漢港地產集團
SINO HARBOUR PROPERTY GROUP

SINO HARBOUR PROPERTY GROUP LIMITED
漢 港 房 地 產 集 團 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1663)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

HIGHLIGHTS

- The Group achieved revenue of approximately RMB171.6 million, it was mainly attributable to the delivery of the commercial units of Nanchang Honggu Kaixuan（南昌紅谷凱旋）. Revenue increased by approximately 88.6% for the six months ended 30 September 2011 compared with the corresponding period in 2010.
- Gross profit margin for the period was 58.3% and net profit margin was 25.4%.
- Profit and total comprehensive income for the period attributable to the owners of the Company amounted to approximately RMB43.6 million and RMB44.3 million respectively, representing an increase of approximately 117.2% and approximately 87.3% respectively compared with the corresponding period.
- Profit and total comprehensive income for the period included Initial Public Offering related expenses of approximately RMB11.2 million.
- Earnings per share for the period increased from approximately RMB2.23 cents in the corresponding period in 2010 to RMB4.29 cents, representing an increase of 92.4%.
- Cash and bank balances as at 30 September 2011 was approximately RMB299 million.
- Bank and other loans as at 30 September 2011 was approximately RMB140 million.

The board of directors (the "**Board**") of Sino Harbour Property Group Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated statement of comprehensive income of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 September 2011, together with the comprehensive figures for the corresponding period in 2010, the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2011 together with audited comparative figures as at 31 March 2011, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**Six months ended 30 September 2011** *RMB'000* **(Unaudited)**	Six months ended 30 September 2010 *RMB'000* (Unaudited)
Revenue	*4*	**171,604**	91,000
Cost of sales		**(71,592)**	(57,297)
Gross profit		**100,012**	33,703
Other income	*4*	**1,874**	1,275
Selling and distribution expenses		**(1,725)**	(3,112)
Administrative expenses		**(16,891)**	(1,770)
Other operating expenses		**(16)**	(712)
Operating profit		**83,254**	29,384
Finance costs		**–**	–
Share of result of jointly controlled entity		**(3,180)**	(513)
Profit before income tax	*5*	**80,074**	28,871
Income tax expense	*6*	**(36,519)**	(8,777)
Profit for the period		**43,555**	20,094
Other comprehensive income			
Exchange differences on translation of financial statements of foreign operations		**655**	3,558
Total comprehensive income for the period		**44,210**	23,652

	Notes	**Six months ended 30 September 2011** *RMB'000* **(Unaudited)**	Six months ended 30 September 2010 *RMB'000* (Unaudited)
Profit/(loss) for the period attributable to:			
Owners of the Company		**43,640**	20,094
Non-controlling interests		**(85)**	–
		43,555	20,094
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**44,295**	23,652
Non-controlling interests		**(85)**	–
		44,210	23,652
Earnings per share attributable to the owners of the Company during the period *(in RMB cents)*	*8*		
– Basic		**4.29**	2.23
– Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2011 RMB'000 (Unaudited)	31 March 2011 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**3,365**	2,058
Investment properties		**61,479**	61,479
Interest in a jointly controlled entity		**92,215**	138,077
		157,059	201,614
Current assets			
Property held under development		**975,536**	1,063,121
Property held for sale		**196,525**	125,481
Account receivables	*9*	**145**	175
Prepayments and other receivables		**175,216**	28,515
Pledged bank deposits		**19,100**	20,366
Cash and bank balances		**298,753**	137,157
		1,665,275	1,374,815
Non-current assets held for sale			
Investment properties held for sale		**–**	5,103
		1,665,275	1,379,918
Current liabilities			
Account payables	*10*	**33,953**	6,272
Accruals, receipts in advance and other payables	*10*	**544,057**	536,374
Provision for tax		**57,152**	87,410
Bank and other loans		**140,000**	210,000
		775,162	840,056
Net current assets		**890,113**	539,862
Total assets less current liabilities		**1,047,172**	741,476
Non-current liabilities			
Deferred tax liabilities		**4,965**	5,952
Net assets		**1,042,207**	735,524
EQUITY			
Equity attributable to the Company's owners			
Share capital	*11*	**9,931**	–
Reserves		**832,014**	535,177
		841,945	535,177
Non-controlling interests		**200,262**	200,347
Total equity		**1,042,207**	735,524

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The Group

		Unaudited								
		Equity attributable to the owners of the Company								
		Share capital	**Share premium**	**Statutory reserves**	**Capital reserve**	**Exchange reserve**	**Retained profits**	**Total**	**Non-controlling interest**	**Total equity**
	Notes	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
At 1 April 2011 (Audited)		**–**	**–**	**29,021**	**285,452**	**10,727**	**209,977**	**535,177**	**200,347**	**735,524**
Arising from Reorganisation and loan capitalisation	*11(b)*	**41**	**285,411**	**–**	**(285,452)**	**–**	**–**	**–**	**–**	**–**
Capitalisation issue	*11(c)*	**7,407**	**(7,407)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Issuance of ordinary shares in connection with the listing	*11(d)*	**2,483**	**259,990**	**–**	**–**	**–**	**–**	**262,473**	**–**	**262,473**
Transactions with owners		**9,931**	**537,994**	**29,021**	**–**	**10,727**	**209,977**	**797,650**	**200,347**	**997,997**
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**655**	**43,640**	**44,295**	**(85)**	**44,210**
At 30 September 2011 (Unaudited)		**9,931**	**537,994**	**29,021**	**–**	**11,382**	**253,617**	**841,945**	**200,262**	**1,042,207**

		Unaudited								
		Equity attributable to the owners of the Company								
		Share capital	Share premium	Statutory reserves	Capital reserve	Exchange reserve	Retained profits	Total	Non-controlling interest	Total equity
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 April 2010 (Audited)		–	–	15,830	184,032	11,817	204,257	415,936	200,557	616,493
Transactions with owners – interim dividend	7	–	–	–	–	–	(105,000)	(105,000)	–	(105,000)
Total comprehensive income for the period		–	–	–	–	3,558	20,094	23,652	–	23,652
At 30 September 2010 (Unaudited)		–	–	15,830	184,032	15,375	119,351	334,588	200,557	535,145

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September 2011	Six months ended 30 September 2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(70,045)**	(36,279)
Net cash (used in)/generated from investing activities	**(7,679)**	163,741
Net cash generated from/(used in) financing activities	**237,829**	(57,112)
Net increase in cash and cash equivalents	**160,105**	70,350
Effect of foreign exchange rates, net	**1,491**	476
Cash and cash equivalents at 1 April	**137,157**	34,992
Cash and cash equivalents at 30 September	**298,753**	105,818

Notes:

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

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

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities of the Stock Exchange and with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong institute of Certified Public Accountants (the "**HKICPA**").

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2011 are consistent with those used in the audited financial statements for the year ended 31 March 2011 as set out in the Prospectus except for new and revised standards, amendments and interpretations (the "**new and revised HKFRSs**") issued by the HKICPA for the first time for the current financial statements. The Group has not early adopted any new and revised HKFRSs that have been issued but are not yet effective.

The following new and revised HKFRSs are mandatory for the first time for the financial year beginning 1 January 2011.

HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 Amendment	Amendment to HKAS 32 Financial Instruments: Presentation – Classification to Rights Issues
HK(IFRIC)-Int 14	Amendments to HK(IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

The following new and revised HKFRSs have been issued but are not effective for the financial year beginning 1 April 2011 and have not been early adopted.

***Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income*[3]**

The amendments to HKAS 1 change the disclosure of items presented in other comprehensive income in the statement of comprehensive income. The amendments require entities to separate items presented in other comprehensive income in two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will be recycled will be presented separately from items that may be recycled in the future.

***Amendments to HKAS 12 Income Taxes – Deferred tax: Recovery of underlying assets*[2]**

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

***HKAS 19 (2011) Employee Benefits*[4]**

HKAS 19 (2011) has made revised requirements on employee benefits, including the following:

- Eliminating the option to defer the recognition of gains and losses, known as the 'corridor method'.

- Streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income, thereby separating those changes from changes that may perceive to be the result of an entity's day-to-day operations.

- Enhancing the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

- Modifying accounting for termination benefits, including distinguishing benefits provided in exchange for the termination of employment.

- Clarifying miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features.

Amendments to HKFRS 7 Disclosures – Transfers of financial assets[1]

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

HKFRS 9 Financial Instruments[4]

The new standard addresses the classification and measurement of financial assets. HKFRS 9 reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. Fair value gains and losses will be recognized in profit or loss except for those on certain equity investments which will be presented in other comprehensive income.

HKFRS 10 Consolidated Financial Statements[4]

HKFRS 10 replaces HK(SIC)-Int 12 Consolidation – Special Purpose Entities and the portion of HKAS 27 that addresses the accounting for consolidated financial statements. HKFRS 10 is based on a single control model for all entities and introduces three key elements to the definition of control. The three elements are: (1) the power over the investee; (2) the exposure or rights to variable returns from its involvement with the investee; and (3) the ability over the investee to affect the amount of the investor's returns. HKFRS 10 also includes guidance to be applied in circumstances where the assessment of control may be difficult, including where an entity has potential voting right (such as share options) over another, agency relationships and cases where voting rights are not the principal indicator of control.

HKFRS 11 Joint Arrangements [4]

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK(SIC)-Int 13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. HKFRS 11 addresses only two forms of joint arrangements (joint operations and joint ventures) where there is joint control. In determining the type of arrangements, HKFRS 11 requires parties to the arrangement to assess: (1) the legal form of the separate vehicle; (2) the terms of the contractual arrangement; and (3) other facts and circumstances that give them right to the assets and obligations for the liabilities or right to the net assets of the vehicle. A joint arrangement that meets the definition of a joint venture must be accounted for using the equity method. For a joint operation, an entity recognises its assets, liabilities, revenues and expenses relating to its relative shares thereof.

HKFRS 12 Disclosure of Interest in Other Entities [4]

HKFRS 12 combines, and makes consistent, certain existing disclosures that were previously included, in some cases with overlapping requirements. In addition, it introduces certain new disclosure requirements, including those related to unconsolidated structured entities where a lack of transparency about entities' exposures to related risks was highlighted by the global financial crisis.

HKFRS 13 Fair Value Measurement [4]

HKFRS 13 improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

[1] *Effective for annual periods beginning on or after 1 July 2011*
[2] *Effective for annual periods beginning on or after 1 January 2012*
[3] *Effective for annual periods beginning on or after 1 July 2012*
[4] *Effective for annual periods beginning on or after 1 January 2013*

For the application of these new and revised HKFRSs, management is either assessing the impact of or considers that there will have no material impact on the results and the financial position of the Group.

3. 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. The business components in the internal financial information reported to the executive directors are determined following the Group's operating locations.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs.

4. REVENUE AND OTHER INCOME

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

	The Group	
	Six months ended 30 September 2011	Six months ended 30 September 2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Sale of properties held for sale	**171,604**	91,000
Other income		
Interest income from bank deposits	**1,697**	1,109
Rental income	**177**	166
	1,874	1,275

5. PROFIT BEFORE INCOME TAX

	The Group	
	Six months ended 30 September 2011	Six months ended 30 September 2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit before income tax is arrived at after charging:		
Finance costs		
– Interest on bank loans wholly repayable within five years	**4,644**	4,612
Less: amount capitalised in properties held under development	**(4,644)**	(4,612)
	–	–
Cost of properties held for sale recognised as expense	**62,408**	52,747
Depreciation	**130**	66
Exchange losses	**1,073**	–
Listing expenses	**11,207**	–
Staff costs, including directors' emoluments		
– Wages and salaries	**2,656**	1,151
– Retirement benefit scheme contribution		
– defined contribution plans	**8**	–
Less: amount capitalised in properties held under development	**(1,070)**	(612)
	1,594	539

6. INCOME TAX EXPENSE

	The Group	
	Six months ended 30 September 2011	Six months ended 30 September 2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax – PRC		
– Enterprise Income Tax ("EIT")	**22,628**	6,957
– Land Appreciation Tax ("LAT")	**15,119**	1,820
	37,747	8,777
Current tax – Hong Kong	**(241)**	–
	37,506	8,777
Deferred income tax	**(987)**	–
Total income tax expense	**36,519**	8,777

No provision for Hong Kong profits tax has been made as the Group had incurred losses for Hong Kong profits tax purpose.

The EIT has been provided on the estimated profits of subsidiaries operating in the People's Republic of China (the "PRC") at 25%.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including cost and land use rights, borrowing costs, business tax and all property development expenditures. The tax is incurred upon transfer of property ownership.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the period.

7. DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 September 2011.

Dividend was declared and paid by a subsidiary to its respective then shareholders for the six months ended 30 September 2010. No dividend has been declared or paid by the Company since the date of incorporation.

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the unaudited profit attributable to equity shareholders of the Company for the six months ended 30 September 2011 of approximately RMB43,640,000 (2010: RMB20,094,000 (unaudited)) and the weighted average number of 1,016,712,000 ordinary shares (2010: 900,000,000 shares) in issue during the period, calculated as follows:

	The Group	
	Six months ended 30 September 2011	Six months ended 30 September 2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings:		
Net profit	**43,640**	20,094

	Six months ended 30 September 2011	Six months ended 30 September 2010
	'000	*'000*
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 April	**–**	–
Number of shares issued for assignment of outstanding loan *(Note 11(b))*	**5,000**	5,000
Number of shares issued under capitalisation issue *(Note 11(c))*	**895,000**	895,000
Effect of shares issued under placing and public offering *(Note 11(d))*	**116,712**	–
	1,016,712	900,000

The weighted average number of ordinary shares issued for assignment of outstanding loan and pursuant to capitalisation issue is calculated as if the shares had been outstanding throughout the current and prior periods.

No diluted earnings per share is presented as the Group has no dilutive potential shares during the current and prior periods.

9. ACCOUNT RECEIVABLES

The aging analysis of account receivables as at the end of the reporting period, based on the invoice date, is as follows:

	The Group	
	30 September 2011	31 March 2011
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 – 3 months past due	**–**	–
3 – 6 months past due	**–**	–
6 months – 1 year past due	**–**	–
More than 1 year past due	**145**	175
	145	175

10. ACCOUNT PAYABLES, ACCRUALS, RECEIPTS IN ADVANCE AND OTHER PAYABLES

	The Group	
	30 September 2011	31 March 2011
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Account payables	**33,953**	6,272
Accruals, receipts in advance and other payables		
Receipts in advance	**461,981**	438,877
Accruals and other payables	**82,076**	97,497
	544,057	536,374

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

	The Group	
	30 September 2011	31 March 2011
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 – 3 months past due	**25,832**	1,593
3 – 6 months past due	**7,341**	2,781
6 months – 1 year past due	**442**	496
More than 1 year past due	**338**	1,402
	33,953	6,272

11. SHARE CAPITAL

(a) The Company was incorporated on 5 January 2011 with authorised share capital of HK$90,000 divided into 9,000,000 shares of HK$0.01 each. One share was allotted and issued to the then sole shareholder of the Company, Pan Hong Property Group Limited ("**Pan Hong Property**"), nil paid on 19 January 2011.

(b) Pursuant to written resolutions passed by Pan Hong Property on 4 July 2011, in consideration for (i) Pan Hong Property transferring the entire issued share capital of Sino Harbour Property Holdings Limited to the Company; and (ii) the wholly-owned subsidiary of Pan Hong Property, Pan Hong Investment Limited ("**Pan Hong Investment**"), assigning the outstanding loan due from the Company's wholly-owned subsidiary, Sino Harbour Limited ("**Sino Harbour**"), to Pan Hong Investment in the aggregate amount of HK$313,928,090 to the Company, 4,999,999 shares were allotted and issued by the Company to Pan Hong Property, all credited as fully paid. In addition, the one nil-paid share held by Pan Hong Property was credited as fully paid.

(c) Pursuant to written resolutions passed by Pan Hong Property on 4 July 2011, 895,000,000 shares of the Company were allotted and issued, credited as fully paid at par value of HK$0.01 each to Pan Hong Property by capitalisation of HK$8,950,000 (equivalent to approximately RMB7,407,000) from the share premium account. Such allotment and capitalisation is conditional on the share premium account being credited as a result of the new shares issued in connection with the listing of the Company's shares on the Stock Exchange.

(d) On 22 July 2011, 300,000,000 shares (at par value of HK$0.01 each) of the Company were allotted and issued at the price of HK$1.1 per share in connection with the listing of the Company's shares on the Stock Exchange.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011 ("FIRST HALF OF FY2012") COMPARED TO THE SIX MONTHS ENDED 30 SEPTEMBER 2010 ("FIRST HALF OF FY2011")

Revenue

	The Group	
	Six months ended 30 September 2011	Six months ended 30 September 2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Residential	**54,376**	90,984
Commercial and Others	**117,228**	16
	171,604	91,000

The Group achieved revenue of approximately RMB171.6 million, it was mainly attributable to the delivery of the commercial units of Nanchang Honggu Kaixuan（南昌紅谷凱旋）. Revenue rose by around 88.6% for the six months ended 30 September 2011 compared with the corresponding period in 2010.

Cost of Sales and Gross Profit Margin

Cost of sales climbed from approximately RMB57.3 million in the first half of FY2011 to approximately RMB71.6 million in the first half of FY2012. In the first half of FY2012, revenue was primarily derived from the delivery of commercial units, which had a significantly higher gross profit margin compared with the first half of FY2011. Consequently, gross profit margins improved from 37.0% in the first half of FY2011 to 58.3% in the first half of FY2012.

Other Income

Other income increased from approximately RMB1.3 million in the first half of FY2011 to approximately RMB1.9 million in the first half of FY2012. The rise mainly represented the increase in interest income.

Selling and Distribution Expenses

Selling and distribution expenses decreased from approximately RMB3.1 million in the first half of FY2011 to approximately RMB1.7 million in the first half of FY2012. The higher selling expenses in the first half of FY2011 were mainly due to the expenses incurred to set up a showroom at Fuzhou Hua Cui Ting Yuan（撫州華萃庭院）.

Administrative Expenses

Administrative expenses increased to approximately RMB16.9 million in the first half of FY2012 from approximately RMB1.8 million in the first half of FY2011. The increase was mainly attributable to listing expenses of approximately RMB11.2 million being included in the administrative expenses of the current period and the increase in salaries and exchange losses of approximately RMB1.0 million and RMB1.1 million respectively.

Profit for the Six Months Ended 30 September 2011

As a cumulative effect of the foregoing factors, the Group recorded a profit before tax of approximately RMB80.1 million in the first half of FY2012, a growth of 177.4% from approximately RMB28.9 million in the first half of FY2011.

Correspondingly, income tax expense increased from approximately RMB8.8 million in the first half of FY2011 to approximately RMB36.5 million in the first half of FY2012.

As a result, profit for the period attributed to the owners of the Company improved by around 117.2% from approximately RMB20.1 million in the first half of FY2011 to approximately RMB43.6 million in the first half of FY2012.

REVIEW OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011

Interest in a Jointly Controlled Entity

Interest in a jointly controlled entity decreased from approximately RMB138.1 million as at 31 March 2011 to RMB92.2 million as at 30 September 2011. This was mainly due to the recovery of approximately RMB50.0 million from the construction advance made to the jointly controlled entity by the Group for the Yichun Project（宜春項目）.

Properties Held Under Development

As at 30 September 2011, the Group's properties held under development decreased to approximately RMB976 million from approximately RMB1,063 million as at 31 March 2011. The decrease was because certain property units which were previously under development had been completed in the first half of FY2012.

Properties Held for Sale

Properties held for sale increased from approximately RMB125 million as at 31 March 2011 to approximately RMB197 million as at 30 September 2011. The increase was due to the increase in completed property units in the first half of FY2012.

Deposits Paid, Prepayments and Other Receivables

As at 30 September 2011, the Group's deposit paid, prepayments and other receivables amounted approximately RMB175 million, compared to approximately RMB28.5 million as at 31 March 2011. The increase was mainly attributable to the increase of prepayments to contractors for the construction of projects.

Account Payables, Accruals, Receipts in Advance and Other Payables

Account payables increased to approximately RMB34.0 million as at 30 September 2011 from approximately RMB6.3 million as at 31 March 2011 due to the near completion of the Group's property projects. Account payables mainly comprised of amounts payable to suppliers for construction cost incurred in respect to the Group's properties under development.

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

Accruals, receipts in advance and other payables increased to approximately RMB544 million as at 30 September 2011 from approximately RMB536 million as at 31 March 2011. The increase mainly represented the receipts from customers for the deposits and prepayments for the Group's property pre-sales in the first half of FY2012, which was partially offset by the advance receipts realised as revenue in the same period.

Cash Position and Borrowings

As at 30 September 2011, the Group had cash and bank balances of approximately RMB299 million.

As at 30 September 2011, the Group had total borrowings of approximately RMB140 million, decreasing from approximately RMB210 million as at 31 March 2011, representing the repayment of borrowings in the first half of FY2012.

FOREIGN CURRENCY RISK

As the Group's operations were mainly conducted in the PRC and the majority of the sales and purchases were transacted in Renminbi, the directors of the Company are of the view that the Group's operating cash flow and liquidity are not subject to significant foreign exchange rate risks and therefore no hedging arrangements were made. However, the Group will review and monitor the relevant foreign exchange exposure from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements when appropriate.

MATERIAL ACQUISITION AND DISPOSAL

During the six months ended 30 September 2011, the Company had no material acquisition or disposal of assets, subsidiaries and affiliated companies.

EMPLOYEE AND RENUMERATION POLICY

As at 30 September 2011, there were 81 employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group.

COMPANY UPDATE

Property Pre-sales

The pre-sale activity for the Group's projects in Nanchang and Fuzhou of Jiangxi Province remained strong. Results of property pre-sale launches (as at 31 October 2011) are summarised in the tables below:

Residential Units

	Nanchang Honggu Kaixuan Phase 2 (南昌紅谷凱旋二期)	Fuzhou Hua Cui Ting Yuan Phase 1 (撫州華萃庭院一期)
Estimated total GFA released for sale *(total units)*	115,000 sq m (1,003 units)	84,980 sq m (593 units)
Estimated total GFA pre-sold *(total units)*	113,829 sq m (997 units)	48,650 sq m (345 units)
Percentage of pre-sold	99%	57%
Pre-sale GFA (units pre-sold) not handed over to buyers as at 30 September 2011^	26,732 sq m (298 units)	48,650 sq m (345 units)
Pre-sale value not handed over to buyers as at 30 September 2011^	RMB231.5 million	RMB231.1 million
Average Selling Price ("ASP") per sq m*	RMB8,659	RMB4,750

Commercial Units

	Nanchang Honggu Kaixuan Phases 1 and 2 (南昌紅谷凱旋一、二期)
Estimated total GFA released for sale	14,385 sq m
Estimated total GFA pre-sold	13,110 sq m
Percentage of pre-sold	91%
Pre-sale GFA not handed to buyers as at 30 September 2011^	8,166 sq m
Pre-sale value not handed over to buyers as at 30 September 2011^	RMB171.4 million
ASP per sq m*	RMB20,994

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

^: *Pre-sale value not handed over to buyers is computed as follows: beginning period pre-sales plus new pre-sales during the period less those handed over to buyers during the period (recognised as sales during the period).*

FUTURE OUTLOOK

In the second half of FY2012, it is expected that the real estate market in the PRC will continue to be affected the PRC Government's tightening measures. Nevertheless, the Group believes that these control measures, which mainly aim to address the surging property prices and speculative activities in some major cities in the PRC, will not have material impact on the Group's business as the Group focuses on the property development in Jiangxi Province, the PRC where most of the Group's projects remain immune to the impact of the property-related austerity measures.

With an experienced management team who possesses over 15 years of experience in China's property market, the Group is recognised for its property projects in Jiangxi Province, the PRC and its projects have earned numerous industry awards over the years. Situated at strategic locations with geographical and economic advantages over the other central provinces in the PRC, it is expected that Jiangxi Province will continue to maintain high economic growth against the backdrop of rapid urbanisation and industrialisation, which will further lead to an increase in demand for commodity properties to satisfy improving living standards. Looking ahead, the Group intends to continue to deliver quality properties to better meet the needs of the market. It remains optimistic about the property market of Jiangxi Province in the long run which is expected to be driven by the long-term sustainable growth in the economy of the PRC as well as the ongoing strong demand in Jiangxi Province.

USE OF PROCEEDS FROM IPO

Trading of shares in the Company on the Stock Exchange commenced on 22 July 2011, and the Group raised net proceeds of approximately HKD302 million from the IPO. As at 30 September 2011, the Group had applied approximately RMB1.2 million of the proceeds for general corporate and working capital purposes, which is in line with the intended use of proceeds as disclosed in the Prospectus.

DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2011 (six months ended 30 September 2010: RMB105,000,000).

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period from the listing date of 22 July 2011 up to and including 30 September 2011.

CORPORATE GOVERNANCE COMPLIANCE

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

The Company has applied the principles and complied with the requirements set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules since the listing date.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive Directors, Mr. LEE Man To, Mr. XIE Gang, and Ms. ZHANG Juan and is chaired by Mr. LEE Man To. The Group's unaudited condensed consolidated interim results for the six months ended 30 September 2011 were reviewed by the members of the Audit Committee before submission to the Board for approval.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (http://www.sinoharbour.com.hk). The interim report will be dispatched to the shareholders of the Company and available on the above websites in due course.

CAUTION STATEMENT

The Board wishes to remind investors that the above unaudited interim financial statements and operational statistics for the six months ended 30 September 2011 and the corresponding period in 2010 are based on the Group's internal information. Investors should note that undue reliance on or use of such information may cause investment risks. **Investors are advised to exercise caution when dealing in the securities of the Company.**

This announcement contains forward-looking statements regarding the objectives and expectations of the Group with respect to its opportunities and business prospects. Such forward-looking statements do not constitute guarantees of future performance of the Group and are subject to factors that could cause the Company's actual results, plans and objectives to differ materially from those expressed in the forward-looking statements. These factors include, but not limited to, general industry and economic conditions, shifts in customer demands, and changes in government policies. The Group undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances.

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

By order of the Board
Sino Harbour Property Group Limited
SHI Feng
Vice Chairman

Hong Kong, 14 November 2011

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