

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 2015

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 2015 (Unaudited)	Year ended 31 March 2014 (Audited)	Increase/ (Decrease)
Revenue	505,224	535,077	(5.6%)
Cost of Sales	(369,020)	(353,032)	4.5%
Gross profit	136,204	182,045	(25.2%)
Other income and gains	67,472	106,000	(36.3%)
Selling and distribution expenses	(25,049)	(18,114)	38.3%
Administrative expenses	(44,535)	(45,709)	(2.6%)
Other operating expenses	(230)	(1,469)	(84.3%)
Operating profit	133,862	222,753	(39.9%)
Finance costs	(3,233)	(1,208)	167.6%
Share of result of a joint venture	(1,219)	(480)	154.0%
Share of result of an associate	-	(6)	(100.0%)
Profit before income tax	129,410	221,059	(41.5%)
Income tax expense	(58,307)	(80,815)	(27.9%)
Profit for the year	71,103	140,244	(49.3%)
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations	1,915	4,006	(52.2%)
Other comprehensive income for the year	1,915	4,006	(52.2%)
Total comprehensive income for the year	73,018	144,250	(49.4%)
Profit for the year attributable to:			
Owners of the Company	50,965	107,521	(52.6%)
Non-controlling interests	20,138	32,723	(38.5%)
	<u>71,103</u>	<u>140,244</u>	(49.3%)
Total comprehensive income attributable to:			
Owners of the Company	52,496	111,941	(53.1%)
Non-controlling interests	20,522	32,309	(36.5%)
	<u>73,018</u>	<u>144,250</u>	(49.4%)
Earnings per share for profit attributable to the owners of the Company during the year (in RMB cents)			
- Basic and Diluted	<u>9.95</u>	<u>20.93</u>	(52.5%)

Note:

RMB '000	Group	
	Year ended 31 March 2015 (Unaudited)	Year ended 31 March 2014 (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	43,276	27,698
- Other loans wholly repayable within five years	48,544	29,974
Less: amount capitalised in properties held under development	(88,587)	(56,464)
	3,233	1,208
Depreciation of property, plant and equipment	2,633	2,418
Less: amount capitalised in properties held under development	(544)	(379)
	2,089	2,039
Cost of properties held for sale recognised as expense	339,596	321,314
Written off of property, plant and equipment	-	158
Operating lease charge in respect of land and buildings	642	1,130
Less: amount capitalised in properties held under development	(82)	(144)
	560	986
Outgoings in respect of investment properties that generated rental income during the year	722	379
Staff costs, including directors' remuneration		
- Wages and salaries	32,523	27,469
- Retirement benefit scheme contributions - defined contribution plans	3,221	2,643
Less: amount capitalised in properties held under development	(12,011)	(12,318)
	23,733	17,794
Other taxes	7,962	10,187
and crediting:		
Consultancy fee income	-	1,271
Exchange gain	169	810
Net fair value gain for financial assets at fair value through profit or loss	626	1,153
Fair value gain on re-measurement of equity in an associate	-	613
Net fair value change of investment properties	36,971	83,467
Interest income		
- from bank deposits	10,278	7,862
- from other receivables	-	2,226
Rental income	18,679	8,450
Gain on disposal of property, plant and equipment	53	-
Sundry income	696	148

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 2015 (Unaudited)	31 March 2014 (Audited)	31 March 2015 (Unaudited)	31 March 2014 (Audited)
RMB'000				
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	29,117	22,053	-	-
Investment properties	405,654	359,229	-	-
Investments in subsidiaries	-	-	564,060	564,060
Interests in joint ventures	184,654	182,437	-	-
Other financial assets	20,000	20,000	20,000	20,000
Long-term pledged deposits	100,000	330,000	-	-
Deferred tax assets	25,164	24,986	-	-
	764,589	938,705	584,060	584,060
Current assets				
Properties held under development	2,285,262	1,607,064	-	-
Properties held for sale	733,296	461,767	-	-
Accounts receivable	2,361	1,584	-	-
Prepayments and other receivables	485,570	816,674	110	110
Amounts due from subsidiaries	-	-	260,838	258,338
Financial assets at fair value through profit or loss	7,364	6,149	-	-
Structured bank deposit	154,000	-	-	-
Pledged deposits	349,403	295,195	-	-
Cash and bank balances	309,501	74,236	132	92
	4,326,757	3,262,669	261,080	258,540
Non-current assets held for sale				
Investment properties held for sale	7,050	-	-	-
	4,333,807	3,262,669	261,080	258,540
Current liabilities				
Accounts and bill payables	69,413	28,949	-	-
Accruals, receipts in advance and other payables	1,108,757	727,899	255	274
Provision for tax	182,379	167,806	-	-
Amounts due to related parties	116,598	96,938	248,350	246,130
Bank and other loans	848,141	407,930	-	-
	2,325,288	1,429,522	248,605	246,404
Net current assets	2,008,519	1,833,147	12,475	12,136
Total assets less current liabilities	2,773,108	2,771,852	596,535	596,196
Non-current liabilities				
Bank and other loans	667,500	748,500	-	-
Deferred tax liabilities	57,690	48,452	-	-
	725,190	796,952	-	-
Net assets	2,047,918	1,974,900	596,535	596,196
EQUITY				
Equity attributable to the Company's owners				
Share capital	313,446	313,446	313,446	313,446
Reserves	1,212,076	1,159,580	283,089	282,750
	1,525,522	1,473,026	596,535	596,196
Non-controlling interests	522,396	501,874	-	-
Total equity	2,047,918	1,974,900	596,535	596,196

**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 31/03/2015		As at 31/03/2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
848,141	-	407,930	-

Amount repayable after one year

As at 31/03/2015		As at 31/03/2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
667,500	-	748,500	-

Details of any collateral

Bank and other loans of approximately RMB1,015,310,000 were secured by the Group's properties and land use rights which were classified as "Leasehold interest in land and buildings", "Investment properties", "Properties held under development" as well as "Properties held for sale" as at 31 March 2015. Bank and other loans of approximately RMB500,331,000 were mainly secured by a deposit of RMB534,000,000 which were classified as "Pledged deposits" and "Structured bank deposit" as at 31 March 2015.

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 2015	Year ended 31 March 2014
	(Unaudited)	(Audited)
Cash flows from operating activities		
Profit before income tax	129,410	221,059
Adjustments for:		
Interest income	(10,278)	(10,088)
Interest expense	3,233	1,208
Depreciation of property, plant and equipment	2,089	2,039
Written off of property, plant and equipment	-	158
Gain on disposal of property, plant and equipment	(53)	-
Share of result of an associate	-	6
Share of result of a joint venture	1,219	480
Fair value gain on re-measurement of equity in an associate	-	(613)
Net fair value gain for financial assets at fair value through profit or loss	(626)	(1,153)
Fair value adjustment on investment properties	(36,971)	(83,467)
Operating profit before working capital changes	88,023	129,629
Increase in properties held under development and properties held for sale	(444,163)	(213,036)
Increase in accounts and other receivables and prepayments	(90,551)	(421,157)
Increase in financial assets at fair value through profit or loss	(589)	(4,463)
Increase in accounts and other payables, accruals and receipts in advance	421,322	148,427
Increase in amounts due to related parties	-	19
Cash used in operations	(25,958)	(360,581)
Interest received	13,265	5,058
Income taxes paid	(34,674)	(84,524)
Net cash used in operating activities	(47,367)	(440,047)
Cash flows from investing activities		
Purchases of property, plant and equipment	(2,215)	(2,318)
Proceeds from disposal of property, plant and equipment	536	98
Proceeds from disposal of investment properties held for sale	-	11,108
Acquisition of subsidiary, net	-	(36,585)
Acquisition of other financial assets	-	(20,000)
Advance to a joint venture	(3,436)	(8,768)
Increase in prepayments and other receivables	(23,097)	(8,005)
Increase in structured bank deposits	(154,000)	-
Decrease/(increase) in pledged deposits with original maturity over three months	175,792	(332,047)
Net cash used in investing activities	(6,420)	(396,517)
Cash flows from financing activities		
Repurchase of treasury shares	-	(4,537)
Proceeds from shares issued to non-controlling interests by subsidiary	-	14,911
Advance from a related company	18,396	63,839
Dividend paid	-	(35,716)
New borrowings	607,660	860,173
Repayment of borrowings	(248,449)	(270,352)
Interest paid	(90,041)	(53,164)
Net cash generated from financing activities	287,566	575,154
Net increase/(decrease) in cash and cash equivalents	233,779	(261,410)
Effect of foreign exchange difference	1,486	3,660
Cash and cash equivalents at beginning of the year	74,236	331,986
Cash and cash equivalents at end of the year (note)	309,501	74,236
Note:		
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents	309,501	74,236



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 2013 (audited)	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
Dividend paid	-	-	-	-	-	-	-	-	-	(26,033)	(26,033)	-	(26,033)
Dividend paid to non-controlling interest of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(9,683)	(9,683)
Deregistration of subsidiary	-	-	-	-	-	-	-	-	-	-	-	(5,796)	(5,796)
Repurchase of treasury shares	-	(4,537)	-	-	-	-	-	-	-	-	(4,537)	-	(4,537)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	7,444	7,444
Capital contribution by minority equity holders of subsidiary	-	-	-	-	-	-	-	-	-	-	-	14,911	14,911
Transactions with owners	-	(4,537)	-	-	-	-	-	-	-	(26,033)	(30,570)	-	(23,694)
Profit for the year	-	-	-	-	-	-	-	-	107,521	-	107,521	32,723	140,244
Other comprehensive income													
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	4,420	-	-	4,420	(414)	4,006
Total comprehensive income for the year	-	-	-	-	-	-	-	4,420	107,521	-	111,941	32,309	144,250
Transfer to statutory reserves	-	-	-	-	9,245	-	-	-	(9,245)	-	-	-	-
At 31 March 2014 and 1 April 2014 (audited)	313,446	(12,817)	203,250	(2,243)	78,107	3,838	82,217	(3,857)	811,085	-	1,473,026	501,874	1,974,900
Profit for the year	-	-	-	-	-	-	-	-	50,965	-	50,965	20,138	71,103
Other comprehensive income													
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	1,531	-	-	1,531	384	1,915
Total comprehensive income for the year	-	-	-	-	-	-	-	1,531	50,965	-	52,496	20,522	73,018
Transfer to statutory reserves	-	-	-	-	6,331	-	-	-	(6,331)	-	-	-	-
At 31 March 2015 (unaudited)	313,446	(12,817)	203,250	(2,243)	84,438	3,838	82,217	(2,326)	855,719	-	1,525,522	522,396	2,047,918

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 2013 (audited)	313,446	(8,280)	203,250	59,579	5,516	26,033	599,544
Repurchase of treasury shares	-	(4,537)	-	-	-	-	(4,537)
Profit for the year	-	-	-	-	27,222	-	27,222
Dividend paid	-	-	-	-	-	(26,033)	(26,033)
At 31 March 2014 and 1 April 2014 (audited)	313,446	(12,817)	203,250	59,579	32,738	-	596,196
Profit for the year	-	-	-	-	339	-	339
At 31 March 2015 (unaudited)	313,446	(12,817)	203,250	59,579	33,077	-	596,535

- 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 (including treasury shares)	Treasury shares	Share capital RMB'000	Treasury shares RMB'000
01 April 2014 and 31 March 2015	Balance at beginning and the end of the period	518,855,024	(6,544,000)	313,446	(12,817)

- 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 2015 was 518,855,024 (31 March 2014: 518,855,024), of which 6,544,000 (31 March 2014: 6,544,000) 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.**

The Group had applied the same accounting policies and methods of computation in the financial statements for the current reporting period as in those of the audited financial statement for the year ended 31 March 2014.

- 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 2014. 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 2015	Year ended 31 March 2014
Earnings per ordinary share (in RMB cents):	(Unaudited)	(Audited)
- Basic and Diluted	9.95	20.93

Note:

The calculation of basic earnings per share was based on the profit attributable to equity holders of the Company of approximately RMB50,965,000 (2014: RMB107,521,000) divided by weighted average of 512,311,024 ordinary shares (excluding treasury shares) (2014: the weighted average of 513,839,695) 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 (2014: 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 31/03/2015	As at 31/03/2014	As at 31/03/2015	As at 31/03/2014
Net asset value per ordinary share (in RMB cents)	399.74	385.48	116.44	116.37

Note:

The number of ordinary shares of the Company as at 31 March 2015 was 512,311,024 (excluding treasury shares) (31 March 2014: 512,311,024).

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 2015 ("FY2015") COMPARED TO THE PREVIOUS CORRESPONDING YEAR ENDED 31 MARCH 2014 ("FY2014")

Revenue

	Year ended 31 March 2015	Year ended 31 March 2014
Revenue (RMB '000)		
Residential	433,782	469,690
Commercial and others	71,442	65,387
	<u>505,224</u>	<u>535,077</u>

The Group's revenue in FY2015 was RMB505.2 million compared to RMB535.1 million in FY2014, a decrease of 5.6%. The decrease was attributable mainly to lower handover of residential units of Fuzhou Hua Cui Ting Yuan (抚洲华萃庭院) Phase 2 in FY2015 compared with FY2014.

The revenue in FY2015 comprised mainly residential units sold in Fuzhou Hua Cui Ting Yuan Phases 2 and 3, Yichun Royal Lake City (宜春御湖城) Phase 1 as well as Nanchang Sino Harbour Kaixuan City (南昌汉港凯旋城) Phase 1. In FY2014, the revenue was mainly derived from the handover of residential units sold in Fuzhou Hua Cui Ting Yuan Phases 1 and 2 as well as Yichun Royal Lake City Phase 1.

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

Cost of sales increased by 4.5% from RMB353.0 million in FY2014 to RMB369.0 million in FY2015.

Gross profit margin in FY2015 decreased to 27.0% from 34.0% in FY2014. The lower gross profit margin in FY2015 was due mainly to the handover of residential units of Nanchang Sino Harbour Kaixuan City Phase 1 with lower gross profit margin.

Other Income and Gains

Other income and gains decreased 36.3% to RMB67.5 million in FY2015 from RMB106.0 million in FY2014. The decrease was mainly due to a decrease in net fair value gain of the Group's investment properties. The Group recorded a fair value gain on investment properties of RMB37.0 million in FY2015, compared to RMB83.5 million in FY2014.

Selling and Distribution Expenses

Selling and distribution expenses increased 38.3% from RMB18.1 million in FY2014 to RMB25.1 million in FY2015. The higher selling expenses in FY2015 were mainly due to the increase in advertising and promotion costs in respect of the pre-sale of Huzhou Run Yuan Project (湖州润源项目) and Nanchang Sino Harbour Kaixuan City.

Administrative Expenses

Administrative expenses decreased 2.6% from RMB45.7 million in FY2014 to RMB44.5 million in FY2015 mainly due to a decrease in handling charges for bank borrowings as well as land use tax in FY2015.

Other Operating Expenses

Other operating expenses decreased 84.3% from to RMB1.5 million in FY2014 from RMB230,000 in FY2015, mainly due to a decrease in donation in the PRC.

Finance Costs

Finance costs increased from RMB1.2 million in FY2014 to RMB3.2 million in FY2015 due to an increase in the provision of interest expenses of a loan from a related company – Pan Hong Company Limited, which Mr. Wong Lam Ping, the controlling shareholder and director of the Company, is a beneficial owner.

Share of result of a joint venture

Share of result of a joint venture increased from RMB480,000 in FY2014 to RMB1.2 million in FY2015, mainly due to an increase in land use tax paid by a joint venture.

Income Tax Expense

Income tax expense decreased from RMB80.8 million in FY2014 to RMB58.3 million in FY2015. The lower income tax is due to lower provision of the People's Republic of China ("PRC") corporate income tax and Land Appreciation Tax (LAT) in line with decrease with turnover and profit in FY2015 as well as lower provision of deferred tax liabilities in respect of fair value gain of investment properties.

Profit for the Year

As a result of the foregoing factors, the Group posted a decrease of 49.3% profit after tax of RMB71.1 million in FY2015 from RMB140.2 million in FY2014.

(b) REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2015 AND CASH FLOW FOR FY2015

Investment Properties

As at 31 March 2015, the Group had investment properties at fair value and held for sale of RMB412.7 million, compared to investment properties at fair value of RMB359.2 million as at 31 March 2014. 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.

Interests in Joint Ventures

Interests in joint ventures increased from RMB182.4 million as at 31 March 2014 to RMB184.7 million as at 31 March 2015. The increase was attributable mainly to cash advance to a joint venture.

Properties Held Under Development

The Group's properties held under development increased by RMB678.2 million from RMB1.61 billion as at 31 March 2014 to RMB2.29 billion as at 31 March 2015, out of which RMB412.2 million was attributable to re-classification of prepaid land use rights from the prepayment and other receivables for the acquisition of Hangzhou Ganglian Sino Africa Tower Project (杭州港联中非大厦项目) after the full settlement of the outstanding land use rights of RMB93.8 million during the financial year. The remaining RMB266.0 million was attributable mainly to the construction progress of the Group's property projects which included the construction cost of Huzhou Run Yuan Project Phase 1 and Yichun Royal Lake City Phase 2, as well as the payment of RMB93.8 million for the remaining land use right of Hangzhou Ganglian Sino Africa Tower Project during the financial year.

Properties held for Sale

Properties held for sale increased to RMB733.3 million as at 31 March 2015, from RMB461.8 million as at 31 March 2014 mainly due to the increase in completed property units in Fuzhou Hua Cui Ting Yuan Phase 3 and Nanchang Sino Harbour Kaixuan City Phase 1 being classified as properties held for sale in FY2015.

Accounts Receivable

Accounts receivable increased from RMB1.6 million as at 31 March 2014 to RMB2.4 million as at 31 March 2015, mainly due to the receivable for the disposal of Fuzhou Hua Cui Ting Yuan as well as Huzhou Hua Cui Ting Yuan.

Prepayments and Other Receivables

The Group's prepayments and other receivables decreased from RMB816.7 million as at 31 March 2014 to RMB485.6 million as at 31 March 2015. The decrease was mainly due to the re-classification of prepaid land use rights amounting to RMB412.2 million to property held under development.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss included listed equity securities in Hong Kong and the PRC.

Financial assets at fair value through profit or loss increase to RMB7.4 million as at 31 March 2015 from RMB6.1 million as at 31 March 2014. The increase was attributable mainly to an increase in the acquisition of listed equity securities in the PRC in FY2015.

Pledged and Structured Bank Deposits

Long-term and Short-term pledged and structured bank deposits decreased from RMB625.2 million as at 31 March 2014 to RMB603.4 million as at 31 March 2015. The decrease was due mainly to the decrease in deposits restricted for construction work to the subcontractor in FY2015.

Accounts and Bill Payables, Accruals, Receipts in Advance and Other Payables

Accounts and bill payables increased to RMB69.4 million as at 31 March 2015 from RMB28.9 million as at 31 March 2014 due to an increase in amounts payable to suppliers for construction costs incurred in respect of Fuzhou Hua Cui Ting Yuan Phase 3, Yichun Royal Lake City Phase 2 as well as Nanchang Sino Harbour Kaixuan City Phase 1.

Accruals, receipts in advance and other payables increased from RMB727.9 million as at 31 March 2014 to RMB1.11 billion as at 31 March 2015. Accruals, receipts in advance and other payables comprised mainly of advance receipts from customers in respect of 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 well as guarantee deposit by the subcontractor as at 31 March 2015. The increase in accruals, receipts in advance and other payables was mainly due to the increase in advance receipts from the customers of Huzhou Run Yuan Project Phase 1, Yichun Royal Lake City Phase 2 and Nanchang Sino Harbour Kaixuan City Phase 1, as well as accrued construction costs of Fuzhou Hua Cui Ting Yuan Phase 3.

Amounts due to related parties

Amounts due to related parties increased from RMB96.9 million as at 31 March 2014 to RMB116.6 million as at 31 March 2015. The increase was attributable mainly to cash advance from a related company – Pan Hong Company Limited.

Bank and Other Loans

As at 31 March 2015, the Group had total borrowings of RMB1.52 billion, an increase from RMB1.16 billion as at 31 March 2014 mainly due to new borrowings during the period for financing the development of the Group's projects.

Of these borrowings, bank and other loans of approximately RMB500.3 million were secured by a deposit of RMB534.0 million which was classified as "Pledged deposits" and "Structured bank deposit" as at 31 March 2015.

Based on the Group's total equity of RMB2.05 billion and a deposit collateral of RMB534.0 million, the Group recorded a net gearing ratio (total bank and other loans less deposit collateral / total equity) of 47.9% as at 31 March 2015, compared to 31.8% as at 31 March 2014.

Deferred Tax Liabilities

Deferred Tax Liabilities increased to RMB57.7 million as at 31 March 2015 from RMB48.6 million as at 31 March 2014 mainly due to the provision of deferred tax liabilities in respect of fair value gain of investment properties.

Cash Flow Analysis

In FY2015, the Group recorded RMB47.4 million of net cash used in operating activities which was attributable mainly to the increase in properties held under development and held for sale in FY2015.

Net cash used in investing activities in FY2015 amounted to RMB6.4 million, mainly due to the increase in structured bank deposits.

Net cash generated from financing activities in FY2015 amounted to RMB287.6 million, mainly due to cash inflow from new borrowings.

As at 31 March 2015, the Group had cash and cash equivalents of RMB309.5 million.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

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

The property market in the PRC continued to rebound gradually, supported by the easing of administrative control policy, benchmark interest rate and reserve requirement rate cut as well as the easing of mortgage rule by the PRC government.

On May 2015, The People's Bank of China ("PBOC") announced the cut of benchmark deposit and loan interest rate by 25 basis points. This is the third time PBOC is cutting the rates since November 2014 and March 2015. The PBOC also cut the reserve requirement rate by 100 basis points and 50 basis points in April 2015 and February 2015 respectively.

On March 2015, the PBOC announced the easing of the mortgage rules for second home buyers. Minimum down payment levels for second home buyers were lowered to 40% from 60 to 70%. The minimum down payment was reduced to 20% from 30% for first home buyers who are using public housing funds. The Ministry of Finance has also announced that the sales of homes purchased over two years will be exempted from business tax.

Despite the gradual easing of residential property rules and credit control policy, the property market did not recover quickly due to the high inventory level and oversupply of properties but weak market demand. This is supported by the data published by the National Bureau of Statistics which indicated that new home prices of 48 and 50 out of a statistical pool of 70 major PRC cities recorded a month-on-month drop in April and March 2015 respectively.

Supported by the change in the PRC government's macro policy and the adjustment of property developers' inventories to more reasonable levels, the Group believes that the property market will remain relatively stable in 2015.

Company Update

Property Pre-sales

The cumulative results for the pre-sale and delivery of properties under each project up to 17 May 2015 are summarized as follows:

Residential Units

	Nanchang Sino Harbour Kaixuan City Phase 1	Fuzhou Hua Cui Ting Yuan Phase 2	Fuzhou Hua Cui Ting Yuan Phase 3	Yichun Royal Lake City Phase 2	Huzhou Run Yuan Project Phase 1
Est. total GFA released for sale (total units)	80,686 sqm (768 units)	79,933 sqm (550 units)	117,177 sqm (1,127 units)	59,863 sqm (684 units)	38,844 sqm (424 units)
Est. total GFA pre-sold (total units)	48,772 sqm (460 units)	71,478 sqm (522 units)	100,770 sqm (981 units)	48,450 sqm (538 units)	20,594 sqm (223 units)
Percentage of pre-sold	60%	89%	86%	81%	53%
Pre-sale GFA (units pre-sold) not handed over to buyers as at 31 March 2015 ^	37,314 sqm (370 units)	9,552 sqm (39 units)	62,108 sqm (611 units)	48,450 sqm (538 units)	20,594 sqm (223 units)
Pre-sale value not handed over to buyers as at 31 March 2015 ^	RMB194.36m	RMB70.58m	RMB318.42m	RMB220.14m	RMB130.64m
ASP per sqm*	RMB5,209	RMB7,389	RMB5,127	RMB4,544	RMB6,344
Expected completion date	Completed	Completed	Completed	Q2CY2015	Q4CY2016

*: 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 2015.

Company Strategies

Focusing on pre-sales and quickening its pace of property development will continue to be the key strategies of the Group. The Group will continue seeking opportunities to acquire land parcels in second- to third-tier cities and consider expanding its property investments portfolio to provide more stable returns through rental income in the longer term.

The Group may also consider exploring suitable business opportunities to broaden the revenue base and diversifying its core business.

11. Dividend

(a) Current Financial Period Reported On

NIL

(b) Corresponding Period of the Immediately Preceding Financial Year

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

NIL

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared or recommended for the financial year ended 31 March 2015.

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 2015				
Revenue from external customers				
Sales of properties held for sale	4,350	500,874	-	505,224
Reportable segment revenue	4,350	500,874	-	505,224
Reportable segment (loss)/profit	(12,824)	89,873	(5,946)	71,103
Year ended 31 March 2014				
Revenue from external customers				
Sales of properties held for sale	58,738	476,339	-	535,077
Reportable segment revenue	58,738	476,339	-	535,077
Reportable segment profit	5,837	140,963	(6,556)	140,244

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 2015	Year ended 31 March 2014	% increase/ (decrease)
(a) Sales reported for the first half year	172,759	208,812	(17.3%)
(b) Operating profit after tax before deducting non-controlling interests reported for the first half year	23,435	38,734	(39.5%)
(c) Sales reported for the second half year	332,465	326,265	1.9%
(d) Operating profit after tax before deducting non-controlling interests reported for the second half year	47,668	101,510	(53.0%)

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 2015	Full year ended 31 March 2014
	RMB'000	RMB'000
Ordinary	Nil	Nil
Preference	Nil	Nil
Total annual dividend	Nil	Nil

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 does not have any 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
Wong Lam Ping	60	<ul style="list-style-type: none"> Spouse of Ms. Chan Heung Ling, a Substantial Shareholder of the Company. Father of Mr. Wong Ching, an Executive Director of the Company. 	<p>Executive Chairman and Chief Executive Officer ("CEO") of the Company since 3 January 2006.</p> <p>Mr. Wong Lam Ping is responsible for the formulation and execution of overall business strategies and policies as well as the overall management of the Group.</p>	Nil
Wong Ching	29	<ul style="list-style-type: none"> Son of Mr. Wong Lam Ping, the Executive Chairman and CEO (who is also a Substantial Shareholder) of the Company. Son of Ms. Chan Heung Ling, a Substantial Shareholder of the Company. 	<p>Executive Director of the Company since 14 August 2014.</p> <p>Mr. Wong Ching is responsible for the Group's Investor Relations and related matters.</p>	Nil
Chan Heung Ling	56	<ul style="list-style-type: none"> Spouse of Mr. Wong Lam Ping, the Executive Chairman and CEO (who is also a Substantial Shareholder of the Company). Mother of Mr. Wong Ching, an Executive Director of the Company. 	<p>Non-Executive Director of Sino Harbour Property Group Limited, a subsidiary of the Group since 4 July 2011, which is listed on the Stock Exchange of Hong Kong ("Sino Harbour").</p> <p>Ms. Chan Heung Ling is responsible for the formulation of the overall strategy of Sino Harbour.</p>	Nil

Wong Lui	31	<ul style="list-style-type: none"> • Son of Mr. Wong Lam Ping, the Executive Chairman and CEO (who is also a Substantial Shareholder) of the Company. • Son of Ms. Chan Heung Ling, a Substantial Shareholder of the Company. • Brother of Mr. Wong Ching, an Executive Director of the Company. 	<p>Executive Director of Sino Harbour Property since 4 July 2011.</p> <p>Mr. Wong Lui is responsible for the operational management and development of the projects of Sino Harbour.</p>	Nil
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BY ORDER OF THE BOARD

Wong Lam Ping
Chairman
29 May 2015