1988, he joined Hangzhou City Jiang Ping Sales and Trading Centre (杭州市江平供销贸易中心) as Business Manager. He joined our Group as General Manager of our subsidiary, Hangzhou Asia City Company in 1997, before being appointed as General Manager of Hangzhou Liyang Company in 2004. Mr. Xu graduated from Zhejiang Radio and TV University (浙江广播电视大学) in 1988 with a Bachelor of Laws degree.

Mr. Zhang Ning is the Construction Quality Control Manager of our Group and is responsible for the quality control of construction materials and cost control, as well as the management of certain of our subsidiaries. His experience in quality control began in 1975 when he started working with Nanxun Construction Engineering Company (南浔建筑工程公司). He subsequently rose to become Chief of the Biological Department, Quality Control Department and Planning and Operation Department. In 1992 he joined Zhejiang Chuan Ling Electrical Company Limited (浙江川菱电器有限公司) as Chief of the Infrastructure Department before leaving to take up the concurrent positions as General Manager of Nanxun Municipal Main Company (南浔市政总公司) and an assistant supervisor in the Nanxun Economic Development Zone Construction Office (南浔经济开发区建设办公室) in 1994. He joined our Group in 1995 as the General Manager of Nanxun Yazhoucheng Company. In 2000, he was appointed as the General Manager of Huzhou Asia City Company, as well as General Manager of Huzhou Xiandai Company. He was also appointed as General Manager of Huzhou Luzhou Housing and Landing Development Co., Ltd. in 2002. Mr. Zhang graduated from Chongqing University (重庆大学) in 2008, majoring in Engineering and he was certified as an Engineer by the Huzhou Municipal Bureau of Urban Construction (湖洲市城建局) in the same year. Aside from these positions, Mr. Zhang is also a member of the Fifth and Sixth Huzhou Municipal Political Committee (湖洲市第五届及第六届政治协商委员会) as well as a member of the First and Second Nanxun District Industry and Commerce Standing Committee (第一届及第二届南浔区工商联常务委员).

Key Executive Officers

Mr. Wu Jie is the Public Relations Manager of our Group, and is responsible for the coordination of public relations as well as the management of certain of our Group's subsidiaries and the research and development of new projects. He started his career in 1981 with the Huzhou branch of the Agricultural Bank of China in Zhejiang Province (浙江省农业银行湖州市分行), working in the Capital Organization Department. In 1994, he joined the Bank of Communications (交通银行湖洲分行) for nine years until 2003 during which he held various positions such as Chief of the Industrial Loans Team in the Loan Department, General Manager of the Personal Financial Business Department and Assistant General Manager of Business (Loans Department). In 2003, Mr. Wu joined Zhejiang Jiangnan Gongmao Group Limited (浙江江南工贸集团股份有限公司) as Deputy Chairman and General Manager. He joined our Group in 2005 as the Deputy Chairman of two of our subsidiaries, namely Huzhou Jiangnan Halian Company and Huzhou Hongjin Market Company. He is also Assistant General Manager of the Huzhou Hongjin Market Company. Mr. Wu graduated from Zhejiang Radio and TV University (浙江广播电视大学) in 1988, majoring in Finance. Mr. Wu is also a qualified economist as accredited by the Evaluation Committee for Professional Skills in Business Departments of the Agricultural Bank of China, Zhejiang Branch (农行浙江省分行专业技术职务评审委员会) in 1993 and he was certified as Senior Economist by the Private Enterprise Senior Economic Professional Position Validation Committee of Huzhou City Personnel Bureau (湖州市人事局民营企业高级经济专业技术职务评审委员会) in 2006.

None of our Executive Officers are related to each other or to any of our Directors or substantial shareholders.

None of our Executive Officers had been appointed pursuant to any arrangement or understanding with a substantial shareholder, customer or supplier.

Corporate Governance Report

The Board of Directors ("the Board") of Pan Hong Property Group Limited is committed to maintaining high standard of corporate governance within the Company and its subsidiaries. The Board and Management have taken steps to align the Group's governance framework with recommendations made by the Corporate Governance Council on the Code of Corporate Governance ("2012 Code") where they are applicable, relevant and practicable to the Group. The 2012 Code is effective in respect of the Company's Annual Report for the financial year ending 31 March 2014.

The Company recognises that good corporate governance establishes and maintains a legal and ethical environment, which is essential for preserving and enhancing the interests of all stakeholders. This report describes the Group's corporate governance framework and practices that were in place throughout the financial year under review. The Board confirms that the Company had adhered to the principles and guidelines of the Code of Corporate Governance 2005 (the "Code") where they are applicable, relevant and practicable to the Group. Any deviations from the guidelines of the Code or areas of non-compliance have been explained accordingly.

(A) BOARD MATTERS

PRINCIPLE 1: BOARD'S CONDUCT OF ITS AFFAIRS

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's values and standards and has the duty to protect and enhance long-term shareholders' value. Board members are expected to act in good faith and exercise independent judgement in the best interests of the Group.

The Board's role includes:

(i) providing effective leadership, guiding and setting corporate strategy and directions to ensure that the necessary financial and human resources are in place for the Group to achieve its objectives;

(ii) reviewing the processes relating to risk management and adequacy of internal controls, including financial, operational and compliance risk areas that needed to be strengthened, identified by the Audit Committee ("AC") for assessment and its recommendations on actions to be taken to address and monitor the areas of concern;

(iii) advising Management on major policy initiatives and significant issues and approving board policies, strategies and financial objectives of the Company;

(iv) reviewing the performance of the Group towards achieving adequate shareholders' value, including but not limited to approving announcements relating to the financial results of the Group and the audited financial statements, and timely announcements of material transactions;

Corporate Governance Report

(v) approving annual budgets, key operational matters, major funding proposals, investment and divestment proposals, corporate or financial restructuring, material acquisitions and disposal of assets and interested person transactions of a material nature, dividend payment (if any) and convening of shareholders' meetings, approving share buybacks, if any, and making decisions in the interests of the Group;

(vi) approving all Board appointments or re-appointments and appointments of key personnel;

(vii) evaluating the performance and compensation of directors and senior management; and

(viii) overseeing the proper conduct of the Company's business and reviewing the corporate governance processes.

To facilitate effective management and to assist the Board in executing its responsibilities and to enhance the Group's corporate governance framework, the Board delegates specific authority to three Board Committees which comprise the AC, Nominating Committee ("NC") and Remuneration Committee ("RC"). All Board Committees, save for the AC which comprises only Independent Directors, are chaired by an Independent Director and a majority of the members are Independent Directors. These Committees function within clearly defined terms of reference and operating procedures. The effectiveness of each committee is also monitored on a yearly basis.

The Board accepts that while these Board Committees with the delegated power to make decisions, execute actions or make recommendations in their specific areas respectively, will report back to the Board with their decisions and/or recommendations, the ultimate responsibility for the decisions and actions rests with the Board.

The Board meets on a quarterly basis to review *inter alia* the financial results and accounting policies. Ad-hoc meetings will be held as and when required to address any significant issues that may arise in-between scheduled meetings. These meetings are scheduled in advance to facilitate the individual Director's planning in view of their ongoing commitments.

Where physical Board and Board Committee meetings are not possible, timely communication with members of the Board or Board Committee can be achieved through electronic means and circulation of written resolutions for approval by the relevant Board and Board Committee members. The Company's Bye-laws provides for meetings to be held via telephone, electronic or other communication facilities which permit all persons participating in the meeting to communicate with each other simultaneously.

Directors may request further explanations, briefing or discussion on any aspect of the Group's operations or business from Management. When circumstances require, Board members exchange views outside the formal environment of Board meetings.

The approval of the Board is required for any matters which is likely to have a material impact on the Group's operating units and/or financial positions as well as matters other than in the ordinary course of business. The Board believes that when making decisions, all directors act objectively and in the interests of the Company.

Corporate Governance Report

Details of Board and Board committee meetings held for the financial year ended 31 March 2013 are summarised in the table below:

Meeting	Board of Directors	Audit Committee	Nominating Committee	Remuneration Committee
Total meetings held in FY2013	4	5	1	1
Name of Director	**Attended**	**Attended**	**Attended**	**Attended**
Mr. Wong Lam Ping	4	N.A.	1	N.A.
Mr. Sim Wee Leong	4	5	1	N.A.
Dr. Choo Kian Koon	4	5	1	1
Dr. Zheng Haibin	4	5	N.A.	1
Mr. Chan Kin Sang	3	N.A.	N.A.	1
Ms. Wang Cuiping	4	N.A.	N.A.	N.A.
Mr. Chan Chun Kit	4	N.A.	N.A.	N.A.

PRINCIPLE 2: BOARD COMPOSITION AND BALANCE

As at the date of this report, the Board comprises three Executive Directors, and four Non-Executive Directors, of whom three are Independent. The Board composition is as follows:

Executive Directors:

Mr. Wong Lam Ping *(Chairman)*
Ms. Wang Cuiping
Mr. Chan Chun Kit

Non-Executive Directors:

Mr. Sim Wee Leong *(Lead Independent Director)*
Dr. Choo Kian Koon *(Independent Director)*
Dr. Zheng Haibin *(Independent Director)*
Mr. Chan Kin Sang *(Non-Independent Director)*

The size and composition of the Board will be reviewed annually by the NC to ensure that there is an appropriate mix of expertise and experience so as to facilitate effective decision making. The review will also ensure that Board members collectively possesses the relevant and necessary skills sets and core competencies which the Group may tap on for assistance in furthering its business objectives and shaping its business strategies. The Board is of the opinion that its current board size of seven members is appropriate, taking into account the nature and scope of the Group's operations.

Corporate Governance Report

As a Group, the members of the Board provides a broad range of expertise in areas such as accounting, finance, legal, management and industrial experience as well as familiarity with regulatory requirements. The diversity of the Directors' experience allows for useful exchange of ideas and views.

Non-Executive Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. When challenging Management's proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest or other complexities.

The composition of the Board complies with the Code's guideline that Independent Directors make up at least one-third of the Board.

Key information regarding the Directors is set out on pages 18 to 20 of the Annual Report.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

Mr. Wong Lam Ping, the founder of the Group, is the Executive Chairman and also the CEO of the Group. He plays a key role in developing the business of the Group and provides the Group with strong leadership and vision. Mr. Wong is responsible for the business strategy and directions, formulation and execution of overall business strategies and policies, including but not limited to, decision making and day-to-day running of the Group's operations.

Although the roles and responsibilities for the Chairman and the CEO are vested in Mr. Wong Lam Ping, this being a deviation from the recommendation of the Code, the Board believes that vesting the roles of both Chairman and CEO in the same person who is knowledgeable in the business of the Group provides the Group with a strong and consistent leadership and hence, allowing more effective planning and execution of long-term business strategies.

All major decisions made by Mr. Wong Lam Ping are reviewed by the Board. The Board believes that there are adequate safeguards and checks in place to ensure that the process of decision-making by Board is independent and based on collective decisions without any individual exercising any considerable concentration of power of influence. As such, there is a balance of power and authority and therefore no one individual can control or dominate the decision-making process of the Company. The Board is not considering separating the roles of the Chairman and the CEO at this moment. The NC will review the need to separate the roles from time to time and make its recommendation when necessary.

As Chairman of the Board, Mr. Wong Lam Ping is responsible for the effective working of the Board such as ensuring that Board meetings are held when necessary, assisting in ensuring compliance with the Company's guidelines on corporate governance, acting as a facilitator at Board meetings and maintaining regular dialogue with Management on all operational matters. The Company Secretaries assist the Chairman in scheduling the Board and Board Committee meetings respectively.

Corporate Governance Report

The Executive Chairman and CEO's performance and appointment to the Board are reviewed annually by the NC and his remuneration package is reviewed by the RC. Both the NC and RC are chaired by Independent Directors.

In line with the recommendations of the Code, Mr. Sim Wee Leong has been appointed Lead Independent Director of the Company to coordinate and lead the independent directors to provide a non-executive perspective and to contribute a balanced viewpoint to the Board. Mr. Sim is also available to address the concerns, if any, of the Company's shareholders.

PRINCIPLE 4: BOARD MEMBERSHIP

The NC, regulated by a set of written terms of reference, which had been amended and adopted in November 2012 in line with the 2012 Code. The NC comprises three members, a majority of whom, including the Chairman, are Independent Directors.

Dr. Choo Kian Koon *(Chairman)*
Mr. Sim Wee Leong
Mr. Wong Lam Ping

The NC is responsible for the following under its terms of reference:

(i) making recommendations to the Board on all Board appointments and re-appointments (including Alternate Directors, if applicable), or re-elections, having regard to the Director's competencies, commitments, contributions and performance;

(ii) reviewing the Board and Board Committees' structure, size and composition and making recommendations to the Board with regard to any adjustments, where appropriate;

(iii) determining the process for search, nomination, selection and appointment of new Board members and assessing nominees or candidates for appointment or re-election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent, including disclosure on the search and nomination process;

(iv) reviewing Board succession plans for Directors, in particular, the Chairman and CEO and progressive renewal of the Board;

(v) determining annually whether a Director is independent, bearing in mind the circumstances set forth in the 2012 Code and any other salient factors;

(vi) determining whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, having regard to the competing time commitments that are faced particularly when he has multiple board representations and other principal commitments;

Corporate Governance Report

(vii) determining how the Board's performance may be evaluated and proposing objective performance criteria, as approved by the Board, that allows comparison with its industry peers, and address how the Board has enhanced long term shareholders' value;

(viii) assessing the effectiveness of the Board as a whole and its Board Committees and to assess the contribution by the Chairman and each individual Director to the effectiveness of the Board; and

(ix) Reviewing training and professional development programmes for the Board.

The NC has in place a process for selection and appointment of new Directors. In selecting potential new Directors, the NC will seek to identify the competencies and expertise required to enable the Board to fulfill its responsibilities. The NC will evaluate the suitability of the nominee or candidate based on his/her qualifications, business and related experience, commitment, ability to contribute to the Board process and such other qualities and attributes that may be required by the Board before making its recommendations to the Board.

Newly appointed Directors will be briefed and given an orientation by the Management to familiarise themselves with the businesses and operations of the Group. Directors who do not have prior experience or are not familiar with the duties and obligations required of a Director of a listed company in Singapore, will undergo the necessary training and briefing.

The Directors also have the opportunity to visit the Group's operating facilities and meet with Management to gain a better understanding of the Group's business operations and governance practices. The Directors may join institutes and group associations of specific interests, and attend relevant training seminars or informative talks from time to time to apprise themselves of legal, financial and other regulatory developments. As an ongoing exercise, the Directors will also be briefed by professionals during Board meetings or at separate seminars on amendments and requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST") and other statutory and regulatory changes which may have an important bearing on the Company and the Directors' obligations to the Company, from time to time.

Upon the appointment of each Director, the Executive Directors are provided with a Service Agreement setting out the terms and conditions of his/her appointment. The Service Agreement is reviewed and subject to the RC's recommendation, be renewed upon expiry or unless terminated by either party.

For the appointment of a Non-Independent Director, a formal letter will be issued setting out the terms and conditions of appointment.

Corporate Governance Report

The NC, which is responsible for reviewing the independence of each Director on an annual basis, had adopted the 2012 Code's definition of an Independent Director and guidelines as to relationships in determining the independence of a Director. In addition, the NC requires each Non-Executive Director to assess his own independence by completing a Confirmation of Independence form which is drawn up in accordance with the guidelines of the 2012 Code and state whether he considers himself independent despite having any of the Directorships identified in the 2012 Code which would deem him not to be independent, if any.

The NC had reviewed the independence of the Board members with reference to the guidelines set out in the 2012 Code. The NC had considered the Confirmation of Independence forms submitted by Dr. Choo Kian Koon, Mr. Sim Wee Leong and Dr. Zheng Haibin and concluded that they are independent and free from any relationship outlined in the 2012 Code. The NC had also considered the declarations of Mr. Chan Kin Sang, a Non-Executive Director who is the nephew of the Chairman/CEO, Mr. Wong Lam Ping. He is considered not independent of the Company's management as contemplated by the 2012 Code. Save as disclosed, none of the other Non-Executive Directors are related and do not have any relationships with the Company, its related corporations, its substantial shareholder with a shareholding of 10% or more, or its officers or are in any circumstances that could interfere or be reasonably perceived to interfere with the exercise of their independent business judgement with a view to the best interests of the Company. The Board concurred with the NC's views.

The NC had also reviewed the multiple-board seats held by the Non-Executive Directors in listed companies and other principal commitments. The NC, having considered the confirmations received by the Non-Executive Directors is of the view that such multiple board representations do not hinder each Non-Executive Director from carrying out his duties as a Director of the Company. The NC is satisfied that sufficient time and attention have been accorded by these Directors to the affairs of the Company. The Board concurred with the NC's views.

In accordance with the provisions of the Company's Bye-laws, all Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years and newly appointed Directors will submit themselves for re-nomination and re-election at the next Annual General Meeting ("AGM") following their appointment.

The NC having considered the attendance and participation of Mr. Wong Lam Ping and Dr. Choo Kian Koon at the Board and Board Committee meetings in particular, their contributions to the business and operations of the Company as well as Board processes, has recommended their nomination for re-election at the forthcoming AGM. The Board has accepted its recommendation and these Directors, being eligible, will be offering themselves for re-election at the AGM.

Dr. Choo Kian Koon and Mr. Wong Lam Ping are NC members and being interested, had abstained from all deliberations and decisions on the matter in respect of their own re-election.

Corporate Governance Report

PRINCIPLE 5: BOARD PERFORMANCE

The Group has in place a system to assess the performance of the Board as a whole.

The evaluation of the Board's performance is conducted annually. Each Director is required to complete a questionnaire relating to the size and composition of the Board, information flow to the Board, Board procedures and accountability as well as matters concerning CEO/Senior Management and standard of conduct of its Board members.

The Board has taken the view that the financial indicators recommended by the Code to be included as part of the performance criteria for Board evaluation might not be appropriate as these are more of a measurement of Management's performance and therefore less applicable to the Board.

For the year under review, an evaluation of the Board's performance was conducted. The evaluation exercise provided feedback from each Director, his views on the Board, procedures, processes and effectiveness of the Board as a whole. The results of the Board performance evaluation were collated and the findings presented to the NC for discussion with comparatives from the previous year's results.

The NC is generally satisfied with the Board performance for FY2013 which indicated areas of strengths and those that could be improved further. No significant problems were identified. The NC had discussed the results with Board members who agreed to work on those areas that could be improved further. The NC will continue to review its procedure, effectiveness and development from time to time.

PRINCIPLE 6: ACCESS TO INFORMATION

The Executive Directors and the Senior Management keep the Board informed of the Group's operations and performance through regular updates and reports as well as through informal discussions. Prior to any meetings of the Board or Board Committees, Directors are provided, where appropriate, with management information to enable them to participate at the meetings. The CEO and Senior Management are present at Board and Board Committee meetings to address any queries which the Board may have. In addition, Board members have separate and independent access to the Senior Management and the Company Secretaries.

The Company Secretary and/or her representative attends all Board and Board Committees meetings and provide secretarial support to the Board, ensuring that Board procedures and all other rules and regulations applicable to the Company are adhered to.

Where decisions to be taken require expert opinion or specialised knowledge, the Directors, whether as a group or individually, may seek independent professional advice as and when necessary in furtherance of their duties at the Company's expense. The appointment of such independent professional advisor is subject to approval by the Board.

Corporate Governance Report

(B) REMUNERATION MATTERS

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC, regulated by a set of written terms of reference, which had been amended and adopted in November 2012 in line with the 2012 Code. The RC comprises three Non-Executive Directors, a majority of whom, including the Chairman, are Independent Directors:

Dr. Zheng Haibin *(Chairman)*
Dr. Choo Kian Koon
Mr. Chan Kin Sang

The RC is responsible for the following under its terms of reference:

(i) reviewing and recommending to the Board a framework of remuneration and determining the specific remuneration packages and terms of employment for each Executive Director and key management personnel of the Group and employees related to the Directors or controlling shareholders of the Group. Such remuneration package should be in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility;

The service contracts of the Executive Directors and key management personnel should contain the following contractual provisions:

(a) to allow the Group to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatements of financial results or of misconduct resulting in financial loss of the Group; and

(b) to consider what compensation commitments the Executive Directors and key management personnel's contacts of service, if any, would entail in the event of termination with a view to be fair and reasonable and avoid rewarding poor performance.

(ii) recommending the remuneration of Non-Executive Directors, taking into account factors such as their effort and time spent and their responsibilities;

The Non-Executive Directors should not be overly compensated to the extent that their independence may be compromised. The RC may consider implementing schemes to encourage Non-Executive Directors to hold shares in the Company so as to better align their interests with the interests of the shareholders;

(iii) recommending to the Board long term incentive schemes which may be set up from time to time; and

(iv) carrying out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time.

Corporate Governance Report

The scope of the RC's review covers all aspect of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, and benefits-in-kind. The remuneration packages take into consideration the long-term interests of the Group, industry standards and ensure that the interests of the Executive Directors align with that of the shareholders. The recommendation of the RC for the Directors' remuneration would be submitted to the Board for endorsement.

No Director or member of the RC is involved in deciding his own remuneration.

If required, the RC will seek expert's advice inside and/or outside the Company on remuneration of all Directors and key executives.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

The remuneration packages are set such that the Directors are adequately but not excessively remunerated compared to other comparable companies in the industry in view of present market conditions and which takes into account the individual's and the Company's performance.

Mr. Wong Lam Ping, Chairman and CEO of the Group and Ms. Wang Cuiping, an Executive Director, had each entered into separate service agreements with the Company for an initial term of 3 year commencing from 20 September 2006 which will be subject to review and renewal upon expiry or unless terminated by a notice in writing of not less than 3 months served by either party on the other. The service agreements of Mr. Wong Lam Ping and Ms. Wang Cuiping had been extended for another 3 years commencing from 20 September 2012 to 19 September 2015. The Company had also entered into a service agreement with Mr. Chan Chun Kit, an Executive Director, for an initial term of 3 years commencing from 30 June 2011, expiring 29 June 2014 which will be subject to review and renewal upon expiry or unless terminated by a notice in writing of not less than 3 months served by either party and the other.

An annual review of the remuneration packages of all Directors was carried out by the RC to ensure that the remuneration of the Directors and key executives commensurate with their performance, giving due consideration to the financial and commercial health and business needs of the Group. For FY2013, the RC is satisfied with the Executive Directors and Senior Management's remuneration packages and recommended the same for Board approval. The Board had approved the recommendations accordingly.

The RC, with the concurrence of the Board, is of the view that the current remuneration of the Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors. Other than Directors' fees, which have to be approved by shareholders at every AGM, the Non-Executive Director and Independent Non-Executive Directors do not receive any other forms of remuneration from the Company.

Corporate Governance Report

The RC had recommended to the Board an amount of S$175,450 as Directors' fees for the year ending 31 March 2014, payable quarterly in arrears. The increase in the amount compared to FY2013 (S$159,500) is due mainly to the increased responsibilities and obligations of the Non-Executive Directors in view of the changes to the SGX-ST listing rules and Code of Corporate Governance. These recommendations have been endorsed by the Board and will be tabled at the forthcoming AGM for shareholders' approval.

No Director is involved in deciding his or her own remuneration.

Presently, the Company does not have a share option scheme or long term incentive scheme in place.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The range of remuneration of Directors of the Group for the financial year ended 31 March 2013 is set out below:

Directors' Remuneration

Name of director	Allowance/ Fee	(a) Fixed Component	(b) Variable Component	Benefits in Kind	Other Loan Term Incentives	Total
	%	%	%	%	%	%
S$250,000 and below						
Mr. Wong Lam Ping (1)	–	93	6	1	–	100
Ms. Wang Cuiping	–	46	48	6	–	100
Mr. Sim Wee Leong	100	–	–	–	–	100
Dr. Choo Kian Koon	100	–	–	–	–	100
Dr. Zheng Haibin	100	–	–	–	–	100
Mr. Chan Kin Sang (1)	100	–	–	–	–	100
Mr. Chan Chun Kit	–	90	8	2	–	100

(a) Fixed Component refers to base salary and Annual Wage Supplement, if applicable, for the financial year ended 31 March 2013.

(b) Variable Component refers to variable or performance related bonus paid in the financial year ended 31 March 2013.

(1) Mr. Chan Kin Sang is the nephew of Mr. Wong Lam Ping.

Corporate Governance Report

Remuneration of Top 4 Key Executives

Name of key executives	Allowance/ Fee %	(a) Fixed Component %	(b) Variable Component %	Benefits in Kind %	Other Loan Term Incentives %	Total %
S$250,000 and below						
Mr. Wang Yinjian	–	51	42	7	–	100
Mr. Xu Guangquan	–	56	44	–	–	100
Mr. Zhang Ning	–	59	31	10	–	100
Mr. Wu Jie	–	52	41	7	–	100

Mr. Chan Chun Kit, a key executive of the Group, has been appointed as an Executive Director with effect from 30 June 2011. Notwithstanding Guideline 9.1 of the Code, as there were only 4 key executives during the financial year ended 31 March 2013, disclosure was only made in respect of the remuneration of these 4 key executives of the Group.

Ms. Chan Heung Ling, the spouse of Mr. Wong Lam Ping, resigned as an Executive Director with effect from 30 June 2011. She has received remuneration as an employee of the Group for the financial year ended 31 March 2013. She is not considered a key executive of the Group. Ms. Chan Heung Ling's total remuneration for the financial year ended 31 March 2013 exceeded S$150,000 but was below S$250,000. Save as disclosed, no employees of the Group who are immediate family members of a Director and whose remuneration exceeds S$150,000 during the year ended 31 March 2013.

(C) ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: ACCOUNTABILITY

The Board provides shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a quarterly basis within the timeline as stipulated in the Listing Manual of the SGX-ST. All the financial information presented in the results announcement or Annual Report have been prepared in accordance with the International Financial Reporting Standards and approved by the Board before the release to the SGX-ST and the public via SGXNET.

In line with SGX-ST listing requirements, negative assurance statements were issued by the Board to accompany its quarterly financial results announcements, confirming to the best of its knowledge that, nothing had come to its attention which would render the Company's quarterly results to be false or misleading. The Company is not required to issue negative assurance statements for its full year results announcement.

Corporate Governance Report

PRINCIPLE 11: AUDIT COMMITTEE

The AC, regulated by a set of written terms of reference, which had been amended and adopted in November 2012 in line with the 2012 Code. The AC comprises all Independent Directors:

Mr. Sim Wee Leong *(Chairman)*
Dr. Choo Kian Koon
Dr. Zheng Haibin

The Board is of the view that the AC members are appropriately qualified, having the necessary accounting and related financial management expertise or experience as the Board interprets such qualification, to discharge their responsibilities.

The AC meets at least four times a year and, as and when deemed appropriate to carry out its function.

The AC is responsible for the following under its terms of reference:

(i) reviewing with the internal and external auditors audit plan, their evaluation of the system of internal accounting controls, their letter to Management and Management's response;

(ii) reviewing the Group's quarterly and full year financial results and announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;

(iii) reviewing annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management policies;

(iv) ensuring where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management;

(v) reviewing the internal control and procedures to ensure co-ordination between the internal auditors and external auditors and co-operation from Management and assistance given to facilitate their audit and problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of Management, where necessary);

Corporate Governance Report

(vi) reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response;

(vii) reviewing the scope and results of the internal audit programme/procedures and review at least annually the adequacy of effectiveness of the Company's internal audit function including ensuring it is staffed with persons with the relevant qualifications and experience and has appropriate standing within the Company;

(viii) reviewing annually the scope and results of the audit and its cost effectiveness as well as independence and objective of the External Auditors;

(ix) ensuring the co-ordination between the Internal and External Auditors and where more than one auditing firm or corporation is involved;

(x) reviewing the appointment and re-appointment of the Internal and External Auditors and matters relating to resignation or dismissal of the auditors;

(xi) reviewing Interested Person Transactions (if any) falling within the scope of Chapter 9 of the Listing Manual including reviewing and approving of proposed sale(s) of any units of property projects to the Company's interested persons and/or relatives of a Director, CEO or controlling shareholders;

(xii) undertaking such other reviews and projects as may be requested by the Board, and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

(xiii) generally undertaking such other functions and duties as may be required by the statute or the SGX-ST Listing Manual, or by such amendments as may be made thereto from time to time.

The AC has the authority to investigate any matter within its terms of reference. The AC has full access to and co-operation of Management and also full discretion to invite any Director or executive officer to attend its meetings or be provided with reasonable resources to enable it to discharge its functions properly.

Corporate Governance Report

The Company has put in place a Whistle-Blowing Policy which provides well-defined and accessible channels in the Group through which staff may in confidence, raise their concerns and possible improprieties, fraudulent activities, malpractices within the Group in a responsible and effective manner in matters of financial reporting or other matters. The objective of the Policy is to ensure that arrangements and processes are in place, to facilitate independent investigation of such concerns and for appropriate follow-up action. There were no reports of whistle blowing received in FY2013.

The AC meets with the Group's internal auditor and external auditors and Management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group. In performing its functions for FY2013, the AC had:

(i) held 5 meetings in the financial year with Management and the external auditors.

(ii) conducted a review and confirmed that there were no non-audit services rendered by the external Auditors to the Group for FY2013. The Audit fees amounting to RMB1,309,000 was approved.

The external auditors had also confirmed their independence in this respect.

(iii) recommended the re-appointments of Messrs BDO Limited, Certified Public Accountants, Hong Kong and Messrs BDO LLP, Public Accountants and Certified Public Accountants, Singapore to act jointly as the Company's Auditors for the purpose of compliance with Rule 712 of the SGX-ST Listing Manual.

The AC was satisfied that the resources and experience of each of Messrs BDO Limited and BDO LLP, the Audit Engagement Partners and their respective teams assigned to the audit were adequate to meet their audit obligations, given the size and complexity of the Group.

(v) confirmed that the Company had complied with Rule 715 of the SGX-ST Listing Manual in relation to the appointment of the same auditing firm to audit, its foreign-incorporated subsidiaries. The Group's significant subsidiaries are disclosed under Note 16 to the Financial Statements on pages 99 to 104 of this Annual Report.

Corporate Governance Report

PRINCIPLE 12: INTERNAL CONTROLS

The Board acknowledges its responsibility for maintaining a sound system of internal control framework. The controls are to provide reasonable assurance to safeguard shareholders' investments and the Group's assets.

The Group's control environment provides the foundation upon which all other components of internal controls are built upon. It provides discipline and structure, setting the tone of the organization and influencing the control consciousness of its staff. A weak control environment foundation hampers the effectiveness of even the best designed internal control procedure.

The Company does not have a Risk Management Committee. However, Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and AC.

The AC, with the assistance of the internal auditors, reviews the adequacy of the Company's internal financial controls, operational and compliance controls, and risk management policies and systems established by the Management on an annual basis.

The internal auditor and external auditors have, during the course of their audit, carried out a review of the effectiveness of key internal controls within the scope of their audit. Material non-compliance and internal control weaknesses noted, if any, during their respective audits and their recommendations are reported to the AC. In the review work performed by both the internal and external auditors for FY2013, no exceptions were noted. The AC will review the internal auditor's comments and findings and ensure that are adequate internal controls in the Group and follow up on actions implemented.

The Board recognises that no internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The review of the Group's internal control systems is a concerted and continuing process.

As recommended by the SGX-ST, an opinion of the Board with the concurrence of the AC on the adequacy of the internal controls, addressing financial, operational and compliance risks is set out in the Directors' Report under page 44 of the Annual Report.

Corporate Governance Report

PRINCIPLE 13: INTERNAL AUDIT

The Group has an in-house internal auditor to carry out internal audits. The internal auditor reports directly to the Chairman of the AC on all internal audit matters and findings, if any, from the audit process. The AC will review the findings of the internal auditor and will ensure that the Group follows up on the auditors' recommendations. The AC will review the adequacy of the internal audit function annually to ensure that the internal audit function is adequately resourced and able to perform its function effectively and objectively. For FY2013, the AC is satisfied with the adequacy of the internal audit function.

PRINCIPLE 14: COMMUNICATION WITH SHAREHOLDERS
PRINCIPLE 15: GREATER SHAREHOLDER PARTICIPATION

In line with continuous disclosure obligations, the Group is committed to regular and proactive communication with its shareholders. The Group is mindful of the need for regular and proactive communication with its shareholders. All major developments that impact the Group pursuant to the SGX-ST Listing Rules would be communicated to shareholders on a timely basis through:

(i) SGXNET announcements and press releases on major developments of the Group;

(ii) the Group's website at www.pan-hong.com;

(iii) financial statement containing a summary of the financial information and affairs of the Group for the quarterly and full year via SGXNET;

(iv) annual reports or circulars that are sent to all shareholders; and

(v) notices of and explanatory notes for general meetings.

At the AGM, shareholders will be given opportunities to voice their views and seek clarification on issues relating to the Group's performance.

Shareholders are encouraged to attend the AGM and Special General Meeting ("SGM") to ensure high level of accountability and to stay informed of the Group's strategy and goals. At AGMs, shareholders are given opportunity to share and communicate their views and seek clarification with the Board. The general meetings are the principal forum for dialogue with shareholders. Shareholders can vote in person or by way of proxy at the general meeting through proxy forms which are sent together with the Annual Reports or circulars, as the case may be. The duly completed and signed proxy forms are required to be submitted to the Company's Share Transfer Agent's address 48 hours before the general meeting. The notices of the general meeting are dispatched to shareholders, together with explanatory notes at least 14 clear days before each meeting for ordinary resolutions and at least 21 clear days for special resolutions to be passed. The notice is also advertised in a national newspaper.

Each distinct issue is proposed as a separate resolution at the general meeting.

The Chairmen of the AC, RC and NC or their representatives, the Lead Independent Director and the external auditors will be available at the forthcoming AGM to attend to queries raised by shareholders.

Corporate Governance Report

DEALING IN SECURITIES

The Group has adopted a set of code of conduct to provide guidance to its officers regarding dealings in the Company's securities, in compliance with Rule 1207(19) of the SGX Listing Manual. In accordance with the said rule, the officers of the Company shall not deal in the Company's securities on short-term consideration and shall not deal in the Company's securities during the period beginning 1 month and 2 weeks before the date of the announcement of the full year or quarterly results respectively and ending on the date of the announcement of the relevant results. Directors and employees are also advised against dealing in the securities when they are in possession of any unpublished material price-sensitive information of the Group at all times.

Directors and key officers are also encouraged not to deal in the Company's securities on short-term considerations.

INTERESTED PERSON TRANSACTIONS ("IPT")

The Group had adopted an internal policy governing procedures for the identification, approval and monitoring of IPT. All IPT are subject to review by the AC at its quarterly meetings.

It was noted that the IPTs that were transacted during the financial year under review were below the threshold limits as set out under Chapter 9 of the SGX-ST Listing Rules and no announcements or shareholders' approval were, therefore, required.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S$100,000)
Nil	Nil	Nil

The Group does not have a general mandate from shareholders for IPTs.

Corporate Governance Report

MATERIAL CONTRACTS

A wholly-owned indirect subsidiary of the Company had entered into a loan facility in respect of a facility amount of HK$6,900,000 with Bank of China (Hong Kong) Limited. As at 27 October 2011, the substantial shareholders of the Company, namely Extra Good Enterprises Ltd, Mr Wong Lam Ping and Ms Chan Heung Ling, had provided undertakings to notify the Company as soon as they become aware of any share pledging arrangement relating to their shareholdings (direct or indirect) in the Company, and of any event which may result in a breach of the aforesaid provisions of the facility. An announcement pursuant to Rules 704(31) and 728 of the SGX-ST Listing Manual had been released to the SGX-ST on 27 October 2011.

Fuzhou Pan Hong Kai Xuan Property Development Co., Ltd and Sino Harbour Limited, subsidiaries of the Group, had separately obtained a bank loan facility of RMB80 million from Bank of China – Fuzhou Branch ("BOC Fuzhou") in November 2012 and HKD315.0 million from Hang Seng Bank Limited ("Hang Seng") in April 2013 respectively. Mr Wong Lam Ping, the controlling shareholder and executive chairman of the Company, had executed personal guarantees for RMB80 million and HKD315.0 million in favour of BOC Fuzhou and Hang Seng respectively to obtain the aforesaid facilities. Mr Wong would not be receiving any form of consideration from the Company or the Group for the provisions of his personal guarantees to BOC Fuzhou and Hang Seng, and he had confirmed that he would not claim against the Company or the Group in the event of any such claim against him by BOC Fuzhou or Hang Seng. Announcements relating thereto had been released to the SGX-ST on 30 November 2012 and 25 April 2013.

Save as disclosed and the Service Agreements entered into with the Executive Directors, there are no material contracts entered into by the Group involving the interests of the CEO, any director or controlling shareholder subsisting for the year ended 31 March 2013.

Directors' Report

The Directors present their report to the members together with the audited consolidated financial statements of Pan Hong Property Group Limited (the "Company") and its subsidiaries (collectively known as the "Group") for the financial year ended 31 March 2013 ("FY2013").

DIRECTORS

The Directors of the Company in office at the date of this report are:

Wong Lam Ping *(Chairman)*
Sim Wee Leong *(Lead Independent Director)*
Dr. Choo Kian Koon *(Independent Director)*
Dr. Zheng Haibin *(Independent Director)*
Chan Kin Sang *(Non-Executive non-independent Director)*
Wang Cuiping *(Executive Director)*
Chan Chun Kit *(Executive Director)*

In accordance with the Company's bye-laws, Mr. Wong Lam Ping and Dr. Choo Kian Koon shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report

DIRECTORS' INTERESTS IN SHARES WARRANTS OR DEBENTURES

According to the register of director's shareholdings and warrant holdings, interests of Directors who held office at the end of the financial year are as follows:

	Direct interest		Deemed interest	
	At 01.04.2012	At 21.04.2013 and 31.03.2013	At 01.04.2012	At 21.04.2013 and 31.03.2013
Ordinary shares				
#Wong Lam Ping *(Executive Chairman)*	20,952,194	20,952,194	302,443,300	302,443,300
Sim Wee Leong *(Lead Independent Director)*	–	–	–	–
Choo Kian Koon *(Independent Director)*	–	–	–	–
Zheng Haibin *(Independent Director)*	–	–	–	–
Chan Kin Sang *(Non-Executive and Non-Independent Director)*	–	–	–	–
Wang Cuiping *(Executive Director)*	689,900	689,900	–	–
Chan Chun Kit *(Executive Director)*	–	–	–	–

\# *Wong Lam Ping and Chan Heung Ling hold 52% and 48% of the issued share capital of Extra Good Enterprises Ltd ("Extra Good") respectively. Chan Heung Ling is the spouse of Wong Lam Ping.*

As such, Wong Lam Ping is deemed interested in the 288,000,000 and 14,443,300 shares held by Extra Good and Chan Heung Ling in the capital of the Company respectively.

	At 01.04.2012	As at 25.10.2012*	At 01.04.2012	As at 25.10.2012*
Warrants*				
Wong Lam Ping *(Executive Chairman)*	6,102,958	6,102,958*	90,732,990	90,732,990*
Sim Wee Leong *(Lead Independent Director)*	–	–	–	–
Choo Kian Koon *(Independent Director)*	–	–	–	–
Zheng Haibin *(Independent Director)*	–	–	–	–
Chan Kin Sang *(Non-Executive and Non-Independent Director)*	–	–	–	–
Wang Cuiping *(Executive Director)*	206,970	206,970*	–	–
Chan Chun Kit *(Executive Director)*	–	–	–	–

* *These warrants expired on 25 October 2012 and none had been exercised.*

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefits by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than in the normal course of business and except as disclosed in this report and the accompanying financial statements.

Directors' Report

SHARE OPTIONS

The Company does not have any share option scheme.

AUDIT COMMITTEE, NOMINATING COMMITTEE AND REMUNERATION COMMITTEE

Details of the Company's Audit Committee ("AC"), Nominating Committee and Remuneration Committee are set out in the Corporate Governance Report on pages 23 to 41 of this annual report.

COMPLIANCE WITH RULE 1207(10) OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST")

The AC has reviewed the overall scope of both internal and external audits and the assistance given by Management to the internal and external auditors. The AC has also met once with the Company's internal and external auditors for FY2013 to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls without the presence of Management. Details on the duties and functions carried out by the AC, adequacy of the internal controls and internal audit during FY2013 are set out under pages 35 to 39 of the Corporate Governance Report.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews carried out by Management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financing, operational and compliance risks, were adequate as at 31 March 2013.

MATERIAL CONTRACTS INVOLVING THE INTERESTS OF CHIEF EXECUTIVE OFFICER, EACH DIRECTOR OR CONTROLLING SHAREHOLDER

A wholly-owned indirect subsidiary of the Company had entered into a loan facility in respect of a facility amount of HK$6,900,000 with Bank of China (Hong Kong) Limited. As at 27 October 2011, the substantial shareholders of the Company, namely Extra Good Enterprises Ltd, Mr Wong Lam Ping and Ms Chan Heung Ling, had provided undertakings to notify the Company as soon as they become aware of any share pledging arrangement relating to their shareholdings (direct or indirect) in the Company, and of any event which may result in a breach of the aforesaid provisions of the facility. An announcement pursuant to Rules 704(31) and 728 of the SGX-ST Listing Manual had been released to the SGX-ST on 27 October 2011.

Directors' Report

Fuzhou Pan Hong Kai Xuan Property Development Co., Ltd and Sino Harbour Limited, subsidiaries of the Group, had separately obtained a bank loan facility of RMB80 million from Bank of China – Fuzhou Branch ("BOC Fuzhou") in November 2012 and HKD315.0 million from Hang Seng Bank Limited ("Hang Seng") in April 2013 respectively. Mr Wong Lam Ping, the controlling shareholder and executive chairman of the Company, had executed personal guarantees for RMB80 million and HKD315.0 million in favour of BOC Fuzhou and Hang Seng respectively to obtain the aforesaid facilities. Mr Wong would not be receiving any form of consideration from the Company or the Group for the provisions of his personal guarantees to BOC Fuzhou and Hang Seng, and he had confirmed that he would not claim against the Company or the Group in the event of any such claim against him by BOC Fuzhou or Hang Seng. Announcements relating thereto had been released to the SGX-ST on 30 November 2012 and 25 April 2013.

Save as disclosed and the Service Agreements entered into with the Executive Directors, there are no material contracts entered into by the Group involving the interests of the CEO, any director or controlling shareholder subsisting for the year ended 31 March 2013.

AUDITORS

The AC has recommended to the Board of Directors the re-appointment of BDO Limited, Certified Public Accountants, Hong Kong ("BDO HK") and BDO LLP, Public Accountants and Certified Public Accountants, Singapore ("BDO LLP") as the Company's joint auditors at the forthcoming annual general meeting.

BDO HK and BDO LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the Directors,

Wong Lam Ping	**Chan Chun Kit**
Director	*Director*

30 June 2013

Directors' Opinion Statement

We, Wong Lam Ping and Chan Chun Kit, being two of the directors of the Company, do hereby state that, in the opinion of the Directors:

(i) the accompanying consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow of the Group and statement of financial position of the Company together with the notes thereto as set out on pages 50 to 133, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2013 and the results of the business, changes in equity and cash flows of the Group for the year then ended; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Wong Lam Ping
Director

Chan Chun Kit
Director

30 June 2013

Financial Section

Contents

48 Independent Joint Auditors’ Report
50 Consolidated Statement of Comprehensive Income
51 Statements of Financial Position
53 Consolidated Statement of Cash Flows
55 Consolidated Statement of Changes in Equity
56 Notes to the Financial Statements

Expressed in Renminbi (“RMB”)

Independent Joint Auditors' Report

To the shareholders of Pan Hong Property Group Limited 汎港地产集团有限公司
(incorporated in Bermuda with limited liability)

We have audited the financial statements of Pan Hong Property Group Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 50 to 133, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Joint Auditors' Report

OPINION

In our opinion, the financial statements of the Group and the statement of financial position of the Company give a true and fair view of the financial position of the Group and of the Company as at 31 March 2013, and of the financial performance and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards.

OTHER MATTERS

The financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 March 2012 were audited solely by BDO Limited who expressed an unmodified opinion on those statements on 30 June 2012.

BDO LLP
Public Accountants and
Certified Public Accountants
21 Merchant Road #05-01
Singapore 058267

30 June 2013

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

30 June 2013

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2013

	Notes	Group 2013 RMB'000	2012 RMB'000 (restated)
Revenue	5	**567,543**	577,384
Cost of sales		**(375,589)**	(330,483)
Gross profit		**191,954**	246,901
Other income and gains	6	**49,857**	120,889
Selling and distribution expenses		**(14,336)**	(6,187)
Administrative expenses		**(34,227)**	(34,364)
Listing expenses of a subsidiary		**–**	(11,207)
Other operating expenses		**(577)**	(5,874)
Operating profit		**192,671**	310,158
Finance costs	7	**(1,374)**	(3,170)
Share of result of a joint venture	17	**–**	–
Share of result of an associate	18	**(48)**	(3)
Profit before income tax	8	**191,249**	306,985
Income tax expense	9	**(73,358)**	(129,361)
Profit for the year		**117,891**	177,624
Other comprehensive income			
Exchange differences on translation of financial statements of foreign operations, net of tax amounting to RMB Nil		**(4,078)**	2,264
Total comprehensive income for the year		**113,813**	179,888
Profit for the year attributable to:			
Owners of the Company		**87,675**	146,836
Non-controlling interests		**30,216**	30,788
		117,891	177,624
Total comprehensive income attributable to:			
Owners of the Company		**83,597**	149,100
Non-controlling interests		**30,216**	30,788
		113,813	179,888
Earnings per share for profit attributable to the owners of the Company during the year (in RMB cents):			
– Basic and diluted	11	**17.01**	28.49

Statements of Financial Position

as at 31 March 2013

		Group		Company	
	Notes	**31 March 2013 RMB'000**	31 March 2012 RMB'000 (Restated)	**31 March 2013 RMB'000**	31 March 2012 RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	*12*	**14,231**	14,587	**–**	–
Investment properties	*13*	**153,202**	119,601	**–**	–
Goodwill	*15*	**–**	–	**–**	–
Investments in subsidiaries	*16*	**–**	–	**564,060**	564,060
Interest in a joint venture	*17*	**174,149**	95,149	**–**	–
Interest in an associate	*18*	**5,952**	–	**–**	–
Long-term pledged deposits	*26*	**230,000**	–	**–**	–
Deferred tax assets	*19*	**29,726**	26,451	**–**	–
		607,260	255,788	**564,060**	564,060
Current assets					
Properties held under development	*20*	**1,351,100**	1,344,697	**–**	–
Properties held for sale	*21*	**386,496**	418,998	**–**	–
Accounts receivable	*22*	**602**	1,628	**–**	–
Prepayments and other receivables	*23*	**421,625**	379,993	**–**	4
Amounts due from related parties	*24*	**–**	–	**258,338**	228,338
Amount due from an associate	*24*	**37,867**	–	**–**	–
Financial assets at fair value through profit or loss	*25*	**533**	5,418	**–**	–
Pledged deposits	*26*	**63,148**	62,825	**–**	–
Cash and bank balances	*26*	**331,986**	154,918	**92**	92
		2,593,357	2,368,477	**258,430**	228,434
Non-current assets held for sale					
Investment properties held for sale	*14*	**7,474**	–	**–**	–
		2,600,831	2,368,477	**258,430**	228,434
Current liabilities					
Accounts payable		**35,049**	29,247	**–**	–
Accruals, receipts in advance and other payables	*27*	**525,804**	488,772	**261**	518
Provision for tax		**197,098**	188,532	**–**	–
Amounts due to related parties	*24*	**1,040**	1,090	**222,685**	193,613
Bank and other loans	*28*	**132,647**	40,743	**–**	–
		891,638	748,384	**222,946**	194,131
Net current assets		**1,709,193**	1,620,093	**35,484**	34,303
Total assets less current liabilities		**2,316,453**	1,875,881	**599,544**	598,363

Statements of Financial Position

as at 31 March 2013

		Group		Company	
		31 March	31 March	**31 March**	31 March
		2013	2012	**2013**	2012
	Notes	**RMB'000**	RMB'000	**RMB'000**	RMB'000
			(Restated)		
Non-current liabilities					
Bank and other loans	*28*	**434,500**	80,000	**–**	–
Deferred tax liabilities	*19*	**27,609**	19,058	**–**	–
		462,109	99,058	**–**	–
Net assets		**1,854,344**	1,776,823	**599,544**	598,363
EQUITY					
Equity attributable to the Company's owners					
Share capital	*29*	**313,446**	313,446	**313,446**	313,446
Reserves	*30*	**1,052,176**	994,612	**260,065**	259,043
Proposed final dividend	*10*	**26,033**	25,874	**26,033**	25,874
		1,391,655	1,333,932	**599,544**	598,363
Non-controlling interests		**462,689**	442,891	**–**	–
Total equity		**1,854,344**	1,776,823	**599,544**	598,363

Wong Lam Ping
Director

Chan Chun Kit
Director

Consolidated Statement of Cash Flows

for the year ended 31 March 2013

	Notes	Group 2013 RMB'000	2012 RMB'000 (Restated)
Cash flows from operating activities			
Profit before income tax		**191,249**	306,985
Adjustments for:			
Interest income	*6*	**(9,767)**	(9,575)
Interest expense	*7*	**1,374**	3,170
Depreciation of property, plant and equipment	*12*	**1,679**	1,599
Loss on disposal of property, plant and equipment	*8*	**29**	3
Gain on disposal of properties held under development	*6*	**–**	(90,377)
Share of result of an associate	*18*	**48**	–
Loss of deregistration of an associate		**–**	3
Fair value adjustment on investment properties and properties under development upon transfer to investment properties	*6*	**(34,102)**	(14,008)
Operating profit before working capital changes		**150,510**	197,800
Decrease in properties held under development and properties held for sale		**36,267**	163,234
Increase in accounts and other receivables, prepayments, and deposit paid		**(35,446)**	(213,370)
Decrease in financial assets at fair value through profit or loss		**4,885**	6,333
Increase/(decrease) in accounts and other payables, accruals and receipts in advance		**39,375**	(150,565)
Increase in amounts due to related parties		**(50)**	(861)
Cash generated from operations		**195,541**	2,571
Interest received		**2,792**	8,315
Income taxes paid		**(59,516)**	(115,686)
Net cash generated from/(used in) operating activities		**138,817**	(104,800)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(1,864)**	(3,090)
Proceeds from disposal of property, plant and equipment		**65**	24
Proceeds from disposal of investment properties held for sale		**–**	29,000
Proceeds from deregistration of an associate		**–**	2,812
Acquisition of associate, net		**(6,000)**	–
Advance to an associate		**(37,867)**	–
Advance to a joint venture		**(79,000)**	(5,019)
(Increase)/decrease in pledged deposits with original maturity over three months		**(230,323)**	117,961
Net cash (used in)/generated from investing activities		**(354,989)**	141,688

Consolidated Statement of Cash Flows

for the year ended 31 March 2013

	Notes	Group 2013 RMB'000	2012 RMB'000 (Restated)
Cash flows from financing activities			
Proceeds from shares issued to non-controlling interests by subsidiary companies	*39*	–	273,108
Prepayment for acquisition of additional equity interest in a subsidiary		–	(15,000)
Expenses paid for the listing of a subsidiary		–	(10,635)
Dividend paid		**(36,292)**	(26,745)
New borrowings		**458,500**	51,581
Repayment of borrowings		**(12,387)**	(360,617)
Interest paid		**(14,915)**	(19,422)
Net cash generated from/(used in) financing activities		**394,906**	(107,730)
Net increase/(decrease) in cash and cash equivalents		**178,734**	(70,842)
Effect of foreign exchange difference		**(1,666)**	2,691
Cash and cash equivalents at beginning of the year		**154,918**	223,069
Cash and cash equivalents at end of the year	*26*	**331,986**	154,918

Consolidated Statement of Changes in Equity

for the year ended 31 March 2013

	Equity attributable to owners of the Company											Non-controlling interests	Total equity
	Share capital RMB'000	**Treasury shares** RMB'000	**Share premium** RMB'000	**Merger reserve** RMB'000	**Statutory reserve** RMB'000	**Capital reserve** RMB'000	**Other reserve** RMB'000	**Exchange reserves** RMB'000	**Retained earnings** RMB'000	**Proposed final dividend** RMB'000	**Total** RMB'000	RMB'000	RMB'000
At 1 April 2011	313,446	(8,280)	203,250	(2,243)	47,060	3,838	–	(3,744)	559,262	26,745	1,139,334	221,873	1,361,207
Dividend paid *(note 10(b))*	–	–	–	–	–	–	–	–	–	(26,745)	(26,745)	–	(26,745)
Deemed disposal of subsidiaries *(note 39)*	–	–	–	–	(7,255)	–	82,217	(2,719)	–	–	72,243	190,230	262,473
Transactions with owners	–	–	–	–	(7,255)	–	82,217	(2,719)	–	(26,745)	45,498	190,230	235,728
Profit for the year	–	–	–	–	–	–	–	–	146,836	–	146,836	30,788	177,624
Other comprehensive income													
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	–	2,264	–	–	2,264	–	2,264
Total comprehensive income for the year	–	–	–	–	–	–	–	2,264	146,836	–	149,100	30,788	179,888
Transfer to statutory reserves	–	–	–	–	18,934	–	–	–	(18,934)	–	–	–	–
Final dividend proposed for the year *(note 10(a))*	–	–	–	–	–	–	–	–	(25,874)	25,874	–	–	–
At 31 March 2012 and 1 April 2012	313,446	(8,280)	203,250	(2,243)	58,739	3,838	82,217	(4,199)	661,290	25,874	1,333,932	442,891	1,776,823
Dividend paid *(note 10(b))*	–	–	–	–	–	–	–	–	–	(25,874)	(25,874)	–	(25,874)
Dividend paid to non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(10,418)	(10,418)
Transactions with owners	–	–	–	–	–	–	–	–	–	(25,874)	(25,874)	(10,418)	(36,292)
Profit for the year	–	–	–	–	–	–	–	–	87,675	–	87,675	30,216	117,891
Other comprehensive income													
Realisation of exchange reserves upon deregistration of subsidiaries	–	–	–	–	–	–	–	(589)	–	–	(589)	–	(589)
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	–	(3,489)	–	–	(3,489)	–	(3,489)
Total comprehensive income for the year	–	–	–	–	–	–	–	(4,078)	87,675	–	83,597	30,216	113,813
Transfer to statutory reserves	–	–	–	–	10,706	–	–	–	(10,706)	–	–	–	–
Release upon deregistration of subsidiaries	–	–	–	–	(583)	–	–	–	583	–	–	–	–
Final dividend proposed for the year *(note 10(a))*	–	–	–	–	–	–	–	–	(26,033)	26,033	–	–	–
At 31 March 2013	**313,446**	**(8,280)**	**203,250**	**(2,243)**	**68,862**	**3,838**	**82,217**	**(8,277)**	**712,809**	**26,033**	**1,391,655**	**462,689**	**1,854,344**

Notes to the Financial Statements

for the year ended 31 March 2013

1. GENERAL INFORMATION

Pan Hong Property Group Limited (the "Company") was incorporated in Bermuda under the laws of Bermuda on 20 December 2005 as an exempted company with limited liability. The Company's shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

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 1214, Tower B, Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Hunghom, Hong Kong. The Company does not have a place of business in Singapore as at the date of this report.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries (together with the Company, known as the "Group") are set out in note 16 to the financial statements.

The financial statements on pages 50 to 133 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standards Board ("IASB"), and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB. The financial statements also include the applicable disclosure requirements of the Listing Manual of the SGX-ST (the "Listing Manual").

The financial statements for the year ended 31 March 2013 were approved for issue by the board of directors ("Directors") on 30 June 2013.

2. BASIS OF ACCOUNTING

In current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (the "new IFRSs") issued by IASB and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2012.

IFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
IAS 12 (Amendments)	Deferred Tax – Recovery of Underlying Assets

The adoption of these amended IFRSs did not result in substantial changes to the accounting policies of the Group and had no material impact on how the results and financial positions for the current and prior periods have been prepared and presented.

Notes to the Financial Statements

for the year ended 31 March 2013

2. BASIS OF ACCOUNTING (Continued)

The following new IFRSs which are effective for annual periods beginning on or after 1 January 2013 have been early adopted by the Group.

IFRS10	Consolidated Financial Statements
IFRS11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IAS 27 (2011)	Separate Financial Statements
IAS 28 (2011)	Investments in Associates and Joint Ventures

IFRS 10 – Consolidated Financial Statements

IFRS 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. IFRS 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 accounting requirements in the existing IAS 27 on other consolidation related matters are carried forward unchanged. IFRS 10 is applied retrospectively.

Notes to the Financial Statements

for the year ended 31 March 2013

2. BASIS OF ACCOUNTING (Continued)

IFRS 11 Joint Arrangements

Joint arrangements under IFRS 11 have the same basic characteristics as joint ventures under IAS 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 recognise 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. IFRS 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 joint venture under IAS 31. IFRS 11 is applied retrospectively.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries 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. The Directors conclude that the adoption of IFRS 12 has no material impact on the Group's financial statements, except for additional disclosures for subsidiaries and joint arrangements.

In the course of the Group's reassessment of the accounting for all of its investments in other entities, the Group has determined that it controls one of the property development projects held by its joint venture company under the terms of the designated operating agreement entered into between the Group and its joint venture partner in respect of the project during the preceding period. Accordingly, the Group now recognises the assets, liabilities, income and expenses of the project in its consolidated financial statements. The Group's other interests in the joint venture company continue to be accounted for using the equity method. As the Group obtained control of the project in the preceding period the comparative information for the year ended 31 March 2012 has been restated. No additional consolidated statement of financial position as at 1 April 2011 is presented as the position at that date is not affected.

Notes to the Financial Statements

for the year ended 31 March 2013

2. BASIS OF ACCOUNTING (Continued)

The following presents the effect of above restatement on the consolidated statement of financial position comparing the restated 31 March 2012 balances to the balances previously reported:

	Group		
As at 31 March 2012	**As Restated** RMB'000	**As Previously reported** RMB'000	**Increase/ (decrease) in net assets** RMB'000
Property, plant and equipment	14,587	14,207	380
Interest in a joint venture	95,149	176,649	(81,500)
Properties held under development	1,344,697	1,080,519	264,178
Prepayments and other receivables	379,993	368,101	11,892
Pledged deposits	62,825	61,755	1,070
Cash and bank balances	154,918	144,786	10,132
Accounts payable	(29,247)	(18,134)	(11,113)
Accruals, receipts in advance and other payables	(488,772)	(373,607)	(115,165)
Provision for tax	(188,532)	(188,658)	126
Bank and other loans	(120,743)	(40,743)	(80,000)
Net Assets	**1,224,875**	**1,224,875**	–

The following presents the effect of above restatement on the consolidated statement of comprehensive income comparing the restated prior year amounts to the amounts previously reported:

	Group		
For the year ended 31 March 2012	**As Restated** RMB'000	**As Previously reported** RMB'000	**Increase/ (decrease) in profit** RMB'000
Other income and gains	120,889	120,887	2
Selling and distribution expenses	6,187	5,767	(420)
Administrative expenses	34,364	31,301	(3,063)
Share of result of a joint venture	–	3,481	3,481
Profit for the year	**177,624**	**177,624**	–

Notes to the Financial Statements

for the year ended 31 March 2013

2. BASIS OF ACCOUNTING (Continued)

The following new and amended IFRSs which are potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle[2]
Amendments to IAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[1]
Amendments to IAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities[3]
Amendments to IAS 36	Recoverable amount disclosures for non-financial assets[3]
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
IFRS 9	Financial Instruments[4]
IFRS 13	Fair Value Measurement[2]
IAS 19 (2011)	Employee Benefits[2]

1 *Effective for annual periods beginning on or after 1 July 2012*
2 *Effective for annual periods beginning on or after 1 January 2013*
3 *Effective for annual periods beginning on or after 1 January 2014*
4 *Effective for annual periods beginning on or after 1 January 2015*

IFRSs (Amendments) – Annual Improvements to IFRSs 2009-2011 Cycle

The improvements made amendments to four standards.

(i) IAS 1 Presentation of Financial Statements

The amendments clarify that the requirement to present a third statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items in its financial statements is limited to circumstances where there is a material effect on the information in that statement of financial position. The date of the opening statement of financial position is the beginning of the preceding period and not, as at present, the beginning of the earliest comparative period. The amendments also clarify that, except for disclosures required by IAS 1.41-44 and IAS 8, the related notes to the third statement of financial position are not required to be presented. An entity may present additional voluntary comparative information as long as that information is prepared in accordance with IFRS. This may include one or more statements and not a complete set of financial statements. Related notes are required for each additional statement presented.

Notes to the Financial Statements

for the year ended 31 March 2013

2. BASIS OF ACCOUNTING (Continued)

IFRSs (Amendments) – Annual Improvements to IFRSs 2009-2011 Cycle (Continued)

(ii) IAS 16 Property, Plant and Equipment

The amendments clarify that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

(iii) IAS 32 Financial Instruments: Presentation

The amendments clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes. Depending on the circumstances these items of income tax might be recognised in equity, other comprehensive income or in profit or loss.

(iv) IAS 34 Interim Financial Reporting

The amendments clarifies that in interim financial statements, a measure of total assets and liabilities for a particular reportable segment need to be disclosed when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets and liabilities for that segment from the amount disclosed in the last annual financial statements.

Amendments to IAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and 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.

Amendments to IAS 32 – Presentation – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to IAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

Notes to the Financial Statements

for the year ended 31 March 2013

2. BASIS OF ACCOUNTING (Continued)

Amendments to IFRS 7 – Disclosures – Offsetting Financial Assets and Financial Liabilities

IFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under IAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under IAS 32.

IFRS 9 – Financial instruments

Under IFRS 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. IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 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, IFRS 9 retains the requirements in IAS 39 for de-recognition of financial assets and financial liabilities.

IFRS 13 – Fair Value Measurement

IFRS 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 IFRS 7 "Financial Instruments: Disclosures". IFRS 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. IFRS 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 amended IFRSs and the Directors expect the application of these new or amended IFRs will have no material impact on the Group's financial statements.

Notes to the Financial Statements

for the year ended 31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied all the years presented unless otherwise stated. The adoption of new or amended IFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 2.

3.1 Basis of preparation

The consolidated financial statements have been prepared under the historical cost basis, except for investment properties and financial assets at fair value through profit or loss which are stated at fair values. The measurement bases are fully described in the accounting policies below.

The financial statements are presented in RMB and all values are rounded to the nearest thousand ("RMB'000"), except when otherwise indicated.

It should be noted that the accounting estimates and assumptions are used in preparing these financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3.2 Basis of consolidation and business combination

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries *(note 3.4)* made up to 31 March each year.

Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

Notes to the Financial Statements

for the year ended 31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Basis of consolidation and business combination (Continued)

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by IFRS. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Contingent consideration balances arising from business combinations whose acquisition dates preceded 1 January 2010 (i.e. the date the Group first applied IFRS 3 (2008)) have been accounted for in accordance with the transition requirements in the standard. Such balances are not adjusted upon first application of the standard. Subsequent revisions to estimates of such consideration are treated as adjustments to the cost of these business combinations and are recognised as part of goodwill.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Notes to the Financial Statements

for the year ended 31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Basis of consolidation and business combination (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

3.3 Goodwill

Set out below are the accounting policies on goodwill arising on acquisition of a subsidiary. Accounting for goodwill arising on acquisition of investment in an associate or joint venture is set out in note 3.5.

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is stated at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired *(note 3.17)*.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

Notes to the Financial Statements

for the year ended 31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

3.5 Associates and joint arrangements

(i) Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies. Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is a legal and constructive obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

The Group shall discontinue the use of the equity method from the date that when it ceases to have significant influence over an associate and shall account for the investment in accordance with IAS 39 from that date, provided the associate does not become a subsidiary or a joint venture as defined in IFRS 11. On the loss of significant influence, the Group shall measure at fair value any investment retains in the former associate. The Group shall recognise in profit or loss any difference between the fair value of any retained investment and any proceeds from disposing of the part interest in the associate; and the carrying amount of the investment at the date when significant influence is lost.

(ii) Joint arrangement

Joint arrangements are classified as either a joint operation or joint venture, based on the rights and obligations arising from the contractual arrangements between the parties to the arrangement.

Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Notes to the Financial Statements

for the year ended 31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Associates and joint arrangements (Continued)

(ii) Joint arrangement (Continued)

The Group's interest in a joint ventures is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post acquisition results and reserves of joint ventures is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's investments in the joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred.

When the Group ceases to have joint control over an entity, it shall account for any remaining investment in accordance with IAS 39 from that date, provided that the former jointly controlled entity does not become a subsidiary or associate. From the date on which when a jointly controlled entity becomes a subsidiary of the Group, the Group shall account for its interest in accordance with IFRS 10 and IFRS 3 Business Combinations (as revised in 2008). From the date when a jointly controlled entity becomes an associate, the Group shall account for its interest in accordance with IAS 28. On the loss of joint control, the Group shall measure at fair value any investment retains in the former jointly controlled entity. The Group shall recognise in profit or loss any difference between the fair value of any retained investment and any proceeds from disposing of the part interest in the jointly controlled entity; and the carrying amount of the investment at the date when joint control is lost. When an investment ceases to be a jointly controlled entity and is accounted for in accordance with IAS 39, the fair value of the investment when it ceases to be a jointly controlled entity shall be regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39.

Goodwill arising from the acquisition of associates and joint ventures is included as part of the Group's investments in associate and joint ventures and is not individually tested for impairment.

3.6 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of properties, rendering of services and the use by others of the Group's assets yielding interest, dividends, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Revenue arising from sale of properties held for sale is recognised upon the transfer of the significant risks and rewards of ownership of these properties held for sale to the purchasers. Revenue is recognised upon the transfer of the legal title or the passing of possession to the buyer or a completion certificate by the relevant government authorities, whichever is the later. Deposits and instalments received from purchasers prior to the date of revenue recognition are included in current liabilities as receipts in advance.

Consultancy fee income is recognised at the time when the services are rendered.

Notes to the Financial Statements

for the year ended 31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Revenue recognition (Continued)

Interest income is recognised on a time-proportion basis using the effective interest method.

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease terms.

3.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight line method, at the following rates per annum:

Leasehold interests in land	40 years
Buildings	33 – 56 years
Computers and other equipment	20.0%
Leasehold improvement	5.0%
Motor vehicles	20.0%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted, if appropriate, at each reporting date.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.8 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at fair value, unless it is still in the course of construction or development at the reporting date and its fair value cannot be reliably determined at that time.

Fair value is determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment properties. The carrying amounts recognised in the consolidated statement of financial position reflect the prevailing market conditions at the reporting date.

Gain or loss arising from either a change in fair value or the sale of investment properties is included in profit or loss for the period in which it arises.

Notes to the Financial Statements

for the year ended 31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Investment properties (Continued)

For a transfer from properties held under development to investment properties that is carried at fair value, any difference between fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

Properties under construction or development for future use as an investment property are classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed.

When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at the completion date and its previous carrying amount is recognised in profit or loss.

3.9 Non-current assets held for sale

Non-current assets are classified as held for sale when:

– they are available for immediate sale;

– management is committed to a plan to sell;

– it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;

– an active programme to locate a buyer has been initiated;

– the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and

– a sale is expected to complete within 12 months from the date of classification.

Non-current assets classified as held for sale are measured at the lower of:

– their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and

– fair value less costs to sell.

Notes to the Financial Statements

for the year ended 31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Non-current assets held for sale (Continued)

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the group and the company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associate and joint venture) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 3.8.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, the noncurrent asset is not depreciated or amortised.

3.10 Properties held under development

Properties held under development which are held for future sale are included in current assets and comprise land held under operating lease *(note 3.12)* and aggregate cost of development, materials and supplies, wages, and other expenses ("development costs"). Properties held under development are stated at the lower of cost and net realisable value. Other expenses included (a) those costs that are incurred in bringing the properties held under development to their present location and condition; and (b) a systematic allocation of fixed overheads that are incurred on development of properties. Fixed overheads are indirect costs which remain relatively constant regardless of the size or volume of the development.

On completion, the properties are transferred to properties held for sale. Cost is calculated using the weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and applicable selling expenses.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

Notes to the Financial Statements

for the year ended 31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Properties held for sale

In case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. The cost of completed properties held for sale comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Properties held for sale are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

3.12 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases where substantially all the risks and rewards of ownership of assets remain within the lessor are accounted for as operating leases. Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentive received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the period in which they are incurred.

Leasehold interests in land are up-front payments to acquire the land use right. The payments are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated on the straight-line basis over the lease term.

For leasehold interest in land included in properties held under development and properties held for sale, the amortisation of prepaid land lease is capitalised as part of the building costs during the development period but charged to profit or loss for completed properties. Other amortisation of prepaid land lease is expensed.

Properties leased out under operating leases are included in the statement of financial position as investment properties. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line-basis over the lease term. The recognition of rental income is set out in note 3.6.

Notes to the Financial Statements

for the year ended 31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Financial assets

The Group's accounting policies for financial assets are set out below.

Financial assets are classified into the following categories:

– financial assets at fair value through profit or loss

– loans and receivables

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date. All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the receivables/investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss.

Notes to the Financial Statements

for the year ended 31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Financial assets (Continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

At each reporting date, loans and receivables are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that come to the attention of the Group about one or more of the following loss events:

(a) significant financial difficulty of the debtor; a breach of contract, such as a default or delinquency in interest or principal payments;

(b) it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

(c) significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtors; and

(d) a significant or prolonged decline in the fair value of an investment in an equity instrument below its costs.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

Notes to the Financial Statements

for the year ended 31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Financial assets (Continued)

(ii) Loans and receivables (Continued)

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs. In relation to accounts and notes receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. Except for accounts and notes receivables, the carrying amount of loans and receivables is directly reduced by any identified amount of impairment. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

3.14 Foreign currency translation

The consolidated financial statements are presented in RMB, which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Notes to the Financial Statements

for the year ended 31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Foreign currency translation (Continued)

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the reporting date. Income and expenses have been converted into the RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 have been treated as assets and liabilities of the foreign operation and translated into RMB at the closing rates.

When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

3.15 Accounting for income tax

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of income tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Notes to the Financial Statements

for the year ended 31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Accounting for income tax (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, an associate and joint venture, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under IAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Changes in deferred tax assets or liabilities are recognised in the profit or loss or in other comprehensive income or directly in equity if they relate to items that are charged or credited directly to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

for the year ended 31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Accounting for income tax (Continued)

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.16 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

3.17 Impairment of non-financial assets

Goodwill arising on an acquisition of a subsidiary, property, plant and equipment, interests in subsidiaries, an associate and a joint venture are subject to impairment testing and are tested for impairment whenever there are indications that the assets' carrying amount may not be recoverable.

Goodwill is tested for impairment at least annually, irrespective of whether there is any indication that it is impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less cost to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

Notes to the Financial Statements

for the year ended 31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 Impairment of non-financial assets (Continued)

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.18 Financial liabilities

The Group's financial liabilities include accounts and other payables, amounts due to related parties, bank and other loans.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the group's policy on borrowing costs *(note 3.22)*. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Notes to the Financial Statements

for the year ended 31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Financial liabilities (Continued)

Bank and other loans

Bank and other loans are recognised initially at fair value, net of transaction cost incurred. Bank and other loans are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the loans using the effective interest method.

Bank and other loans are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Amounts due to related parties, accounts and other payables

Amounts due to related parties and accounts and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

3.19 Retirement benefit costs and short term employee benefits

Retirement benefits to employees

The Group operates a defined contribution scheme ("MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance which is available to its employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are made based on a percentage of employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme.

Pursuant to the relevant regulations in the People's Republic of China ("PRC"), the Group has participated in a local municipal government retirement benefit scheme (the "Scheme"), whereby the Group is required to contribute a certain percentage of basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees in the PRC. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. The Group's contributions to the Scheme are expensed as incurred.

Notes to the Financial Statements

for the year ended 31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.19 Retirement benefit costs and short term employee benefits (Continued)

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

3.20 Share capital, treasury shares and share premium

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

Share premium includes any premiums received on the issuance of shares over the par value. Any transaction costs associated with the issuance of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

3.21 Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within equity, until they have been approved by the shareholders in a general meeting. When these dividends are approved and declared, they are recognised as a liability. Interim dividends are simultaneously proposed and declared and consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

3.22 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other finance costs are expensed.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed.

Notes to the Financial Statements

for the year ended 31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.23 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3.24 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

Notes to the Financial Statements

for the year ended 31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.25 Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within account and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount i.e. the amount initially recognised less accumulated amortisation, where appropriate.

3.26 Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Group or the Company, directly or indirectly, including any directors (whether executive or otherwise) of the Group or the Company.

Notes to the Financial Statements

for the year ended 31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.26 Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions apply:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

Notes to the Financial Statements

for the year ended 31 March 2013

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair value of investment properties and properties held under development upon transfer to investment properties

The investment properties and properties held under development upon transfer to investment properties of the Group were stated at fair value in accordance with the accounting policy. The fair value of the investment properties is determined by a firm of independently qualified professional surveyors and the fair value of investment properties as at the reporting dates and properties held under development upon transfer to investment properties are set out in notes 13 and 20 respectively. Such valuation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

Impairment of accounts and other receivables

The Group's management assesses the collectability of accounts and other receivables. This estimate is based on the credit history of its customers or counterparties and the current market condition. Management reassesses the impairment loss at the reporting date.

Net realisable value of properties held for sale and properties held under development

Management determines the net realisable value of properties held for sale and properties under development by using prevailing market data such as most recent sale transactions and market survey reports available from independent property valuers, and internal estimates of costs based on quotes by suppliers.

Notes to the Financial Statements

for the year ended 31 March 2013

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

Net realisable value of properties held for sale and properties held under development (Continued)

These estimates require judgment as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions.

4.2 Critical judgments in applying the entity's accounting policies

Revenue recognition

The Group has recognised revenue from sale of properties held for sale during the period as disclosed in note 5 to these financial statements. The assessment of when an entity has transferred the significant risks and rewards of ownership to buyer requires examination of the circumstances of the transaction. In most cases, the transfer of risks and rewards of ownership coincides with the transfer of the legal title or the passing of possession to the buyer or a completion certificate is issued by the relevant government authorities. The Group believes that its recognition basis of sales as set out in note 3.6 is appropriate and is the current practice in the PRC.

Estimates of current tax and deferred tax

The Group is subject to taxation in various jurisdictions. Significant judgment is required in determining the amount of the provision of taxation and the timing of payment of the related taxation. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in periods in which such determination are made.

The Group is subject to Land Appreciation Tax ("LAT") in the PRC. However, the implementation and settlement of this tax varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its LAT calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of the land appreciation and its related LAT. The Group recognised LAT based on management's best estimates according to the understanding of the tax rules.

Notes to the Financial Statements

for the year ended 31 March 2013

5. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's operating locations.

The Group has identified the following reportable segments:

– Northern Region, which includes the Group's business in northern provinces or cities of the PRC

– Southern Region, which includes the Group's business in southern provinces or cities of the PRC

Each of these operating segments is managed separately as each of the properties phases requires different resources. All inter-segment transfers are carried out at prices mutually agreed between the parties. Certain expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-maker for assessment of segment performance.

Notes to the Financial Statements

for the year ended 31 March 2013

5. SEGMENT INFORMATION (Continued)

	Northern Region RMB'000	Southern Region RMB'000	Unallocated Expenses RMB'000	Total RMB'000
Year ended 31 March 2013				
Revenue from external customers				
Sales of properties held for sale	7,625	559,918	–	567,543
Reportable segment revenue	7,625	559,918	–	567,543
Reportable segment (loss)/profit	(3,983)	125,220	(3,346)	117,891
At 31 March 2013				
Reportable segment assets	911,859	2,296,232		3,208,091
Other corporate assets				–
Group assets				3,208,091
Reportable segment liabilities	(223,319)	(1,130,168)		(1,353,487)
Other corporate liabilities				(260)
Group liabilities				(1,353,747)
Other reportable segment information				
Year ended 31 March 2013				
Interest income	2,374	7,393		9,767
Interest expenses	(1,374)	–		(1,374)
Net fair value gain for investment properties	1,722	32,380		34,102
Depreciation of non-financial assets	(937)	(742)		(1,679)
Loss on disposal of property, plant and equipment	(23)	(6)		(29)
Net fair value gain for financial assets at fair value through profit or loss	112	–		112
Income tax expense	(398)	(72,960)		(73,358)
Share of result of an associate	(48)	–		(48)
Additions to non-current segment assets	1,673	37,316		38,989
At 31 March 2013				
Interest in a joint venture	–	174,149		174,149

Notes to the Financial Statements

for the year ended 31 March 2013

5. SEGMENT INFORMATION (Continued)

	Northern Region RMB'000	Southern Region RMB'000 (Restated)	Unallocated Expenses RMB'000	Total RMB'000 (Restated)
Year ended 31 March 2012				
Revenue from external customers				
Sales of properties held for sale	62,203	515,181	–	577,384
Reportable segment revenue	62,203	515,181	–	577,384
Reportable segment profit	89,922	100,751	(13,049)	177,624
At 31 March 2012				
Reportable segment assets	829,759	1,794,451		2,624,210
Other corporate assets				55
Group assets				2,624,265
Reportable segment liabilities	(148,833)	(698,047)		(846,880)
Other corporate liabilities				(562)
Group liabilities				(847,442)
Other reportable segment information				
Year ended 31 March 2012				
Interest income	5,781	3,794		9,575
Interest expenses	(3,170)	–		(3,170)
Net fair value gain for investment properties	3,215	10,793		14,008
Gain on disposal of properties held under development	90,377	–		90,377
Depreciation of non-financial assets	(1,003)	(596)		(1,599)
Loss on disposal of property, plant and equipment	–	(3)		(3)
Net fair value loss for financial assets at fair value through profit or loss	(5,727)	–		(5,727)
Income tax expense	(29,418)	(99,943)		(129,361)
Share of result of an associate	(3)	–		(3)
Additions to non-current segment assets	50	3,040		3,090
At 31 March 2012				
Interest in a joint venture	–	95,149		95,149

Notes to the Financial Statements

for the year ended 31 March 2013

5. SEGMENT INFORMATION (Continued)

The Group's revenue from external customers is derived from the PRC and its non-current assets (other than deferred tax assets) are located in the PRC. There is no single customer that contributed to 10% or more of the Group's revenue for the years ended 31 March 2013 and 2012.

The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the non-current assets is based on the physical location of the asset.

6. OTHER INCOME AND GAINS

The Group's other income and gains recognised during the year are as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Consultancy fee income	**1,131**	1,120
Exchange gain	**44**	–
Gain on disposal of properties held under development	**–**	90,377
Net fair value gain for financial assets at fair value through profit or loss	**112**	–
Net fair value gain for investment properties and properties under development upon transfer to investment properties	**34,102**	14,008
Interest income		
– from bank deposits	**5,480**	5,117
– from other receivables	**4,287**	4,458
Rental income	**4,614**	4,546
Sundry income	**87**	1,263
	49,857	120,889

Notes to the Financial Statements

for the year ended 31 March 2013

7. FINANCE COSTS

		Group	
		2013	2012
	Notes	**RMB'000**	RMB'000
			(Restated)
Interest charges on financial liabilities stated at amortised cost:			
Bank loans wholly repayable within five years	*(a)*	**13,368**	7,796
Other loans wholly repayable within five years		**4,790**	1,903
		18,158	9,699
Less: amount capitalised in properties held under development	*(b)*	**(16,784)**	(6,529)
		1,374	3,170

Notes:

(a) The analysis shows the finance costs of bank loans, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the loan agreements. For the year ended 31 March 2013, the interest on bank loans which contain a repayment on demand clause amounted to approximately RMB1,374,000 (2012: RMB2,305,000).

(b) The weighted average capitalisation rate of borrowings was 6.25% (2012: 6.68%, restated) per annum for the year.

Notes to the Financial Statements

for the year ended 31 March 2013

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	Group	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Auditors' remuneration		
– Audit service	**1,309**	1,200
– Non-audit service	**–**	755
	1,309	1,955
Depreciation of property, plant and equipment *(note 12)*	**1,679**	1,599
Cost of properties held for sale recognised as expense	**344,076**	298,418
Loss on disposal of property, plant and equipment	**29**	3
Exchange loss, net	**164**	1,201
Operating lease charge in respect of land and buildings	**445**	286
Less: amount capitalised in properties held under development	**(70)**	(152)
	375	134
Outgoings in respect of investment properties that generated rental income during the year	**221**	474
Staff costs, including directors' remuneration *(note 38)*		
– Wages and salaries	**21,147**	17,302
– Retirement benefit scheme contributions		
– defined contribution plans	**1,958**	1,754
Less: amount capitalised in properties held under development	**(7,654)**	(3,978)
	15,451	15,078
Marketing and promotion	**8,246**	2,529
Other tax	**4,730**	4,444
Net fair value (gain)/loss on financial assets at fair value through profit or loss	**(112)**	5,727

Notes to the Financial Statements

for the year ended 31 March 2013

9. INCOME TAX EXPENSE

	Notes	Group 2013 RMB'000	2012 RMB'000
Current tax – PRC			
– Enterprise income tax ("EIT")	*(a)*	**34,852**	83,284
– LAT	*(b)*	**33,230**	56,553
Current tax – Hong Kong			
– Over provision in prior year		**–**	(238)
		68,082	139,599
Deferred income tax *(note 19)*		**5,276**	(10,238)
Total income tax expense		**73,358**	129,361

Notes:

(a) EIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2012: 25%).

Under the law of the PRC on EIT, corporate withholding income tax is levied on the foreign investor for the dividends distributed out of the profits generated by the foreign investment enterprises. The Group's applicable withholding income tax range from 5% to 10% (2012: 5% to 10%).

(b) 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 sale 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.

Reconciliation between income tax expense and accounting profit at the applicable tax rate is as follows:

	Group 2013 RMB'000	2012 RMB'000
Profit before income tax	**191,249**	306,985
Tax on profit before taxation, calculated at the rates applicable to profit in the jurisdiction concerned	**45,628**	83,521
Tax effect of non-taxable income	**(1,768)**	(1,222)
Tax effect of non-deductible expenses	**4,245**	6,978
Provision for LAT for the year	**33,230**	56,553
Tax effect on EIT of LAT payable	**(8,307)**	(14,097)
Over provision in respect of prior years	**–**	238
Others	**330**	(2,610)
Total income tax expense	**73,358**	129,361

Notes to the Financial Statements

for the year ended 31 March 2013

10. DIVIDENDS

(a) Dividends attributable to the year

At a meeting held on 27 May 2013, the directors proposed a final dividend of S$0.01 per ordinary share (tax not applicable), amounting to S$5,154,000 (equivalent to approximately RMB26,033,000) for the year ended 31 March 2013, and will be submitted for formal approved by the shareholders at the forthcoming annual general meeting held on 30 July 2013. This final dividend will be reflected as an appropriation of retained earnings for the year ending 31 March 2014.

At a meeting held on 28 May 2012, the directors proposed a final dividend of S$0.01 per ordinary share (tax not applicable), amounting to S$5,154,000 (equivalent to approximately RMB25,874,000) for the year ended 31 March 2012, and formally approved by the shareholders at the annual general meeting held on 30 July 2012. This final dividend had been reflected as an appropriation of retained earnings for the year ended 31 March 2013.

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2013 **RMB'000**	2012 RMB'000
Final dividend in respect of the previous financial year of S$0.01 (2012: S$0.01) per ordinary share (tax not applicable)	**25,874**	26,745

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company of approximately RMB87,675,000 (2012: RMB146,836,000) divided by 515,395,024 (2012: 515,395,024) ordinary shares during the year.

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

Notes to the Financial Statements

for the year ended 31 March 2013

12. PROPERTY, PLANT AND EQUIPMENT

Group

	Computers and other equipment RMB'000	Motor vehicles RMB'000	Leasehold interest in land RMB'000	Buildings RMB'000	Leasehold improvement RMB'000	Total RMB'000
At 1 April 2011						
Cost	1,833	4,762	8,223	4,688	973	20,479
Accumulated depreciation	(1,018)	(2,140)	(1,797)	(1,028)	(183)	(6,166)
Carrying amount	815	2,622	6,426	3,660	790	14,313
Year ended 31 March 2012						
Opening carrying amount	815	2,622	6,426	3,660	790	14,313
Additions						
As previously reported	247	1,922	–	–	–	2,169
Arising from re-assessment of basis of accounting	243	678	–	–	–	921
As restated	490	2,600	–	–	–	3,090
Disposals	(27)	–	–	–	–	(27)
Depreciation						
As previously reported	(333)	(1,112)	(219)	(112)	(45)	(1,821)
Arising from re-assessment of basis of accounting	(64)	(477)	–	–	–	(541)
As restated	(397)	(1,589)	(219)	(112)	(45)	(2,362)
Exchange difference	(5)	(18)	(272)	(106)	(26)	(427)
Closing carrying amount (restated)	876	3,615	5,935	3,442	719	14,587

Notes to the Financial Statements

for the year ended 31 March 2013

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group (Continued)

	Computers and other equipment RMB'000	Motor vehicles RMB'000	Leasehold interest in land RMB'000	Buildings RMB'000	Leasehold improvement RMB'000	Total RMB'000
At 31 March 2012						
Cost						
As previously reported	1,799	6,591	7,948	4,492	899	21,729
Arising from re-assessment of basis of accounting	243	678	–	–	–	921
As restated	2,042	7,269	7,948	4,492	899	22,650
Accumulated depreciation						
As previously reported	(1,102)	(3,177)	(2,013)	(1,050)	(180)	(7,522)
Arising from re-assessment of basis of accounting	(64)	(477)	–	–	–	(541)
As restated	(1,166)	(3,654)	(2,013)	(1,050)	(180)	(8,063)
Carrying amount (restated)	876	3,615	5,935	3,442	719	14,587
Year ended 31 March 2013						
Opening carrying amount	876	3,615	5,935	3,442	719	14,587
Additions	929	–	–	–	935	1,864
Disposals	(22)	(72)	–	–	–	(94)
Depreciation	(467)	(1,195)	(217)	(112)	(45)	(2,036)
Exchange difference	(1)	(10)	(54)	(20)	(5)	(90)
Closing carrying amount	**1,315**	**2,338**	**5,664**	**3,310**	**1,604**	**14,231**
At 31 March 2013						
Cost	2,683	7,034	7,892	4,284	1,827	23,720
Accumulated depreciation	(1,368)	(4,696)	(2,228)	(974)	(223)	(9,489)
Carrying amount	**1,315**	**2,338**	**5,664**	**3,310**	**1,604**	**14,231**

Notes to the Financial Statements

for the year ended 31 March 2013

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Buildings held by the Group are located in the PRC and Hong Kong. At 31 March 2013, the Group's certain buildings with carrying amount of approximately RMB1,457,000 (2012: RMB1,525,000) were pledged for a bank loan *(note 28(a))* of the Group.

Analysis of the carrying amount of leasehold interest in land according to lease periods is as follows:

	2013	2012
	RMB'000	RMB'000
In Hong Kong		
– 40 years (medium leases)	**5,664**	5,935

At 31 March 2013 and 2012, a leasehold interest in land is pledged for a bank loan *(note 28(a))* of the Group.

Depreciation charges have been included in:

	2013	2012
	RMB'000	RMB'000
		(Restated)
Consolidated statement of financial position		
– capitalised in properties held under development	**357**	763
Consolidated statement of comprehensive income		
– selling and distribution expenses	**154**	144
– administrative expenses	**1,525**	1,455
	1,679	1,599
	2,036	2,362

13. INVESTMENT PROPERTIES

	Group	
	2013	2012
	RMB'000	RMB'000
Carrying amount at beginning of the year	**119,601**	105,593
Transfer from properties held under development *(note 20)*	**37,125**	–
Transfer to investment properties held for sale *(note 14)*	**(7,474)**	–
Net fair value change credited to profit or loss	**3,950**	14,008
Carrying amount at end of the year	**153,202**	119,601

Notes to the Financial Statements

for the year ended 31 March 2013

13. INVESTMENT PROPERTIES (Continued)

The investment properties included leasehold interest in land located in the PRC with lease terms expiring from 2032 to 2073 (2012: 2032 to 2073). As at 31 March 2013 and 2012, the building ownership certificates of certain investment properties of the Group have not yet been obtained. In the opinion of the independent PRC legal advisors of the Group, the Group is entitled to obtain the building ownership certificates without legal impediment and is entitled to lawfully and validly use the investment properties during the year.

At 31 March 2013, an investment property of approximately RMB37,125,000 (2012:Nil) was pledged against other loans of the Group *(note 28(b))*.

Investment properties are leased to non-related parties under operating lease *(note 33(a))*.

During the year ended 31 March 2013, properties held under development with a carrying value of approximately RMB6,973,000 were transferred to investment properties as these properties were under operating lease arrangements with third parties during the year to earn rental. The fair value of these properties upon transfer to investment properties of approximately RMB37,125,000. The total net fair value change of investment properties approximately RMB34,102,000 was credited to profit or loss for the year ended 31 March 2013.

The fair value of the investment properties at 31 March 2013 and 2012 was revalued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLLSCAA"), a firm of independent qualified professional surveyors who have the recent experience in the location and category of property being valued, which was based on the direct comparison approach and the investment method by capitalising the net rental income derived from the existing tenancy and/or achievable in the existing market with due allowance for the reversionary income potential of the properties as at 31 March 2013 and 2012.

14. INVESTMENT PROPERTIES HELD FOR SALE

	Group	
	2013	2012
	RMB'000	RMB'000
Investment properties *(note 13)*	**7,474**	–

At 31 March 2013, the investment properties held for sale comprised commercial units and leasehold interest in land located in the PRC with lease terms expiring in 2046.

During the year ended 31 March 2013, the Group entered into a sale and purchase agreement to sell the investment properties at consideration of approximately RMB7,474,000. As the Group had received deposits of approximately RMB3,744,000. As the transfers of the property titles were still under progress, the amounts received were recognised as receipts in advance at 31 March 2013.

Notes to the Financial Statements

for the year ended 31 March 2013

15. GOODWILL

The amount of goodwill capitalised as an asset and recognised in the consolidated statement of financial position, arising from the acquisition of a subsidiary, is as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
At beginning and end of the year		
Gross carrying amount	**6,030**	6,030
Accumulated impairment	**(6,030)**	(6,030)
Net carrying amount	**–**	–
Year ended 31 March		
Opening net carrying amount	**–**	–
Impairment losses	**–**	–
Closing net carrying amount	**–**	–

The goodwill at 31 March 2013 and 2012 solely comprises goodwill arising from the acquisition of Huzhou Hongjin Market Construction & Development Co., Limited ("Huzhou Hongjin") in 2006.

Notes to the Financial Statements

for the year ended 31 March 2013

16. INVESTMENTS IN SUBSIDIARIES

	Company 2013 RMB'000	2012 RMB'000
Listed investments, at cost	**285,452**	285,452
Unlisted investments, at cost	**278,608**	278,608
	564,060	564,060

Particulars of the subsidiaries, each of which is a limited liability company, as at 31 March 2013, were as follows:

Name	Place of incorporation/ establishment	Principal activities and place of operation	Issued and paid-up share/ registered capital	Effective percentage of equity interest held by the Company
Directly held:				
Modernland Developments Limited ("Modernland Developments")	British Virgin Islands ("BVI")	Investment holding, Hong Kong	1,000,000 ordinary shares of US$1 each	100%
Far East Construction Limited	Hong Kong	Investment holding, Hong Kong	1 ordinary share of HK$1	100%
Loerie Investments Limited	BVI	Investment holding, Hong Kong	1 ordinary share of US$1	100%
Ho Hong (HK) Management Company Limited	Hong Kong	Investment holding, Hong Kong	1 ordinary share of HK$1	100%
Sino Harbour Property Group Limited ("Sino Harbour Property") *(note (a))*	Bermuda	Investment holding, Hong Kong	1,200,000,000 shares of HK$0.01 each	75%
Indirectly held:				
Sino Harbour Property Holdings Limited ("SHPH") *(note (a))*	BVI	Investment holding, Hong Kong	1 ordinary share of US$1	75%
Sino Harbour Limited ("Sino Harbour") *(note (a))*	Hong Kong	Investment holding, Hong Kong	10,000 ordinary shares of HK$1 each	75%

Notes to the Financial Statements

for the year ended 31 March 2013

16. INVESTMENTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation/ establishment	Principal activities and place of operation	Issued and paid-up share/ registered capital	Effective percentage of equity interest held by the Company
Indirectly held: (Continued)				
Enrich H.K. Investments Limited *(note (a))*	Hong Kong	Investment holding, Hong Kong	100 ordinary shares of HK$1 each	100%
Sino Harbour Development Limited *(notes (a) and (b))*	Hong Kong	Investment holding, Hong Kong	1 ordinary share of HK$1	75%
Sino Africa Investment and Development Group Limited *(notes (a) and (b))*	Hong Kong	Investment holding, Hong Kong	10,000 ordinary shares of HK$1 each	75%
Raptobyte (Pty) Limited *(notes (a) and (c))*	South Africa	Dormant, South Africa	South African Rand 100	52.5%
Pan Hong Investment Limited ("Pan Hong Investment")	Hong Kong	Investment holding, Hong Kong	192,569,567 ordinary shares of HK$1 each	100%
Wiseidea Investments Limited	BVI	Investment holding, Hong Kong	1 ordinary share of US$1	100%
All Grace Corporation Limited	Hong Kong	Investment holding, Hong Kong	1 ordinary share of HK$1	100%
Fuzhou Pan Hong Kai Xuan Property Development Co., Ltd. ("Fuzhou Pan Hong") *(note (a))*	PRC	Property development, PRC	RMB280,000,000	75%
Hangzhou Liyang Housing and Landing Development Co., Ltd. ("Hangzhou Liyang")	PRC	Property development and investment holding, PRC	US$9,500,000	100%

Notes to the Financial Statements

for the year ended 31 March 2013

16. INVESTMENTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation/ establishment	Principal activities and place of operation	Issued and paid-up share/ registered capital	Effective percentage of equity interest held by the Company
Indirectly held: (Continued)				
Huzhou Jiangnan Hailian Construction Co., Ltd. ("Huzhou Hailian")	PRC	Property development, PRC	US$8,000,000	80%
Huzhou Liyang Housing and Landing Development Co., Ltd. ("Huzhou Liyang")	PRC	Property development, PRC	RMB95,837,525	100%
Huzhou Luzhou Housing and Landing Development Co., Ltd. ("Huzhou Luzhou")	PRC	Property development, PRC	RMB82,176,000	100%
Huzhou Hongjin	PRC	Property development and investment, PRC	US$6,000,000	100%
Jiangxi Asia City Real Estate Development Co., Ltd. ("Jiangxi Asia City") *(note (a))*	PRC	Property development, PRC	US$25,000,000	75%
Modern China Holdings Limited	Hong Kong	Investment holding, PRC	1,000 ordinary shares of HK$1 each	100%
Nanchang Liyang Decoration Limited *(note (a))*	PRC	Interior and exterior decoration and furnishing, PRC	RMB500,000	75%
Nanchang Dingxun Co. Limited *(note (a), (e))*	PRC	Property development, PRC	RMB66,865,000	41.25%

Notes to the Financial Statements

for the year ended 31 March 2013

16. INVESTMENTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation/ establishment	Principal activities and place of operation	Issued and paid-up share/ registered capital	Effective percentage of equity interest held by the Company
Indirectly held: (Continued)				
Huzhou Pan Hong Runyuan Housing and Land Development Company Limited	PRC	Property development, PRC	RMB250,000,000	100%
Leping City Fenghuang Jincheng Industry Co., Ltd. ("Leping City") *(note (a), (f))*	PRC	Property development, PRC	RMB24,500,000	38.25%
Huzhou Runho Import and Export Trading Limited (formerly known as "Huzhou Runho Business Consultant Limited") ("Huzhou Runho")	PRC	General trading and consultancy services, PRC	RMB4,923,960	100%

Notes:

The financial statements of the above subsidiaries were audited by BDO Limited, Hong Kong, for statutory purpose and/or for the purpose of the Group consolidation of the Company.

(a) These companies were collectively known as Sino Harbour Property Group *(note 39)*.

(b) These companies were newly incorporated during the year ended 31 March 2013.

(c) The company was acquired by the Group from a third party at a consideration of South African Rand 70 on 10 August 2012.

(d) During the year ended 31 March 2013, the Group de-registered two wholly-owned dormant PRC subsidiaries. Huzhou Real Estate Development Co., Ltd and Guangzhou Port Investment Limited. The subsidiaries de-registered during the year did not contribute significantly to the results and cash flows of the Group during the period prior to de-registration, and the net cash arising on de-registration is zero.

(e) The Company is 55% held by Sino Harbour Property Group.

(f) The Company is 51% held by Sino Harbour Property Group.

(g) Set out below are the summarised financial information for Sino Harbour Property Group, a subsidiary that has non-controlling interests which is material to the Group, before any elimination.

Notes to the Financial Statements

for the year ended 31 March 2013

16. INVESTMENTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(g) (Continued)

Summarised Statement of financial position

	As at 31 March	
	2013	2012
	RMB'000	RMB'000
Current		
Assets	**1,802,687**	1,621,887
Liabilities	**(693,690)**	(618,047)
Total net current assets	**1,108,997**	1,003,840
Non-current		
Assets	**518,545**	172,564
Liabilities	**(436,478)**	(80,000)
Total net non-current assets	**82,067**	92,564
Net assets	**1,191,064**	1,096,404
Accumulated non-controlling interests	**(198,558)**	(199,782)

Summarised statement of comprehensive income

	For the year ended 31 March	
	2013	2012
	RMB'000	RMB'000
Revenue	**559,918**	515,181
Profit before income tax	**198,180**	200,694
Income tax expense	**(72,960)**	(99,943)
Other comprehensive income	**(1,296)**	(2,344)
Profit after tax and total comprehensive income	**123,924**	98,407
Loss allocated to non controlling interest	**(1,224)**	(565)
Dividends paid to non-controlling interests	**(7,316)**	–

Notes to the Financial Statements

for the year ended 31 March 2013

16. INVESTMENTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(g) (Continued)

Summarised Statement of cash flows

	For the year ended 31 March	
	2013	2012
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from/(used in) operations	**109,457**	(10,534)
Interest paid	**1,085**	2,534
Income tax paid	**(56,304)**	(73,174)
Net cash generated from/(used in) operating activities	**54,238**	(81,174)
Cash flows from investing activities		
Purchase of property, plants and equipment	**(191)**	(3,040)
Proceeds from disposal of property, plants and equipment	**49**	–
Advance to a joint venture	**(79,000)**	(5,019)
Increase in pledged deposits	**(237,321)**	(4,037)
Net cash used in investing activities	**(316,463)**	(12,096)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares in connection with listing	**–**	273,108
Listing expenses	**–**	(10,635)
Proceeds from new borrowings	**458,500**	15,000
Repayment of borrowings	**(5,000)**	(210,000)
Dividend paid	**(29,264)**	–
Interest paid	**(13,541)**	(16,252)
Net cash generated from financing activities	**410,695**	51,221
Net increase/(decrease) in cash and cash equivalents	**148,470**	(42,049)
Effect on foreign exchange rate, net	**(316)**	(2,345)
Cash and cash equivalents at beginning of the year	**92,763**	137,157
Cash and cash equivalent at end of the year	**240,917**	92,763

Notes to the Financial Statements

for the year ended 31 March 2013

17. INTEREST IN A JOINT VENTURE

	Group 2013 RMB'000	2012 RMB'000 (Restated)
Unlisted investment, at cost	**50,000**	50,000
Share of post-acquisition losses	**(2,553)**	(2,553)
	47,447	47,447
Amount due from a joint venture	**126,702**	47,702
	174,149	95,149

Jiangxi Ganghong Investment Co. Ltd. ("Jiangxi Ganghong") is a strategic partnership for the Group, and engaged in property development in the PRC. At 31 March 2013, the Group had interest in the following joint venture:

Company name	Place of establishment	Principal activities and place of operation	Paid-up registered capital	Percentage of equity interest held by the Group
Jiangxi Ganghong	PRC	Property development, PRC	RMB100,000,000	50%

Notes to the Financial Statements

for the year ended 31 March 2013

17. INTEREST IN A JOINT VENTURE (Continued)

The aggregate amounts relating to the joint venture that have been included in the Group's consolidated financial statements as extracted from relating financial statements of the joint venture, adjusted to reflect adjustments made by the Group when applying the equity method of accounting are set out below:

	Group	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Joint venture's results for the year ended 31 March		
Income	**–**	–
Expenses	**–**	–
Loss for the year	**–**	–
Group's share of result of a joint venture for the year	**–**	–
Group's accumulated share of results of a joint venture	**(2,553)**	(2,553)
Joint venture's assets and liabilities as at 31 March		
Non-current assets	**–**	–
Current assets	**265,661**	200,597
Current liabilities	**(170,766)**	(105,702)
Net assets	**94,895**	94,895
Group's share of net assets of a joint venture	**47,447**	47,447
Current financial liabilities (excluding trade and other payables and provisions)	**(170,766)**	(105,702)

At 31 March 2013 and 2012, neither contingent liabilities nor capital commitments are shared by the Group.

Amount due from a joint venture was unsecured, interest free and not repayable within 12 months from the reporting date.

The timing of the future cash flows in relation to this balance cannot be estimated reliably as there is no fixed repayment term. Consequently, it is not practicable to determine with sufficient reliability its fair value and the amount is stated at cost.

Notes to the Financial Statements

for the year ended 31 March 2013

18. INTEREST IN AN ASSOCIATE

	Group 2013 RMB'000	2012 RMB'000
Unlisted shares, at cost		
Share of net assets other than goodwill	**5,837**	–
Goodwill	**115**	–
	5,952	–

Details of the associate as at 31 March 2013 are as follows:

Name	Place of establishment	Principal activities and place of operation	Paid-up registered capital	Percentage of equity interest held by the Group
Huzhou Delong Real Estate Co., Limited	PRC	Property development, PRC	RMB20,000,000	30%

The associate was acquired by the Group from a third party at a consideration of RMB6 million on 1 July 2012.

The aggregate amounts relating to the associate that have been included in the Group's financial statements as extracted from the relating financial statements of the associate, adjusted to reflect adjustments made by the Group when applying the equity method of accounting is set out below:

	Group 2013 RMB'000	2012 RMB'000
Associate's results for the year ended 31 March		
Income	**–**	–
Expenses	**(160)**	(10)
Loss for the year	**(160)**	(10)
Group's share of result of an associate for the year	**(48)**	(3)*
Associate's assets and liabilities as at 31 March		
Non-current assets	**67**	–
Current assets	**108,041**	–
Current liabilities	**(88,652)**	–
	19,456	–
Group's share of net assets of an associate	**5,837**	–

* *Amount was attributable to an associate deregistered by the Group on 22 June 2011.*

Notes to the Financial Statements

for the year ended 31 March 2013

19. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred taxation is calculated in full on temporary differences under the balance sheet liability method using principal taxation rates of 10% to 25% for the year (2012: 10% to 25%). The movement on the deferred tax assets/(liabilities) is as follows:

	Group		
	Deferred tax assets in respect of provision for LAT	**Deferred tax liabilities in respect of fair value change of investment properties**	**Total**
	RMB'000	RMB'000	RMB'000
At 1 April 2011	18,671	(21,516)	(2,845)
Deferred tax credited to profit or loss	7,780	2,458	10,238
At 31 March 2012 and 1 April 2012	26,451	(19,058)	7,393
Deferred tax credit/(debited) to profit or loss	3,275	(8,551)	(5,276)
At 31 March 2013	**29,726**	**(27,609)**	**2,117**

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has no material unrecognised tax losses to carry forward against future taxable income at 31 March 2013 (2012: Nil).

Withholding rates ranging from 5% to 10% are imposed on dividends distributed to foreign investors. At 31 March 2013, deferred tax liabilities amounted to approximately RMB43,001,000 (2012: RMB41,050,000) in respect of aggregate amount of temporary difference of approximately RMB439,009,000 (2012: RMB410,500,000) associated with undistributed earnings of subsidiaries have not been recognised. No deferred tax liabilities have been recognised in respect of these differences because the Group is in a position to control the dividend policies of these subsidiaries and it is probable that such differences will not be reversed in the foreseeable future.

Notes to the Financial Statements

for the year ended 31 March 2013

20. PROPERTIES HELD UNDER DEVELOPMENT

	Group	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Leasehold interests in land	**862,564**	896,525
Development costs	**466,447**	408,017
Finance costs capitalised	**22,089**	40,155
	1,351,100	1,344,697

At 31 March 2013, properties held under development amounting to approximately RMB939,722,000 (2012: RMB963,418,000, restated) were not scheduled to be sold within twelve months.

During the year ended 31 March 2013, properties held under development with a carrying value of approximately RMB6,973,000 were transferred to investment properties as these properties were under operating lease arrangements with third parties during the year to earn rental.

Leasehold interests in land are located in the PRC and have lease terms expiring from 2043 to 2080 (2012: 2043 to 2080). The Group's leasehold interests in land are analysed as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Leasehold interests in land held on:		
– Leases of over 30 years	**862,564**	896,525

Certain properties held under development of approximately RMB405,691,000 (2012: RMB88,726,000, restated) were pledged against bank and other loans of the Group *(note 28)*.

Notes to the Financial Statements

for the year ended 31 March 2013

21. PROPERTIES HELD FOR SALE

Properties held for sale included leasehold interests in land located in the PRC with lease terms expiring from 2043 to 2080 (2012: 2043 to 2080). At 31 March 2013, the carrying value of the operating lease up-front payments on the leasehold interests in land amounted to approximately RMB47,760,000 (2012: RMB81,668,000).

22. ACCOUNTS RECEIVABLE

The ageing analysis of accounts receivable that are neither individually nor collectively considered to be impaired is as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
Not past due	**412**	627
Past due and less than one year	**–**	525
Past due and more than one year	**190**	476
	602	1,628

Receivables that were neither past due nor impaired relate to a wide range of buyers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent buyers. Based on past experience, the Directors 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.

23. PREPAYMENTS AND OTHER RECEIVABLES

		Group		Company	
		2013	2012	**2013**	2012
	Notes	**RMB'000**	RMB'000 (Restated)	**RMB'000**	RMB'000
Prepayments	*(a)*	**82,537**	70,392	**–**	–
Other receivables	*(b)*	**339,088**	309,601	**–**	4
		421,625	379,993	**–**	4

Notes to the Financial Statements

for the year ended 31 March 2013

23. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes:

(a) On 26 March 2012, the Group had entered into an agreement with Zhejiang Jiangnan Gongmao Group Limited（浙江江南工贸集团股份有限公司）("Zhejiang Jiangnan Gongmao") to acquire 20% equity interest in the Group's subsidiary, Huzhou Hailian (the "Acquisition") for a consideration of approximately RMB25,000,000. The Acquisition has not yet been completed as at 31 March 2013.

At 31 March 2013, prepayments included an interest-free advance payment of approximately RMB15,000,000 (2012: RMB15,000,000) to Zhejiang Jiangnan Gongmao for the Acquisition.

As at 31 March 2013, prepayment also included a deposit paid to the Bureau of Land Resources of Hangzhou（杭州市国土资源局）of RMB25,000,000 to secure a land grant contract dated 28 March 2013 for the acquisition of land use rights of the land in Hangzhou, the PRC *(see Note 40)*.

(b) At 31 March 2013, other receivables included an amount of approximately RMB234,445,000 (2012: RMB234,445,000) that was a sale consideration for the disposal of the Group's six parcels of land located at Jiashanyang, Zhonggeng Village, Daochang Town in Huzhou City, Zhejiang Province（浙江省湖州市道场乡中庚村夹山漾鱼场）, the PRC (the "Land Parcels").

Reference to the Group's announcements dated 28 November 2011 and 16 December 2011, the Group had entered into a letter of intent with Huzhou Economic – Technological Development Area Management Committee（湖洲经济技术开发区管理委员会）to sell and transfer the Land Parcels. The Group has completed the sale and transfer of the Land Parcels on 4 January 2012.

At 31 March 2013, other receivables of the Group amounted to approximately RMB42,330,000 (2012: RMB35,800,000) were interest-bearing at monthly interest rate of 1% (2012: 1%) and repayable within one year. None of the other receivables is either past due or impaired. The other receivables related to counterparties for which there was no recent history of default.

The carrying amounts of other receivables approximate their fair values as these financial assets which are measured at amortised cost, are expected to be repaid within a short time scale, such that the time value of money is not significant.

Notes to the Financial Statements

for the year ended 31 March 2013

24. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Amounts due from:				
– subsidiaries	**–**	–	**258,338**	228,338
– an associate	**37,867**	–	**–**	–
	37,867	–	**258,338**	228,338
Amounts due to:				
– subsidiaries	**–**	–	**(222,685)**	(193,613)
– director	**–**	(64)	**–**	–
– non-controlling interest	**(1,040)**	(1,026)	**–**	–
	(1,040)	(1,090)	**(222,685)**	(193,613)

Amounts due from/(to) related parties were unsecured, non-interest bearing and repayable on demand.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2013	2012
	RMB'000	RMB'000
Listed equity securities held for trading are as follows:		
– Hong Kong	**51**	54
– the PRC	**482**	5,364
Fair value of listed securities	**533**	5,418

The fair value of the Group's investment in listed securities has been determined by reference to their quoted bid prices at the end of reporting period.

Notes to the Financial Statements

for the year ended 31 March 2013

26. PLEDGED DEPOSITS AND CASH AND BANK BALANCES

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000 (Restated)	**RMB'000**	RMB'000
Cash at banks and in hand	**320,339**	143,518	**92**	92
Time deposits *(note (a))*	**11,647**	11,400	**–**	–
Cash and bank balances	**331,986**	154,918	**92**	92
Deposits pledged against banking facilities granted to the mortgagees *(note (b))*	**31,724**	24,403	**–**	–
Deposits restricted for construction work	**174**	422	**–**	–
Deposits pledged for bank and other loans *(note (c))*	**261,250**	38,000	**–**	–
Pledged deposits	**293,148**	62,825	**–**	–
	625,134	217,743	**–**	–
Less: Deposits with original maturity over three months but within one year	**(63,148)**	(62,825)	**–**	–
Less: Non-current pledged deposits	**(230,000)**	–	**–**	–
Cash and cash equivalents for the purpose of the statement of cash flows	**331,986**	154,918	**92**	92

Notes:

(a) As at 31 March 2013, the effective interest rates of time deposits were 1.35% to 2.80% (2012: 1.49% to 2.25%) per annum. Short term bank deposit of approximately RMB11,647,000 (2012: RMB11,400,000) have maturities of 7 to 14 days (2012: 7 days) and were eligible for immediate cancellation without receiving any interest for the last deposit period.

(b) The deposits with interest rates of 0.4% to 0.5% (2012: 0.4% to 0.5%) per annum were pledged to certain banks as security in the PRC as detailed in note 34. These banks provided mortgage loans to purchasers for acquisition of properties from the Group. The pledge will last for the period from the date of draw-down of mortgage loans to the date when the certificates for housing ownership are granted to the property purchasers. Such charges will be released upon the certificates are granted to the property purchasers.

(c) As at 31 March 2013, the bank deposits included an amount of approximately RMB31,250,000 with interest rate of 3.3% (2012: 3.5%) per annum was pledged to a bank in the PRC against a bank loan of approximately HK$37,000,000 (approximately RMB29,863,000) (2012: HK$45,000,000 (approximately RMB36,581,000)) *(note 28(a))*. The pledged will last for the period from the date of draw-down of secured bank loans to the date when the bank loan is fully settled.

Notes to the Financial Statements

for the year ended 31 March 2013

26. PLEDGED DEPOSITS AND CASH AND BANK BALANCES (Continued)

Notes: (Continued)

(c) (Continued)

As at 31 March 2013, the remaining bank deposits of approximately RMB230,000,000 with interest rate of 4.675% per annum was pledged to a financial institution in the PRC against other loans of approximately RMB218,500,000 due to be settled over twelve months after the reporting period as at 31 March 2013 *(note 28(b))*. The pledged deposits have maturity of approximately 3 years after reporting date.

As at 31 March 2013, approximately RMB624,262,000 (2012: RMB209,920,000, restated) was deposited with banks in the PRC. These balances were mainly denominated in RMB and Hong Kong Dollars ("HK$"). RMB is not freely convertible into foreign currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange regulations, the Group is permitted to exchange RMB for foreign currencies through banks in the PRC that are authorised to conduct foreign exchange businesses.

27. ACCRUALS, RECEIPTS IN ADVANCE AND OTHER PAYABLES

		Group		**Company**	
		2013	2012	**2013**	2012
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
			(Restated)		
Receipts in advance		**268,299**	335,127	**–**	–
Accruals and other payables	*(a)*	**257,505**	153,645	**261**	518
		525,804	488,772	**261**	518

Note:

(a) As at 31 March 2013, accrued construction cost and other project-related expense were included in accruals and other payables amounted to approximately RMB151,343,000 (2012: RMB56,570,000, restated). The amount was accrued based on the terms of the relevant agreements and project progress and was not due for payment as at the end of the reporting period.

28. BANK AND OTHER LOANS

		Group	
		2013	2012
	Notes	**RMB'000**	RMB'000
			(Restated)
Bank loans – secured	*(a)*	**178,647**	120,743
Other financial institution loans – secured	*(b)*	**388,500**	–
Total borrowings		**567,147**	120,743

Notes to the Financial Statements

for the year ended 31 March 2013

28. BANK AND OTHER LOANS (Continued)

The analysis of the carrying amount of the bank and other loans is as follows:

		Group	
	Note	**2013 RMB'000**	2012 RMB'000 (Restated)
Current			
Portion of bank and other financial institution loans due for repayment within one year or on demand		**129,216**	36,927
Portion of bank loans due for repayment after one year which contain repayment on demand clause	*(c)*	**3,431**	3,816
		132,647	40,743
Non-current			
Portion of bank and other financial institution loans due for repayment after one year		**434,500**	80,000
		434,500	80,000
Total borrowings		**567,147**	120,743

The Group's bank and other loans are repayable as follows:

	Group	
	2013 RMB'000	2012 RMB'000 (Restated)
Within one year or on demand	**132,647**	40,743
In the second year	**104,000**	40,000
In the third to fifth year	**330,500**	40,000
	434,500	80,000
	567,147	120,743

Notes to the Financial Statements

for the year ended 31 March 2013

28. BANK AND OTHER LOANS (Continued)

Notes:

(a) Bank loan amounted to HK$37,000,000 (approximately RMB29,863,000) (2012: HK$45,000,000 (approximately RMB36,581,000)) had a term of 1 month commencing March 2013 (2012: 3 months). The bank loan was secured by bank deposits denominated in RMB *(note 26(c))* and bore interest at HIBOR plus 3.5% (2012: HIBOR plus 3.5%) per annum. The effective interest rate was 3.71% to 3.9% (2012: 3.78% to 3.9%) per annum at 31 March 2013.

Bank loan amounted to HK$4,688,000 (approximately RMB3,784,000) (2012: HK$5,120,000 (approximately RMB4,162,000)) had a term of 15 years commencing 2007. The bank loan was secured by (i) the Group's buildings and a leasehold interest in land *(note 12)* and (ii) joint and several guarantees by Mr. Wong Lam Ping, director of the Company, and his spouse Ms. Chan Heung Ling, non-executive director of Sino Harbour Property Group, and bore interests at the floating rate. The effective interest rate was 2.5% (2012: 2.5%) per annum at 31 March 2013.

As at 31 March 2013, the remaining bank loans were denominated in RMB amounted to approximately RMB145,000,000, repayable in full on or before December 2014 and bore interest at floating rates ranging from 6.15% to 7.995% per annum. The bank loans were secured by (i) the pledge of the Group's properties held under development of approximately RMB212,833,000 (2012: RMB88,726,000, restated) *(note 20)*. Among these bank loans, an amount of RMB20,000,000 (2012: nil) was secured by personal guarantee by Mr. Wong Lam Ping, director of the Company.

(b) As at 31 March 2013, other loans were denominated in RMB, had a term of 3 years commencing December 2012 and bore interest at fixed rates ranging from 6.15% to 7.38% per annum. The other loans were secured by (i) the Group's investment properties and properties held under development of approximately RMB229,983,000 and (ii) bank deposits denominated in RMB amounted to approximately RMB230,000,000 *(note 26 (c))* as at 31 March 2013.

(c) As at 31 March 2013, the current liabilities included bank borrowings of approximately RMB3,401,000 (2012: RMB3,816,000) that were not scheduled to repay within one year. They were classified as current liabilities as the related loan agreements contain a clause that provided the lender with an unconditional right to demand repayment at any time at its own discretion.

29. SHARE CAPITAL, TREASURY SHARES AND WARRANTS

Share capital

Movement of share capital of the Company is summarised below:

	Number of shares	RMB'000
Authorised:		
Ordinary shares of HK$0.6 each		
At 1 April 2011, 31 March 2012 and 2013	850,000,000	517,374
Issued and fully paid:		
Ordinary shares of HK$0.6 each		
At 1 April 2011, 31 March 2012 and 2013	**518,855,024**	**313,446**

Notes to the Financial Statements

for the year ended 31 March 2013

29. SHARE CAPITAL, TREASURY SHARES AND WARRANTS (Continued)

Treasury shares

Pursuant to the resolutions approved by the shareholders at the special general meeting held on 22 July 2009, for the proposal of (i) amendments to the Bye-laws of the Company; and (ii) adoption of Share Purchase Mandate, the details of which were set out in the Company's circular dated 29 June 2009, to rationalise the Company the flexibility to undertake share purchase at any time, subject to market conditions, during the validity period of the Share Purchase Mandate. The directors believed that the Share Purchase Mandate provided the Company with a mechanism to facilities the return of any surplus cash in excess of the Group's working capital requirements in an expedient and cost-efficient manner.

Details of treasury shares of the Company as at 31 March 2012 and 2013 are as below:

	Number of shares	RMB'000
At 31 March 2012 and 2013	**3,460,000**	**8,280**

During the year, the Company did not repurchase any (2012: Nil) of its ordinary shares by way of on-market purchases and disposed any of treasury shares to finance the development of the projects in the PRC.

Warrants

On 28 October 2009, the Company issued 155,506,206 free warrants on the basis of 3 warrants for every 10 existing ordinary shares in the capital of the Company held by the shareholders (the "Warrants"). The Warrants would expire on the date immediately preceding the third anniversary of the date of issue. Each warrant entitled the holder thereof to subscribe for one new share at exercise price of S$0.66 for each new share, payable in cash and subject to adjustment.

The Warrants expired on 25 October 2012 and their subscription rights lapsed accordingly. None of the Warrants was being exercised during the period from 28 October 2009 to 25 October 2012.

Notes to the Financial Statements

for the year ended 31 March 2013

30. RESERVES

(a) Group

	Notes	2013 RMB'000	2012 RMB'000
Share premium	*(i)*	**203,250**	203,250
Treasury shares *(note 29)*	*(ii)*	**(8,280)**	(8,280)
Merger reserve	*(iii)*	**(2,243)**	(2,243)
Statutory reserve	*(iv)*	**68,862**	58,739
Capital reserve	*(v)*	**3,838**	3,838
Other reserve	*(vi)*	**82,217**	82,217
Exchange reserves	*(vii)*	**(8,277)**	(4,199)
Retained earnings		**712,809**	661,290
		1,052,176	994,612

The amounts of the Group's reserves and the movements therein for the year ended 31 March 2013 are presented in the consolidated statement of changes in equity of the financial statements.

Notes:

(i) The share premium account of the Group represented the premium arising from the issue of shares of the Company at a premium.

(ii) The treasury shares reserve is used to record the shares being repurchased by the Company but not yet cancelled at the end of reporting period. The amounts will be reversed upon the repurchased shares being cancelled *(note 29)*.

(iii) The merger reserve of the Group arose as a result of the reorganisation exercise completed on 9 September 2006 and represented the difference between the nominal value of the Company's shares issued under the reorganisation exercise and the nominal value of the aggregate share capital and share premium of the subsidiaries then acquired.

(iv) According to the relevant PRC laws, the subsidiaries are required to transfer at least 10% of its net profit after tax, as determined under the PRC accounting regulation, to a statutory reserve until the reserve balance reaches 50% of the subsidiaries' registered capital. The transfer of this reserve must be made before the distribution of dividend to the subsidiaries' equity owners. The statutory reserve is non-distributable other than upon the liquidation of the subsidiaries.

(v) The capital reserve arose from the capitalisation of statutory reserve of the PRC subsidiaries.

(vi) Other reserve represents the difference between the consideration and the carrying amount of the net assets attributable to the additional and reduction of interests in subsidiaries being acquired from and disposed to non-controlling equity holders respectively.

(vii) The exchange reserves comprise all foreign exchange differences arising from the translation of the financial statements of the Company and subsidiaries whose functional currency are different from that of the Group's presentation currency which is RMB and non-distributable.

Notes to the Financial Statements

for the year ended 31 March 2013

30. RESERVES (Continued)

(b) Company

	Notes	2013 RMB'000	2012 RMB'000
Share premium	*(a)(i)*	**203,250**	203,250
Treasury shares *(note 29)*	*(a)(ii)*	**(8,280)**	(8,280)
Merger reserve		**59,579**	59,579
Retained earnings		**5,516**	4,494
		260,065	259,043

The merger reserve of the Company arose as a result of the reorganisation exercise completed on 9 September 2006 and represents the excess of the nominal value of the Company's shares issued in exchange therefore over the then consolidated net assets value of the subsidiaries then acquired.

31. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

(i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for stakeholders;

(ii) To support the Group's stability and growth; and

(iii) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

Notes to the Financial Statements

for the year ended 31 March 2013

31. CAPITAL MANAGEMENT (Continued)

Management regards total equity as capital. The amount of capital as at 31 March 2013 amounted to approximately RMB1,854,344,000 (2012: RMB1,776,823,000, restated) which the management considers as optimal having consider the projected capital expenditures and the projected strategic investment opportunities. The net debts-to-equity ratio at 31 March 2013 and 2012 were as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Current liabilities		
Accounts payable	**35,049**	29,247
Accruals, receipts in advance and other payables	**525,804**	488,772
Amounts due to related parties	**1,040**	1,090
Bank and other loans	**132,647**	40,743
	694,540	559,852
Non-current liabilities		
Bank and other loans	**434,500**	80,000
Total debts	**1,129,040**	639,852
Less: Cash and bank balances	**(331,986)**	(154,918)
Pledged deposits	**(293,148)**	(62,825)
Net debts	**503,906**	422,109
Total equity	**1,854,344**	1,776,823
Net debts to equity ratio	**27.2%**	23.8%

The Group is not subject to any externally imposed capital requirements for the years ended 31 March 2013 and 2012 except as disclosed in note 30(a)(iv) on statutory reserves.

The Group's overall strategy remains unchanged from 2012.

Notes to the Financial Statements

for the year ended 31 March 2013

32. COMMITMENTS

	Group 2013 RMB'000	2012 RMB'000 (Restated)
Contracted but not provided for in respect of		
– properties held under development of the Group	**345,014**	168,699
– acquisition of additional equity interest in a subsidiary from non-controlling interests *(note 23(a))*	**10,000**	10,000
– acquisition of land use rights	**481,000**	–

The Company did not have any commitments as at 31 March 2013 and 2012.

33. OPERATING LEASE ARRANGEMENTS

(a) The Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of its properties as follows:

	Group 2013 RMB'000	2012 RMB'000
Not later than one year	**2,161**	1,869
Later than one year and not later than five years	**7,893**	7,313
Later than five years	**8,225**	10,416
	18,279	19,598

The Group leases out its investment properties which run for initial periods of three to sixteen years, without an option to renew the lease terms at the expiry date. None of the leases includes contingent rentals.

The Company does not have any operating lease receipts under non-cancellable operating leases.

Notes to the Financial Statements

for the year ended 31 March 2013

33. OPERATING LEASE ARRANGEMENTS (Continued)

(b) The Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of properties as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
Not later than one year	**168**	192
Later than one year and not later than five years	**16**	20
	184	212

The Group leases a number of properties under operating lease arrangements which run for initial periods of one to three years, with an option to renew the lease terms at the expiry date. None of the leases includes contingent rentals.

The Company does not have any operating lease payments under non-cancellable operating leases.

34. MORTGAGE LOAN ARRANGEMENTS WITH BANKS

The Group has arranged mortgage loan facility for certain purchasers of property units and provided guarantees to secure obligations of repayments. At 31 March 2013, the outstanding guarantees amounted to RMB309,153,000 (2012: RMB312,013,000). Such guarantees terminate upon earlier of (i) issuance of the real estate ownership certificate which will generally be available within one or two years after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loans by the purchasers of properties.

At the end of reporting period, the Group does not consider that it is probable that a claim will be made against the Group under the financial guarantee contracts. Accordingly the Group does not expect any net cash outflows resulting the financial guarantee contracts.

Notes to the Financial Statements

for the year ended 31 March 2013

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group does not have written risk management policies and guidelines. However, the Directors meet periodically to analyse and formulate measures to manage the Group's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, the Group employs a conservative strategy regarding its risk management. As the directors of the Company consider that the Group's exposure to market risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

At 31 March 2013, the financial assets of the Group comprise primarily accounts and other receivables, amounts due from a non-controlling interest and related companies and cash and bank balances. The financial liabilities of the Group comprise accounts and other payables, loans from bank and other borrowings.

(i) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from deposits at banks, other receivables and bank and other loans which bore interests at fixed and floating interest rates. Bank and other loans arranged at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The interest rate and repayment terms of the borrowing outstanding at the end of the reporting period are disclosed in note 28.

(ii) Foreign currency risk

Most of the Group's transactions are carried out in RMB which is the functional currency of most of the group entities. Exposures to currency exchange rates arise from certain of the Group's cash and bank balances which are denominated in HK$, and US Dollars ("US$"). The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and does not consider its foreign exchange risk to be significant.

Notes to the Financial Statements

for the year ended 31 March 2013

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Foreign currency risk (Continued)

Foreign currency risk exposure

The following table details the Group's exposure at the reporting date to foreign currency risk from financial assets at fair value through profit or loss, other receivables, bank balances, bank and other loans, and other payables denominated in a currency other than the functional currency of the Company and its subsidiaries.

	Group	
	2013	2012
	RMB'000	RMB'000
Financial assets at fair value through profit or loss denominated in		
– HK$	**51**	54
Other receivables denominated in		
– HK$	**217**	50
Bank deposits denominated in		
– HK$	**2,301**	22,187
– US$	**16**	16
Bank and other loans denominated in		
– HK$	**(33,647)**	(40,743)
Other payables denominated in		
– HK$	**(396)**	(1,108)

By assessing foreign currency risk on financial assets at fair value through profit or loss, other receivables, bank balances, bank and other loans, and other payables, the effect arising from a reasonably possible change in the exchange rates of RMB against HK$ and US$ in the next twelve months was not material to the results for the year and retained profits at each of the reporting date, on the basis that all other variables remain constant.

The Company is not exposed to any foreign currency risk.

Notes to the Financial Statements

for the year ended 31 March 2013

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and financial assets. The Group's credit risk is primarily attributable to accounts and other receivables and cash and bank balances. The management has a credit policy and the exposures to credit risks are monitored on an ongoing basis.

In respect of accounts and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

None of the Group's financial assets are secured by collateral or other credit enhancements.

The Group performs ongoing credit evaluation of its customers' financial positions. Provision for impairment is based upon a review of the expected collectability of all receivables.

The Group's bank balances are mainly deposits with state-owned banks in the PRC and major banks in Hong Kong.

At the end of reporting period, the Group has receivables due from other receivables *(note 23(b))* and a joint venturer *(note 17)* amounting to RMB339,088,000 and RMB126,702,000 respectively (2012: RMB309,601,000 and RMB47,702,000 respectively) representing 92% (2012: 99%) of total gross accounts and other receivables. Except for these receivables, there was no concentration of credit risk. The Company's credit risk is primarily attributable to amounts due from subsidiaries.

Financial guarantee

The principal risk to which the Group is exposed to is credit risk in connection with guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 34.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Group's future cash flows.

Notes to the Financial Statements

for the year ended 31 March 2013

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iv) Liquidity risk

The Group's objective is to ensure adequate funds to meet commitments associated with its financial liabilities. Cash flows are closely monitored on an ongoing basis. The Group will raise funds from the realisation of its assets if required.

At 31 March 2013 and 2012, the remaining contractual maturities of the Group's financial liabilities which are based on undiscounted cash flows and the earliest date the Group can be required to pay are summarised below.

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

Notes to the Financial Statements

for the year ended 31 March 2013

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iv) Liquidity risk (Continued)

Group

	Carrying Amount RMB'000	Total contractual undiscounted cash flow RMB'000	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	Over 1 year RMB'000
At 31 March 2013						
– Accounts payable	**35,049**	**35,049**	**35,049**	**–**	**–**	**–**
– Other payables	**255,598**	**255,598**	**255,598**	**–**	**–**	**–**
– Amounts due to related parties	**1,040**	**1,040**	**1,040**	**–**	**–**	**–**
– Interest-bearing bank borrowings	**567,147**	**637,559**	**33,647**	**19,887**	**107,290**	**476,735**
	858,834	**929,246**	**325,334**	**19,887**	**107,290**	**476,735**
– Financial guarantee issued: maximum amount guaranteed	**–**	**309,153**	**309,153**	**–**	**–**	**–**
At 31 March 2012 (as restated)						
– Accounts payable	29,247	29,247	29,247	–	–	–
– Other payables	124,032	124,032	116,306	2,561	4,383	782
– Amounts due to related parties	1,090	1,090	1,090	–	–	–
– Interest-bearing bank borrowings (restated)	120,743	130,111	4,162	37,909	3,693	84,347
	275,112	284,480	150,805	40,470	8,076	85,129
– Financial guarantee issued: maximum amount guaranteed	–	312,013	312,013	–	–	–

The table that follows summarises the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis above. Taking into account the Company's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

Notes to the Financial Statements

for the year ended 31 March 2013

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iv) Liquidity risk (Continued)

	Maturity analysis – Bank borrowings subject to a repayment on demand clause based on scheduled repayments					
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	Over 1 year RMB'000	Total undiscounted amount RMB'000	Carrying amount RMB'000
31 March 2013	–	30,069	336	3,807	34,212	33,647
31 March 2012	–	113	338	4,285	4,736	4,162

At 31 March 2013 and 2012, the Company's held no material financial liabilities and the Company ensure that it maintains sufficient financial support from Group's subsidiaries to meet its liquidity requirements.

The management has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial liabilities.

(v) Fair value

The fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The fair value of borrowings is not disclosed because the carrying value is not materially different from the fair value at the reporting date.

(vi) Equity price risk

The Group is exposed to equity price risk through its investment in listed equity securities which are classified as at fair value through profit or loss *(note 25)*. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles and will consider hedging the risk exposure should the need arise and represent a small percentage of the Group's net assets and the risk is minimal.

Notes to the Financial Statements

for the year ended 31 March 2013

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(vii) Fair value measurements recognised in the statement of financial position

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived form prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

		Group			
		Level 1	**Level 2**	**Level 3**	**Total**
	Note	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 March 2013					
Assets					
Securities held for trading					
– Listed	*(a)*	**533**	**–**	**–**	**533**
Year ended 31 March 2012					
Assets					
Securities held for trading					
– Listed	*(a)*	5,418	–	–	5,418

There have been no significant transfers between levels 2 and 3 in the reporting period.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

Notes to the Financial Statements

for the year ended 31 March 2013

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(vii) Fair value measurements recognised in the statement of financial position (Continued)

(a) Listed securities

The listed debt and equity securities are denominated in HK$ and RMB. Fair values have been determined by reference to their quoted bid prices at the reporting date and have been translated using the spot foreign currency rates at the end of the reporting period where appropriate.

36. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and liabilities as recognised at 31 March 2013 and 2012 may also be categorised as follows. See notes 3.13 and 3.18 for explanations about how the category of financial instruments affects their subsequent measurement.

Financial Assets

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000 (Restated)	**RMB'000**	RMB'000
Financial assets measured at fair value				
– Financial assets at fair value through profit or loss	**533**	5,418	**–**	–
Loans and receivables				
– Accounts and other receivables	**339,690**	311,229	**–**	4
– Due from a joint venture	**126,702**	47,702	**–**	–
– Due from related parties	**37,867**	–	**258,338**	228,338
Pledged deposits	**293,148**	62,825	**–**	–
Cash and cash equivalents	**331,986**	154,918	**92**	92
	1,129,393	576,674	**258,430**	228,434
	1,129,926	582,092	**258,430**	228,434

Notes to the Financial Statements

for the year ended 31 March 2013

36. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY (Continued)

Financial Liabilities

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000 (Restated)	**RMB'000**	RMB'000
Financial liabilities measured at amortised cost				
– Accounts and other payables	**290,647**	153,279	**261**	518
– Bank and other loans	**567,147**	120,743	**–**	–
– Due to related parties	**1,040**	1,090	**222,685**	193,613
	858,834	275,112	**222,946**	194,131

37. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following material related party transactions:

		Group	
		2013	2012
	Note	**RMB'000**	RMB'000
Car park rental expense	*(a)*	**39**	39

Note:

(a) During years ended 31 March 2013 and 2012, the non-executive director of Sino Harbour Property, Ms. Chan Heung Ling has entered into an agreement of car park rental for HK$48,000 per year.

Notes to the Financial Statements

for the year ended 31 March 2013

37. RELATED PARTY TRANSACTIONS (Continued)

Included in staff costs are key management personnel compensation as follows:

	Group 2013 RMB'000	2012 RMB'000
Directors' fee	**811**	802
Short-term employment benefits	**1,900**	1,932
Post employment benefits	**40**	41

The directors consider that other than themselves, the Group has no other key management personnel.

38. DIRECTORS' REMUNERATION

For the years ended 31 March 2013 and 2012, the remuneration of the directors of the Company analysed into the following bands is disclosed in compliance with rule 1207.11 of Chapter 12 of the Listing Manual of the SGX-ST:

For the year ended 31 March 2013

	Executive director	Non-executive director	Independent director	Total
Below S$250,000 (equivalent to RMB1,257,000)	**3**	**1**	**3**	**7**

For the year ended 31 March 2012

	Executive director	Non-executive director	Independent director	Total
Below S$250,000 (equivalent to RMB1,279,000)	5	1	3	9

Notes to the Financial Statements

for the year ended 31 March 2013

39. PROCEEDS FROM SHARES ISSUED TO NON-CONTROLLING INTERESTS BY SUBSIDIARY COMPANIES

On 22 July 2011, the Group completed the spin-off of its residential and commercial property development business in the cities located in the Jiangxi Province into a separate company, Sino Harbour Property, whose shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited. Following the spin-off, the Group's shareholding in Sino Harbour Property decreased from 100% to 75%.

2012's cash inflow of RMB273,108,000 represented the gross proceeds from dilution of the Group's interest as a result of the public offering of shares representing 25% of its enlarged capital.

40. EVENTS AFTER THE END OF REPORTING PERIOD

On 2 April 2013, the Group's indirect wholly-owned subsidiary, Sino Harbour, entered into a facility agreement (the "Facility Agreement") with a bank relating to secured term loan facilities (the "Facilities") of an aggregate amount of HK$315 million for a term of up to 3 years from the date of drawdown, 24 April 2013. The Group obtained the Facilities to finance a land acquisition as result of the Group and the Bureau of Land and Resources of Hangzhou having entered into a land grant contract dated 28 March 2013 for the acquisition of the land use rights of the land in Hangzhou, the PRC, at a consideration of RMB506 million, of which approximately RMB253 million shall be due on 27 April 2013 and the remaining balance shall be due by 28 March 2014.

Property Portfolio

Decription	Location	Type	Site Area in respect of entire project (sq. m.)	Planned/Actual Gross Floor Area (sq. m.)	Tenure	Effective Group Interest	Approximate Percentage Sold and Delivered	Expected Completion Date
COMPLETED PROPERTIES								
Huzhou Liyang Jingyuan Phase 1	No. 579 Longxi Bei Road and Land No. 5 Huzhou Economic and Technological Development Zone, Huzhou City Zhejiang Province, the PRC	C	36,720	C: 13,076	C: Expiring on 19 February 2046	100%	92%	Completed
Huzhou Liyang Jingyuan Phase 2	No. 579 Longxi Bei Road and Land No. 5 Huzhou Economic and Technological Development Zone, Huzhou City Zhejiang Province, the PRC	C	17,251	C: 12,149	C: Expiring on 19 February 2046	100%	C: 89%	Completed
Hangzhou Liyang Yuan	Shenhua Road Xihu District Hangzhou City, Zhejiang Province, the PRC	R, C	7,833	R: 24,921 C: 8,181	R: Expiring on 14 December 2076 R: Expiring on 14 December 2046	100%	R: 99% C: 66%	Completed
Huzhou Hua Cui Ting Yuan Phase 1	Taihu Meidong, Huzhou Development, Zone, Zone Zhejiang Province, the PRC	R, C	58,386	R: 44,006 C: 7,471	R: Expiring on 18 November 2080 C: Expiring on 18 November 2050	100%	R: 84% C: 0%	Completed
Nanchang Honggu Kaixuan Phase 1	No. 1568 Honggu Avenue, Honggu Tan Central District, Nanchang City, Jiangxi Province, the PRC	R, C	80,521	R: 135,642 C: 18,554	R: Expiring on 16 September 2073 C: Expiring on 16 September 2043	100%	R: 100% C: 91%	Completed
Nanchang Honggu Kaixuan Phase 2	No. 1568 Honggu Avenue, Honggu Tan Central District, Nanchang City, Jiangxi Province, the PRC	R, C	80,521	R: 116,214 C: 34,429	R: Expiring on 16 September 2073 C: Expiring on 16 September 2043	100%	R: 97% C: 68%	Completed
Fuzhou Hua Cui Ting Yuan Phase 1	No. 766 Jinchao Avenue, Fuzhou City, Jiangxi Province, the PRC	R, C	190,753	R: 89,115 C: 4,664	R: Expiring on 31 January 2080 C: Expiring on 31 January 2050	100%	R: 84% C: 8%	Completed
Yichun Royal Lake City Phase 1	No. 299, Yiyang Avenue, Yuanzhou District, Yichun City, Jiangxi Province, the PRC	R, C	607,084	R: 80,290 C: 12,381	R: Expiring on 29 March 2077 C: Expiring on 29 March 2047	100%	R: 53% C: 0%	Completed
PROPERTIES UNDER DEVELOPMENT								
Nanchang Honggu Kaixuan Phase 2 – Sino Harbour Kaixuan Center	No. 1568 Honggu Avenue, Honggu Tan Central District, Nanchang City, Jiangxi Province, the PRC	C	80,521	C: 31,852	C: Expiring on 16 September 2043	100%	N/A	Q2CY2013
Fuzhou Hua Cui Ting Yuan Phase 2	No. 766 Jinchao Avenue, Fuzhou City, Jiangxi Province, the PRC	R, C	190,753	R: 79,216 C: 2,399	R: Expiring on 31 January 2080 C: Expiring on 31 January 2050	100%	N/A	Q4CY2013
Nanchang Sino Harbour Island Villa Phase 1	No. 888 Huang Jia Hu West Road, Nanchang Economic and Technology Development Zone, Nanchang City, Jiangxi Province, the PRC	R, C	719,548	R: 137,668 C: 6,464	R: Expiring on 18 May 2072 C: Expiring on 18 May 2052	55%	N/A	Q1CY2014
Yichun Royal Lake City Phase 2	No. 299 Yiyang Avenue, Yuanzhou District, Yichun City, Jiangxi Province, the PRC	R	607,804	R: 105,000	R: Expiring on 29 March 2077 C: Expiring on 29 March 2047	100%	N/A	Q1CY2015

Property Portfolio

Decription	Location	Type	Site Area in respect of entire project (sq. m.)	Planned/Actual Gross Floor Area (sq. m.)	Tenure	Effective Group Interest	Approximate Percentage Sold and Delivered	Expected Completion Date
FUTURE PROJECTS								
Huzhou Delong Project	Taihu Meixi, Huzhou Development Zone, Zhejiang Province, the PRC	C	54,452	16,165	C: Expiring on 04 November 2050	30%	N/A	Under Planning
Huzhou Hua Cui Ting Yuan Phase 2	Taihu Meidong Huzhou Development Zone Zhejiang Province the PRC	R,C	66,667	55,000	R: Expiring on 18 November 2080 C: Expiring on 18 November 2050	100%	N/A	Under Planning
Huzhou Run Yuan Project Phase 1 and 2	Lot 188 land parcels Southwest District Huzhou City Zhejiang Province, the PRC	R,C	102,972	213,800	R: Expiring on 30 December 2079 C: Expiring on 30 December 2049	100%	N/A	Q4CY2015
Nanchang Sino Harbour Island Villa Phase 2-5	No. 888 Huang Jia Hu West Road, Nanchang Economic Development Zone, Nanchang City, Jiangxi Province, the PRC	R, C	719,548	860,656	R: Expiring on 18 May 2072 C: Expiring on 18 May 2052	55%	N/A	Phase 2: Q1CY2015 Phase 3: Q1CY2016 Phase 4: Q1CY2017 Phase 5: Q1CY2018
Fuzhou Hua Cui Ting Yuan Phase 3	No. 766 Jinchao Avenue, Fuzhou City, Jiangxi Province, the PRC	R, C	190,753	122,561	R: Expiring on 31 January 2080 C: Expiring on 31 January 2050	100%	N/A	Q4CY2014
Yichun Royal Lake City Phase 3 – 6	No. 299 Yiyang Avenue, Yuanzhou District, Yichun City, Jiangxi Province, the PRC	R, C	607,084	1,047,038	R: Expiring on 29 March 2077 C: Expiring on 29 March 2047	50%	N/A	Phase 3: Q2CY2016 Phase 4: Q3CY2017 Phase 5: Q4CY2018 Phase 6: Q1CY2020
Leping Project	Hushan Meiyuan Reclamation Farm, Leping City, Jiangxi Province, the PRC	R, C	333,341	394,800	R: Expiring on 17 June 2074 C: Expiring on 17 June 2044	51%	N/A	Phase 1: Q1CY2016 Phase 2: Q1CY2017 Phase 3: Q1CY2018
Hangzhou Project*	Southwest junction of Moganshan Road and Shenhua Road, Gongshu District, Hangzhou City, Zhejiang Province, the PRC	C	20,482	81,928	N/A	100%	N/A	Under Planning
PROPERTIES HELD FOR INVESTMENT								
Various retail units on Level 2 of Nanxun Commercial Complex	Tai'an Road Nanxun Town, Huzhou City, Zhejiang Province, the PRC	C	N.A.	1,354	C: Expiring on 24 April 2040	100%	N/A	Completed
Various retail units on Level 1 and 3 of Hongjin Commercial Plaza	Balidian Town, Huzhou City, Zhejiang Province, the PRC	C	N.A.	6,193	C: Expiring on 03 January 2046	100%	N/A	Completed
73 car parking space and 32 bicycle space of Xinya Jianyuan	Nos. 678 to 688 Shiyuan Road, Nanxun Tower, Huzhou City, Zhejiang Province, the PRC	C	N.A.	2,964	C: Expiring on 24 April 2040	100%	N/A	Completed
Levels 1 and 2 of Block 2, Unit 02 to 06 on Level 1 of Block 6 and a 3-storey kindergarten of Nanchang Honggu Kaixuan	No. 1568 Honggu Avenue, Honggu Tan Central District, Nanchang City, Jiangxi Province, the PRC	C	N/A	4,461	Expiring on 16 September 2043	100%	N/A	Completed
Unit 02, Level 1 to 3, Sino Harbour Kaixuan Center	No. 1568 Honggu Avenue, Honggu Tan Central District, Nanchang City, Jiangxi Province, the PRC	C	N/A	1,218	C: Expiring on 16 September 2043	100%	N/A	Completed

Property Portfolio

Decription	Location	Type	Site Area in respect of entire project (sq. m.)	Planned/Actual Gross Floor Area (sq. m.)	Tenure	Effective Group Interest	Approximate Percentage Sold and Delivered	Expected Completion Date
PROPERTIES OCCUPIED BY THE GROUP								
Room 1214-15	Unit Nos 14 and 15 on 12th Floor of Tower B, Hunghom Commercial Centre, No 37 Ma Tau Wai Road, Hunghom Kowloon	C	N/A	389.91	C: Expiring on 15 September 2047	100%	N/A	Completed
No. 25 Building, Huzhou Liyang Jingyuan Phase 1	Land No. 5 Huzhou Economic and Technological Development Zone, Huzhou City, Zhejiang Province, the PRC	C	N/A	1,408	C: Expiring on 19 February 2046	100%	N/A	Completed
No. 8 Commercial Building of Nanchang Honggu Kaixuan	No. 1568 Honggu Avenue, Honggu Tan Central District, Nanchang City, Jiangxi Province, the PRC	C	N/A	621.55	Expiring on 16 September 2043	100%	N/A	Completed
Room 1502 of Entrance B of the South Building of Minshi Garden	No. 28 Zhongshan West Road, Xihu District, Nanchang City, Jiangxi Province, the PRC	R	N/A	165.8	R: Expiring on 3 June 2069	100%	N/A	Completed

R: Residential

C: Commercial

*: As at the date of the Annual Report, the Group has not yet obtained the land use rights certificate for the land.

The "Planned Gross Floor Area" and "Expected Completion Date" are based on the best estimate by the management. These figures may change as the projects progress.

Shareholders' Information

SHAREHOLDERS' INFORMATION AS AT 20 JUNE 2013

Authorised Share Capital	:	HK$510,000,000.00
Issued and fully paid-up capital	:	HK$311,313,014.40
No. of Issued Shares	:	518,855,024
No. of Issued Shares (excluding Treasury Shares)	:	515,395,024
Number (Percentage) of Treasury Shares	:	3,460,000 (0.67%)
Class of shares	:	Ordinary shares of HK$0.60 each
Voting rights (excluding Treasury Shares)	:	One vote per share

STATISTICS OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 – 999	4	0.55	2,467	0.00
1,000 – 10,000	384	53.26	2,195,040	0.43
10,001 – 1,000,000	315	43.69	20,431,700	3.96
1,000,001 and above	18	2.50	492,765,817	95.61
Total	721	100.00	515,395,024	100.00

REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 20 JUNE 2013

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	Number of Shares	%	Number of Shares	%
Extra Good Enterprises Ltd (3)	288,000,000	55.88	–	–
Wong Lam Ping (1) (2)	20,952,194	4.07	302,443,300	58.68
Chan Heung Ling (1) (2)	14,443,300	2.80	308,952,194	59.94

Notes:

(1) Mr. Wong Lam Ping and Ms. Chan Heung Ling hold 52% and 48% of the issued share capital of Extra Good Enterprises Ltd ("Extra Good") respectively. As such, both are deemed to be interested in the shares held by Extra Good in the capital of the Company.

(2) Ms. Chan Heung Ling is the spouse of Mr. Wong Lam Ping and they are deemed to be interested in the shares held by each other.

(3) Extra Good Enterprises Ltd held 120,000,000 shares through DMG & Partners Securities Pte. Ltd.

Shareholders' Information

TWENTY LARGEST SHAREHOLDERS AS AT 20 JUNE 2013

No.	Name of Shareholders	Number of Shares	%
1	EXTRA GOOD ENTERPRISES LIMITED	168,000,000	32.60
2	DMG & PARTNERS SECURITIES PTE LTD	120,000,000	23.28
3	PHILLIP SECURITIES PTE LTD	39,009,816	7.57
4	HSBC (SINGAPORE) NOMINEES PTE LTD	30,501,000	5.92
5	CIMB SECURITIES (SINGAPORE) PTE LTD	26,276,000	5.10
6	WONG LAM PING	20,952,194	4.07
7	CHAN HEUNG LING	14,443,300	2.80
8	MAYBANK KIM ENG SECURITIES PTE LTD	13,311,000	2.58
9	ROYAL BANK OF CANADA (ASIA) LTD	13,058,000	2.53
10	ASDEW ACQUISITIONS PTE LTD	9,946,000	1.93
11	JUMBO KING HOLDINGS LIMITED	9,700,000	1.88
12	DBS VICKERS SECURITIES (S) PTE LTD	9,489,507	1.84
13	RAFFLES NOMINEES (PTE) LTD	5,981,000	1.16
14	YIM AH HOE	4,192,000	0.81
15	UOB KAY HIAN PTE LTD	2,716,000	0.53
16	CITIBANK NOMINEES SINGAPORE PTE LTD	2,020,000	0.40
17	SINGAPORE WAREHOUSE CO PTE LTD	1,870,000	0.36
18	CHEN TIK LUNG @ CHAN TIK LUNG	1,300,000	0.25
19	LIM EE ANN	1,000,000	0.19
20	SANTA LUCIA ASSET MANAGEMENT PTE LTD	750,000	0.15
	TOTAL	494,515,817	95.95

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

37.12% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notice of Annual General Meeting

汎港地產集團
PAN HONG PROPERTY GROUP

PAN HONG PROPERTY GROUP LIMITED
(Incorporated in Bermuda on 20 December 2005)
(Registration No.: 37749)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Pan Hong Property Group Limited (the "Company") will be held at M Hotel Singapore, Anson I Room, Level 2, 81 Anson Road, Singapore 079908 on Tuesday, 30 July 2013, at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 March 2013 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final dividend of S$0.01 per share (tax not applicable) for the year ended 31 March 2013 (FY2012: S$0.01 per share). **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to Bye-Law 86(1) of the Company's Bye-laws:

   Mr. Wong Lam Ping **(Resolution 3)**
   Dr. Choo Kian Koon **(Resolution 4)**

   Dr. Choo Kian Koon will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To approve the payment of Directors' fees of S$175,450 for the year ending 31 March 2014, to be paid quarterly in arrears (FY2013: S$159,500).
   See Explanatory Note (i) **(Resolution 5)**

5. To re-appoint BDO Limited, Certified Public Accountants, Hong Kong ("BDO HK") and BDO LLP, Public Accountants and Certified Public Accountants, Singapore to act jointly with BDO HK as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

Notice of Annual General Meeting

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

7. **Share Issue Mandate**

That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be given to the Directors of the Company to issue shares ("Shares") whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

(a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty percent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company;

(b) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company as at the date of the passing of this Resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from exercising share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) And that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities;

See Explanatory Note (ii) **(Resolution 7)**

Notice of Annual General Meeting

8. **The Proposed Renewal of Share Purchase Mandate**

That:–

(a) the Company be and is hereby authorised to purchase or otherwise acquire issued and paid up ordinary shares in the capital of the Company (the "Shares") not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:–

(i) on-market purchases (each an "On-Market Share Purchase") on the Singapore Exchange Securities Trading Limited (the "SGX-ST"); and/or

(ii) off-market purchases (each an "Off-Market Share Purchase") effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act (Chapter 50) of Singapore ("Singapore Companies Act"), as amended, modified or supplemented from time to time, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, and the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares in the foregoing manner be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution, and expiring on the earliest of:–

(i) the conclusion of the next Annual General Meeting of the Company; or

(ii) the date by which the next Annual General Meeting of the Company is required to be held; or

(iii) the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated, (the "Relevant Period").

Notice of Annual General Meeting

(c) in this Ordinary Resolution:–

"Maximum Limit" means ten percent (10%) of the total number of issued and paid-up ordinary shares of the Company as at the date of the passing of this Ordinary Resolution unless the Company has effected a reduction of its share capital in accordance with the Companies Act 1981 of Bermuda and such other laws and regulations for the time being be applicable, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time); and

"Maximum Price" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:–

(i) in the case of an On-Market Share Purchase, 105 percent (105%) of the Average Closing Price; and

(ii) in the case of an Off-Market Share Purchase, 120 percent (120%) of the Average Closing Price,

where:–

"Average Closing Price" means the average of the closing market prices of the Shares over the last five (5) Market Days ("Market Day" being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, before the day on which the On-Market Share Purchase was made or as the case may be, the day of making of the offer for an Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Day period; and

"day of the making of the offer" means the day on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Purchase; and

Notice of Annual General Meeting

(d) the Directors and each of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they/he/she may consider necessary, desirable, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

See Explanatory Note (iii) **(Resolution 8)**

By Order of the Board

Chan Chun Kit
Yvonne Choo
Company Secretaries

12 July 2013

Explanatory Notes to Resolutions to be passed–

(i) The Ordinary Resolution 5 proposed in item 4 above, is to approve the payment of Directors' fees of S$175,450 for the year ending 31 March 2014 ("FY2014"), to be paid quarterly in arrears. The increase in Directors' fees for FY2014 compared to FY2013 was due mainly to the increased responsibilities and obligations of the Non-Executive Directors in view of the changes to the SGX-ST listing rules and Code of Corporate Governance.

(ii) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty percent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty percent (20%) may be issued other than on a pro rata basis.

(iii) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors from the date of the above Meeting until the date the next Annual General Meeting is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of On-Market Share Purchases or Off-Market Share Purchases on an equal access scheme) from time to time of up to 10 percent (10%) of the total number of issued Shares excluding any Shares which are held as treasury shares of the Company at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are set out in greater details in the Addendum accompanying this Notice.

Notice of Annual General Meeting

Notes:

1. A Shareholder being a Depositor whose name appears in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore) is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. If a Depositor wishes to appoint a proxy/proxies to attend the Meeting, then he/she must complete and deposit the Depositor Proxy Form at the office of the Singapore Share Transfer Agent, B.A.C.S Private Limited, 63 Cantonment Road, Singapore 089758, at least forty-eight (48) hours before the time of the Meeting.

3. If the Depositor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of **Pan Hong Property Group Limited** (the "Company") will be closed on 7 August 2013 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Transfer Agent, B.A.C.S. Private Limited, 63 Cantonment Road Singapore 089758 up to 5.00 p.m. on 7 August 2013 will be registered to determine shareholders' entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 7 August 2013 will be entitled to the proposed dividend.

Payment of the dividend, if approved by the members at the Annual General Meeting to be held on 30 July 2013 will be made on 30 August 2013.

汎港地產集團
PAN HONG PROPERTY GROUP

Pan Hong Property Group Limited

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