

PAN HONG PROPERTY GROUP LIMITED

(Incorporated in Bermuda on 20 December 2005)

(Co. Reg. No: 37749)

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2012

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

RMB'000	Group		
	Year ended 31 March 2012	Year ended 31 March 2011	Increase/ (Decrease)
	(Unaudited)	(Audited)	
Revenue	577,384	768,767	(24.9%)
Cost of Sales	(330,483)	(468,282)	(29.4%)
Gross profit	246,901	300,485	(17.8%)
Other income and gains	120,887	81,525	48.3%
Selling and distribution expenses	(5,767)	(13,738)	(58.0%)
Administrative expenses	(31,301)	(21,473)	45.8%
Listing expenses of a subsidiary	(11,207)	-	NM
Other operating expenses	(5,874)	(1,277)	360.0%
Operating profit	313,639	345,522	(9.2%)
Finance costs	(3,170)	(4,063)	(22.0%)
Share of result of a jointly controlled entity	(3,481)	(768)	353.3%
Share of result of an associate	(3)	(116)	(97.4%)
Profit before income tax	306,985	340,575	(9.9%)
Income tax expense	(129,361)	(105,115)	23.1%
Profit for the year	177,624	235,460	(24.6%)
Other comprehensive income			
Exchange differences on translation of financial statements of foreign operations	2,264	9,970	(77.3%)
Total comprehensive income for the year	179,888	245,430	(26.7%)
Profit for the year attributable to:			
Owners of the Company	146,836	235,370	(37.6%)
Non-controlling interests	30,788	90	34,108.9%
	177,624	235,460	(24.6%)
Total comprehensive income attributable to:			
Owners of the Company	149,100	245,340	(39.2%)
Non-controlling interests	30,788	90	34,108.9%
	179,888	245,430	(26.7%)
Dividends	25,874	26,745	(3.3%)
Earnings per share for profit attributable to the owners of the Company during the year (in RMB cents)			
- Basic and Diluted	28.49	45.62	(37.5%)

NM: Not Meaningful

Note:

RMB '000	Group	
	Year ended 31 March 2012 (Unaudited)	Year ended 31 March 2011 (Audited)
Profit before income tax is arrived at after charging/(crediting):		
Interest charges on financial liabilities stated at amortised cost		
- Bank loans wholly repayable within five years	5,366	7,902
- Other loans wholly repayable within one year	771	4,623
Less: amount capitalised in properties held under development	(2,967)	(8,462)
	3,170	4,063
Depreciation of property, plant and equipment	1,821	1,459
Less: amount capitalised in properties held under development	(369)	(286)
	1,452	1,173
Cost of properties held for sale recognised as expense	298,418	429,563
Loss on disposal of property, plant and equipment	3	15
Exchange loss, net	1,201	-
Operating lease charge in respect of land and buildings	478	305
Less: amount capitalised in properties held under development	(152)	(227)
	326	78
Outgoings in respect of investment properties that generated rental income during the year	474	268
Staff costs, including directors' remuneration		
- Wages and salaries	15,826	11,703
- Retirement benefit scheme contributions - defined contribution plans	1,569	968
Less: amount capitalised in properties held under development	(3,398)	(2,717)
	13,997	9,954
Net fair value loss on financial assets at fair value through profit or loss	5,727	-
and crediting:		
Consultancy fee income	1,120	2,757
Exchange gain, net	-	76
Gain on disposal of properties held under development	90,377	-
Net fair value gain for investment properties and investment properties under construction	14,008	55,815
Net fair value gain on financial assets at fair value through profit or loss	-	6,917
Interest income		
- from bank deposits	5,117	4,981
- from other receivables	4,458	2,268
- from amount due from a jointly controlled entity	-	4,697
Rental income	4,546	3,911

Note:

The independent auditor received non-audit fee of approximately RMB322,000 for professional service rendered in connection with the financial information of the Group during the year ended 31 March 2012. Saved as disclosed above, no other non-audit fees were paid to the auditor by the Group or the Company during the financial years presented.



1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31 March 2012 Unaudited	31 March 2011 Audited	31 March 2012 Unaudited	31 March 2011 Audited
RMB'000				
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	14,207	14,313	-	-
Investment properties	119,601	105,593	-	-
Investments in subsidiaries	-	-	564,060	278,608
Interest in a jointly controlled entity	176,649	138,077	-	-
Interest in an associate	-	2,815	-	-
Other receivables	-	7,000	-	-
Deferred tax assets	26,451	18,671	-	-
	336,908	286,469	564,060	278,608
Current assets				
Properties held under development	1,080,519	1,440,805	-	-
Properties held for sale	418,998	231,645	-	-
Account receivables	1,628	20,861	-	-
Prepayments and other receivables	368,101	100,580	4	-
Amounts due from related parties	-	16	228,338	483,791
Financial assets at fair value through profit or loss	5,418	17,478	-	-
Pledged deposits	61,755	180,786	-	-
Cash and bank balances	144,786	223,069	92	92
	2,081,205	2,215,240	228,434	483,883
Non-current assets held for sale				
Investment properties held for sale	-	80,533	-	-
	2,081,205	2,295,773	228,434	483,883
Current liabilities				
Account payables	18,134	13,555	-	-
Accruals, receipts in advance and other payables	373,607	654,599	518	201
Provision for tax	188,658	164,619	-	-
Amounts due to related parties	1,090	1,367	193,613	162,948
Amount due to an associate	-	600	-	-
Bank and other loans	40,743	364,779	-	-
	622,232	1,199,519	194,131	163,149
Net current assets	1,458,973	1,096,254	34,303	320,734
Total assets less current liabilities	1,795,881	1,382,723	598,363	599,342
Non-current liabilities				
Deferred tax liabilities	19,058	21,516	-	-
Net assets	1,776,823	1,361,207	598,363	599,342
EQUITY				
Equity attributable to the Company's owners				
Share capital	313,446	313,446	313,446	313,446
Reserves	994,612	799,143	259,043	259,151
Proposed final dividend	25,874	26,745	25,874	26,745
	1,333,932	1,139,334	598,363	599,342
Non-controlling interests	442,891	221,873	-	-
Total equity	1,776,823	1,361,207	598,363	599,342

**1(b)(ii) Aggregate amount of group's borrowings and debt securities. Amount repayable in one year or less, or on demand****Amount repayable in one year or less, or on demand**

As at 31/03/2012		As at 31/03/2011	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
40,743	-	304,779	60,000

Amount repayable after one year

As at 31/03/2012		As at 31/03/2011	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Details of any collateral

Bank loans of approximately RMB4,162,000 were secured by the Group's land use rights which was classified as "leasehold interest in land and buildings" as at 31 March 2012. Bank loan of HKD45,000,000 (approximately RMB36,581,000) was secured by a deposit of RMB38,000,000 which was classified as "Pledged deposits" as at 31 March 2012.

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

RMB'000	Group	
	Year ended 31 March 2012	Year ended 31 March 2011
	(Unaudited)	(Audited)
Cash flows from operating activities		
Profit before income tax	306,985	340,575
Adjustments for:		
Interest income	(9,575)	(11,946)
Interest expense	3,170	4,063
Depreciation of property, plant and equipment	1,452	1,173
Loss on disposal of property, plant and equipment	3	15
Gain on disposal of properties held under development	(90,377)	-
Share of result of a jointly controlled entity	3,481	768
Share of result of an associate	3	116
Fair value adjustment on investment properties and investment properties under construction	(14,008)	(55,815)
Listing expenses of a subsidiary	11,207	-
Operating profit before working capital changes	212,341	278,949
Decrease in properties held under development and properties held for sale	266,646	168,197
Increase in account and other receivables and prepayments	(219,301)	(78,287)
Decrease in financial assets at fair value through profit or loss	6,333	-
Decrease in account and other payables, accruals and receipts in advance	(224,880)	(64,024)
Decrease in amounts due from/to related parties	(861)	(10,346)
Cash generated from operations	40,278	294,489
Interest received	8,315	7,249
Income taxes paid	(115,560)	(63,807)
Net cash (used in) /generated from operating activities	(66,967)	237,931
Cash flows from investing activities		
Purchases of property, plant and equipment	(2,169)	(1,336)
Proceeds from disposal of property, plant and equipment	24	17
Additions to investment properties	-	(6,756)
Proceeds from disposal of investment properties	-	1,767
Proceeds from disposal of investment properties held for sale	29,000	-
Proceeds from deregistration of an associate	2,812	-
Prepayment for acquisition of additional equity interest in a subsidiary	(15,000)	-
Acquisition of subsidiaries, net	-	(158,442)
Proceeds from disposal of a subsidiary, net	-	34,665
Purchase of additional economic interest in a jointly controlled entity	(70,000)	-
Advance to a jointly controlled entity	(22,053)	-
Acquisition of financial assets at fair value through profit or loss	-	(504)
Proceeds from disposal of financial assets at fair value through profit or loss	-	8,502
Decrease/(Increase) in pledged deposits with original maturity over three months	119,031	(43,796)
Net cash generated from/(used in) investing activities	41,645	(165,883)
Cash flows from financing activities		
Proceeds from shares issued to non-controlling interests by subsidiary companies	273,108	-
Listing expenses paid	(21,842)	-
Repurchase of shares	-	(4,705)
Dividend paid	(26,745)	(12,603)
New borrowings	36,581	210,118
Repayment of borrowings	(310,617)	(207,288)
Interest paid	(6,137)	(12,525)
Net cash used in financing activities	(55,652)	(27,003)
Net (decrease)/increase in cash and cash equivalents	(80,974)	45,045
Effect of foreign exchange difference	2,691	10,348
Cash and cash equivalents at beginning of the year	223,069	167,676
Cash and cash equivalents at end of the year (note)	144,786	223,069
Note:		
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents	144,786	223,069

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Equity attributable to equity holders of the Company											Non - Controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Merger reserve	Statutory reserve	Capital reserve	Other reserve	Exchange reserve	Retained earnings	Proposed final dividend	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2010	313,446	(3,575)	203,250	(2,243)	25,617	3,838	-	(13,714)	372,038	12,645	911,302	221,783	1,133,085
Purchase of treasury shares	-	(4,705)	-	-	-	-	-	-	-	-	(4,705)	-	(4,705)
Dividend paid	-	-	-	-	-	-	-	-	-	(12,603)	(12,603)	-	(12,603)
Transactions with owners	-	(4,705)	-	-	-	-	-	-	-	(12,603)	(17,308)	-	(17,308)
Profit for the year	-	-	-	-	-	-	-	-	235,370	-	235,370	90	235,460
Other comprehensive income													
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	9,970	-	-	9,970	-	9,970
Total comprehensive income for the year	-	-	-	-	-	-	-	9,970	235,370	-	245,340	90	245,430
Transfer to statutory reserves	-	-	-	21,443	-	-	-	-	(21,443)	-	-	-	-
Reduction in dividend paid due to purchased treasury shares	-	-	-	-	-	-	-	-	42	(42)	-	-	-
Final dividend proposed for the year	-	-	-	-	-	-	-	-	(26,745)	26,745	-	-	-
At 31 March 2011 and 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	-	-	-	-	-	-	-	-	-	(26,745)	(26,745)	-	(26,745)
Deemed disposal of subsidiaries	-	-	-	-	(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	-	-	-	-	-	-	-	-	(25,874)	25,874	-	-	-
At 31 March 2012 (unaudited)	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

Company	Share capital	Treasury shares	Share premium	Contributed surplus	Retained earnings	Proposed final dividend	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2010	313,446	(3,575)	203,250	59,579	8,943	12,645	594,288
Profit for the year	-	-	-	-	22,362	-	22,362
Purchase of treasury shares	-	(4,705)	-	-	-	-	(4,705)
Dividend paid	-	-	-	-	-	(12,603)	(12,603)
Reduction in dividend paid due to purchased treasury shares	-	-	-	-	42	(42)	-
Final dividend proposed for the year	-	-	-	-	(26,745)	26,745	-
At 31 March 2011 and 1 April 2011	313,446	(8,280)	203,250	59,579	4,602	26,745	599,342
Profit for the year	-	-	-	-	25,766	-	25,766
Dividend paid	-	-	-	-	-	(26,745)	(26,745)
Final dividend proposed for the year	-	-	-	-	(25,874)	25,874	-
At 31 March 2012 (unaudited)	313,446	(8,280)	203,250	59,579	4,494	25,874	598,363

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

SHARE CAPITAL

Date	Particulars	Number of shares		Amount	
		Issued share capital	Treasury share	Share Capital RMB'000	Treasury share RMB'000
01 April 2011 and 31 March 2012	Balance at beginning and the end of the year	518,855,024	(3,460,000)	313,446	(8,280)

WARRANTS

As at 31 March 2012, there were 155,506,206 warrants (31 March 2011: 155,506,206) that might be exercised into ordinary shares. Each warrant will carry the right to subscribe for one (1) new ordinary share in the capital of the Company.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued ordinary shares as at 31 March 2012 was 518,855,024 (31 March 2011: 518,855,024), of which 3,460,000 (31 March 2011: 3,460,000) were held by the Company as treasury shares.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

NIL

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those applied in the Group's audited financial statements for the year ended 31 March 2012.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the new and revised International Financial Reporting Standards (IFRSs) which became effective for financial periods beginning on 1 April 2011. The adoption of these new and amended IFRSs did not give rise to significant change to the financial statements.

6. **Earning per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	Year ended 31 March 2012	Year ended 31 March 2011
Earnings per ordinary share (in RMB cents):	(Unaudited)	(Audited)
- Basic and Diluted	28.49	45.62

Note:

The calculation of basic earnings per share was based on the profit attributable to equity holders of the Company of approximately RMB146,836,000 (2011: RMB235,370,000) divided by weighted average of 515,395,024 ordinary shares (excluding treasury shares) (2011: the weighted average of 515,950,000) during the year.

Diluted earnings per share for the year is the same as the basic earnings per share as there is no dilutive potential share (2011: Nil).

7. **Net asset value (for the issuer and group) per ordinary share based on of the total number of issued shares excluding treasury shares of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at 31/03/2012	As at 31/03/2011	As at 31/03/2012	As at 31/03/2011
Net asset value per ordinary share (in RMB cents)	344.75	264.11	116.10	116.29

Note:

The number of ordinary shares of the Company as at 31 March 2012 was 515,395,024 (excluding treasury shares) (31 March 2011: 515,395,024).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period report on.**

(a) REVIEW OF FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2012 ("FY2012") COMPARED TO THE PREVIOUS CORRESPONDING YEAR ENDED 31 MARCH 2011 ("FY2011")

	Year ended 31 March 2012	Year ended 31 March 2011
Revenue (RMB '000)		
Residential	391,720	606,829
Commercial and others	185,664	161,938
	577,384	768,767

Revenue

The Group's revenue in FY2012 was RMB577.4 million compared to RMB768.8 million in FY2011, a decrease of 24.9%. This was attributable mainly to a substantial decline in revenue in Zhejiang Province. Revenue from the Zhejiang Province decreased by 85.5% to RMB62.2 million in FY2012 from RMB428.6 million in FY2011.

The revenue in FY2012 comprised mainly of residential units sold in Nanchang Honggu Kaixuan Phase 2 (南昌红谷凯旋二期) and Fuzhou Hua Cui Ting Yuan Phase 1 (抚洲华萃庭院一期), as well as commercial units sold in Nanchang Honggu Kaixuan. In FY2012, the Group sold 334 of 997 residential units of Nanchang Honggu Kaixuan Phase 2 and 203 of 606 residential units at Fuzhou Hua Cui Ting Yuan Phase 1. The Group also sold 32 commercial units of Nanchang Honggu Kaixuan(南昌红谷凯旋).

As the Group is primarily engaged in property development business, revenue recognition is dependent on the launch of new projects and completion of handover of sold properties. Consequently, revenue and profit for the Group looking across quarters will appear irregular.

Cost of Sales and Gross Profit Margin

In line with the decrease in revenue, cost of sales decreased by 29.4% from RMB468.3 million in FY2011 to RMB330.5 million in FY2012.

Commercial property has a much higher gross profit margin compared with residential property. As the proportion of sales recognised from commercial units in FY2012 was higher than that in FY2011, Group gross profit margin increased to from 39.1% in FY2011 to 42.8% in FY2012.

Other Income and Gains

Other income and gains increased from RMB81.5 million in FY2011 to RMB120.9 million in FY2012, an increase of 48.3%. The other income and gains in FY2012 was due mainly to the gain on disposal of Hailian Project (海联项目) of RMB90.4 million in FY2012. The Group had announced on 28 November 2011 that its subsidiary, Huzhou Jiangnan Hailian Construction Co., Ltd (湖州江南海联建设有限公司) had entered into a Letter of Intent to dispose of Hailian Project at a consideration of RMB234.4 million. Further to the announcements, the Group executed the agreement and completed the sale and transfer of Hailian Project on 28 December 2011 and this was announced on 4 January 2012.

Selling and Distribution Expenses

Selling and distribution expenses comprised mainly salaries and commission expenses of salesperson, agency fee and advertising expenses. Selling and distribution expenses decreased by 58.0% from RMB13.7 million in FY2011 to RMB5.8 million in FY2012. The higher selling expenses in FY2011 was due mainly to the higher advertising and promotional expenses incurred in the launch of Fuzhou Hua Cui Ting Yuan Phase 1. Commission expenses in FY2012 were lower than FY2011 in line with the decrease in revenue in Zhejiang Province in FY2012.

Administrative Expenses

Administrative expenses in FY2012 increased by 45.8% to RMB31.3 million in FY2012 from RMB21.5 million in FY2011. The increase was due mainly to increase in staff cost and professional and consultancy expenses in line with the Group's business development as well as stamp duty on inter-company share transfer in relation to the group reorganisation.

Other Operating Expenses

Other operating expenses increased by 360.0% from RMB1.3 million in FY2011 to RMB5.9 million in FY2012. This increase was due mainly to the rise in net fair value loss of financial assets at fair value through profit or loss. The financial assets at fair value through profit or loss included listed equity securities in Hong Kong and the PRC. The financial assets are measured at fair value at the reporting date of the financial period. Due to market fluctuation, the market value of the listed equity securities held by the Group had decreased.

Finance Costs

In line with the decrease in bank and other loans, financial costs in FY2012 decreased RMB893,000 from RMB4.1 million in FY2011 to RMB3.2 million in FY2012.

Share of Result of a Jointly Controlled Entity

Share of loss of a jointly controlled entity increased from RMB768,000 in FY2011 to RMB3.5 million in FY2012. The increase was attributable mainly to higher promotional expenses incurred by the jointly controlled entity for the launch of Yichun Royal Lake City (宜春御湖城). Pre-sales for the Yichun Royal Lake City Phase 1 commenced on January 2012.

Profit for the Year

As a cumulative effect of the foregoing factors, the profit before income tax in FY2012 decreased by 9.9% to RMB307.0 million, compared to RMB340.6 million in FY2011.

Income Tax

Income tax expense increased by 23.1% from RMB105.1 million in FY2011 to RMB129.4 million in FY2012 was due mainly to the increase in Land Appreciation Tax ("LAT"). Increase in LAT was attributable mainly to the higher assessable appreciated value of the property in FY2012 resulting from the lower portion of ordinary residential property being delivered during the year. According to the Provisional Regulations of the People's Republic of China ("PRC") on LAT and relevant implementation rules, an entity which derives a profit from selling or transferring properties shall be liable to pay LAT at progressive rates ranging from 30% to 60%, of the appreciated value of the property, with certain exemptions available for the sale of ordinary residential properties if the appreciated value does not exceed 20% of the deductible items as defined in the relevant LAT regulations. Sales of commercial properties are not eligible for such exemption.

The Group posted a decrease of 24.6% profit after tax of RMB177.6 million in FY2012 from RMB 235.5 million in FY2011.

(b) REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2012 AND CASH FLOW FOR FY2012

Investment Properties

As at 31 March 2012, the Group had investment properties at fair value of RMB119.6 million, compared to RMB186.1 million comprising investment properties completed at fair value and held for sale as at 31 March 2011. The decrease was due to the handover of investment properties held for sale to the buyers.

Interest in a Jointly Controlled Entity

Interest in a jointly controlled entity increased from RMB138.1 million as at 31 March 2011 to RMB176.6 million as at 31 March 2012. The increase was attributable mainly to the increase in investment in Jointly Controlled Entity as well as an advance to a jointly controlled entity by the Group for the construction cost of Yichun Royal Lake City Phase 1.

Interest in an Associate

On 22 June 2011, the Group announced the de-registration of an associated company. As at 31 March 2012, the Group did not hold any interest in its associate, Pinghu City Pan Hong Port Limited.

Properties Held Under Development

As at 31 March 2012, the Group's properties held under development decreased by RMB360.3 million from RMB1.44 billion as at 31 March 2011 to RMB1.08 billion as at 31 March 2012. The decrease was due mainly to the disposal of Hailian Project in FY2012 as well as the completion of the development of property units of Nanchang Honggu Kaixuan and Fuzhou Hua Cui Ting Yuan Phase 1 in FY2012.

Properties Held for Sale

Properties held for sale increased to RMB419.0 million as at 31 March 2012, from RMB231.6 million as at 31 March 2011 due mainly to property units not recognised as revenue for the projects of Fuzhou Hua Cui Ting Yuan Phase 1.

Account Receivables

Account receivables decreased to RMB1.6 million as at 31 March 2012, from RMB20.9 million as at 31 March 2011. The decrease was mainly due to improvements in collections of outstanding balances.

Prepayments and Other Receivables

Group prepayments and other receivables increased from RMB100.6 million as at 31 March 2011 to RMB368.1 million as at 31 March 2012 out of which RMB234.4 million was attributable to the receivable from the disposal of Hailian Project classified as "Other Receivables". The remaining RMB133.7 million was attributable mainly to an increase in the prepayments to contractors for the construction of Nanchang Honggu Kaixuan.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss include listed equity securities in Hong Kong and PRC. Financial assets at fair value through profit or loss decreased to RMB5.4 million as at 31 March 2012 from RMB17.5 million as at 31 March 2011 due mainly to the fair value loss for the listed equity securities as well as disposal of listed equity securities in FY2012.

Pledged Deposits

Pledged deposits decreased from RMB180.8 million as at 31 March 2011 to RMB61.8 million as at 31 March 2012. The decrease was due mainly to the release of the deposits pledged to the banks against the bank loans which had since been repaid.

Account Payables, Accruals, Receipts in Advance and Other Payables

Account payables increased to RMB18.1 million as at 31 March 2012 from RMB13.6 million as at 31 March 2011 due to a higher number of property projects which were near completion. The account payables comprised mainly of 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 decreased to RMB373.6 million as at 31 March 2012 from RMB654.6 million as at 31 March 2011. 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 and project-related expenses that were based on the progress of the project development but were not due for payment as at 31 March 2012. The decrease in accruals, receipts in advance and other payables was due mainly to the realisation of part of the advance receipts in revenue during the financial year.

Bank and Other Loans

As at 31 March 2012, the Group had total borrowings of RMB40.7 million, a significant decrease from RMB364.8 million as at 31 March 2011 due mainly to the repayment of borrowings in FY2012.

Of these borrowings, a bank loan of HKD45.0 million (RMB36.6 million equivalent) was secured by a deposit of RMB38.0 million which was classified as "Pledged deposit" as at 31 March 2012.

After the repayment of borrowings during the financial period, the Group's gearing ratio had improved significantly. Based on its total equity of RMB1.78 billion and a deposit collateral of RMB38.0 million, the Group recorded a low gearing ratio (total borrowings less deposit collateral / total equity) of only 0.15% as at 31 March 2012, compared to 15.0% as at 31 March 2011.

Cash Flow Analysis

In FY2012, the Group recorded RMB67.0 million of cash used in operating activities which was attributable mainly to the increase in other receivables, decrease in receipts in advance as well as income taxes paid in FY2012.

Net cash flow from investing activities in FY2012 amounted to RMB41.6 million due mainly to the release of deposits pledged to banks against the bank loans which had since been repaid.

Net cash used in financing activities in FY2012 amounted to RMB55.7 million due mainly to the repayment of borrowings.

As at 31 March 2012, the Group had cash and cash equivalents of RMB144.8 million.

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

The Group's performance for FY2012 is in line with the previous results announcement made.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Industry Outlook

Housing prices in the PRC have declined year-on-year in response to the PRC government's strict property controls, evidenced in a record price drops of 46 out of 70 cities, indicating that property market prices are starting to stabilise (Xinhua, 3 May 2012).

Although the PRC government has swiftly clamped down on efforts by the local governments to ease property restrictions in various cities (The Business Times, 4 March 2012), they have also taken steps to fine-tune their policies to facilitate purchases by first-time home buyers (Reuters, 8 May, 2012). These measures have been effective in helping to improve sales, particularly to first time home buyers. Earlier this month, after Premier Wen Jiabao spoke at a conference in Wuhan, the market believes that the government will not further extend the property curbs, putting the property industry in a more positive light (China Business News, 28 May 2012).

Slowing economic growth has also prompted the PRC central bank to cut its reserve requirements recently for the second time this year (Dow Jones, 18 May, 2012). This has prompted speculation that the PRC government may be taking a softer stance on property restrictions, and may also be more tolerant towards additional fine-tuning measures in the sector (Wall Street Journal, 20 May, 2012). Analysts in China observed that after over a year of correction, the intrinsic demand has started to come back to the market as evidenced by the slight increase in the number of transactions in recent months (China News, 24 May 2012). Despite the austerity measures, experts still believe that the underlying demand for housing will continue to remain strong. (Forbes, 14 May, 2012).

Company Update

Property Pre-sales

The property pre-sales activity for the Group's projects in Nanchang, Fuzhou, Yichun and Huzhou cities remained strong. Results of Property Pre-sale Launches (as at 18 May 2012) are summarised in the tables below:

Residential Units

	Nanchang Honggu Kaixuan Phase 2	Huzhou Hua Cui Ting Yuan Phase 1	Fuzhou Hua Cui Ting Yuan Phase 1	Yichun Royal Lake City Phase 1*
Est. total GFA released for sale (total units)	116,214 sqm (1,007 units)	44,006 sqm (184 units)	81,165 sqm (581 units)	29,558 sqm (310 units)
Est. total GFA pre-sold (total units)	113,830 sqm (998 units)	37,025 sqm (150 units)	64,780 sqm (486 units)	13,224 sqm (133 units)
Percentage of pre-sold	98%	84%	80%	45%
Pre-sale GFA (units pre-sold) not handed over to buyers as at 31 March 2012 ^	2,380 sqm (26 units)	579 sqm (2 units)	37,392 sqm (283 units)	13,224 sqm (133 units)
Pre-sale value not handed over to buyers as at 31 March 2012 ^	RMB18.0 m	RMB4.1 m	RMB183.8 m	RMB56.4 m
ASP per sq m*	RMB7,567	RMB7,029	RMB4,915	RMB4,264

Commercial Units

	Nanchang Honggu Kaixuan Phase 1 and 2
Est. total GFA released for sale	16,215 sqm
Est. total GFA pre-sold	13,785 sqm
Percentage of pre-sold	85%
Pre-sale GFA not handed over to buyers as at 31 March 2012 ^	7,415 sqm
Pre-sale value not handed over to buyers as at 31 March 2012 ^	RMB124.7 m
ASP per sq m*	RMB16,821

*: Average Sales Price (“ASP”) of the projects is computed as follows: Pre-sale value not handed over to buyer divided by Pre-sale GFA not handed over to buyer.

^: Pre-sale value not handed over to buyer is computed as follows: Beginning period pre-sales plus New pre-sales during the period less those handed over to buyers as at 31 March 2012.

※: The Group owns a 50% interest Jiangxi Ganghong Industrial Co. Ltd., which is a joint-venture company to develop Yichun Royal Lake City.

Company Strategies

The Group maintains its strategy to proceed with its property launches and development, in addition to focusing on sales and pre-sales of existing properties. During the period under review, the Group’s gearing ratio further improved to 0.2%, an unparalleled position among its peers. The Group will continue to build on its core competencies of building quality residences and maintain a prudent financial policy.

The current land bank prices in the PRC are at a much lower level compared to previous years as a result of the property market being at a price-correction stage. Given the Group’s sufficient funding, it will continue to seek opportunities to acquire land parcels at low cost, and focus on building properties in second- to third-tier cities. The Group believes that these cities are relatively less affected by the PRC government’s anti-speculation policies.

At present, the Group has no plan to adjust the price of its properties. The Group will pay close attention to PRC government’s policies, focus on finding high growth opportunities and improve the quality of the Group’s projects.

The Group’s top management is in talks with relevant PRC government entities to discuss the feasibility of environmental-friendly developments. As stated in previous announcements, the Group favours projects that align with the expectations of both the government and residents, sustaining the well-being of the Group by delivering quality projects and garnering good-will. Going forward, the Group will consider investing in projects that are culturally innovative, sustainable and environmental-friendly, which are favoured by the government and the community.

Company Outlook

The Group will closely monitor the PRC government’s policies and time the launch of its properties in accordance with market demand. The Group will also continue to expand its land bank since land price is at its relatively low level at the current price-correction stage. While the Group still believes in the long term potential of the PRC real estate sector which is driven by a strong domestic economy, it has begun exploring opportunities to grow its core property development business in promising markets such as Africa

11. Dividend

(a) Current Financial Period Reported On

Name of dividend:	Final
Dividend Type:	Cash
Dividend amount per share:	S\$0.010 per ordinary share (tax not applicable)
Par value per share:	HK\$0.60
Tax rate:	Tax not applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes. A final dividend of S\$0.010 per ordinary share (tax not applicable) had been declared for the financial year ended 31 March 2011.

(c) Date payable

To be announced later.

(d) Books closure date

To be announced later.

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

Not Applicable.

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

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

The Group has identified the following reportable segments:

- Northern Region, which includes the Group's business in Zhejiang, Xinjiang, Tibet, Gansu, Shaanxi, Qinghai, Inner Mongolia, Ningxia, Shanxi, Henan, Hebei, Shandong, Jiangsu, Anhui, Liaoning, Jilin, Heilongjiang, Beijing, Tianjin and Shanghai of the PRC
- Southern Region, which includes the Group's business in Jiangxi, Sichuan, Chongqing, Hubei, Fujian, Yunnan, Guangxi, Hunan, Guangdong, Guizhou and Hainan of the PRC

<u>UNAUDITED SEGMENTAL ANALYSIS</u>	Northern Region RMB'000	Southern Region RMB'000	Unallocated Expenses RMB'000	Total RMB'000
By Geographical segment				
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
Year ended 31 March 2011				
Revenue from external customers				
Sales of properties held for sale	428,569	340,198	-	768,767
Reportable segment revenue	428,569	340,198	-	768,767
Reportable segment profit	115,013	123,701	(3,254)	235,460

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

Please refer to Section 8.

15. A breakdown of sales.

(RMB'000)	Year ended 31 March 2012	Year ended 31 March 2011	% increase/ (decrease)
(a) Sales reported for the first half year	228,400	203,408	12.3%
(b) Operating profit after tax before deducting non-controlling interests reported for the first half year	49,679	36,026	37.9%
(c) Sales reported for the second half year	348,984	565,359	(38.3%)
(d) Operating profit after tax before deducting non-controlling interests reported for the second half year	127,945	199,434	(35.8%)

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

	Full year ended 31 March 2012	Full year ended 31 March 2011
	RMB'000	RMB'000
Ordinary	25,874	26,745
Preference	Nil	Nil
Total annual dividend	25,874	26,745

17. If the Group has obtained a general mandate from shareholders for Interested Parties Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(II). If no IPT mandate has been obtained, a statement to that effect.

The Group is not required to obtain a general mandate from shareholders for IPTs.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement

Name	Age	Family Relationship with any director and/or CEO and/or substantial shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Chan Heung Ling	53	Spouse of Mr. Wong Lam Ping, Executive Chairman and a Substantial Shareholder of the Group.	Non-Executive Director of Sino Harbour Property Group Limited, a subsidiary of the Group, which is listed on the Stock Exchange of Hong Kong. Ms. Chan is responsible for the formulation of the overall strategy of Sino Harbour Property Group.	Nil
Wong Lui	28	Son of Mr. Wong Lam Ping, Executive Chairman and a Substantial Shareholder of the Group and Ms. Chan Heung Ling, a Substantial Shareholder of the Group.	Executive Director of Sino Harbour Property Group Limited, a subsidiary of the Group, which is listed on the Stock Exchange of Hong Kong. Mr. Wong is responsible for the operational management and development of the projects of Sino Harbour Property Group.	Nil

BY ORDER OF THE BOARD

Wong Lam Ping
Chairman
28 May 2012