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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Sino Harbour Property Group Limited** (the “Company”), you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**漢港地產集團**  
SINO HARBOUR PROPERTY GROUP

**SINO HARBOUR PROPERTY GROUP LIMITED**

**漢港房地產集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1663)**

**MAJOR TRANSACTION  
ACQUISITION OF LAND USE RIGHTS IN HANGZHOU, THE PRC**

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26 April 2013

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“Acquisition”	the acquisition of the Land
“Annual Report 2012”	the annual report of the Company for the year ended 31 March 2012
“Bid Confirmation”	the bid confirmation notice ( 國有建設用地使用權掛牌競買成交通知書 ) dated 21 March 2013 issued by BLRH confirming the successful bid for the land use rights of the Land
“BLRH”	the Bureau of Land Resources of Hangzhou * ( 杭州市國土資源局 )
“Board”	the board of Directors
“CBD”	the central business district
“Company”	Sino Harbour Property Group Limited ( 漢港房地產集團有限公司 ), an exempted company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“Consideration”	the consideration in the sum of RMB506,000,000 (equivalent to approximately HK\$627,440,000) for the acquisition of the land use rights of the Land
“Deposit”	RMB25,000,000 (equivalent to approximately HK\$31,000,000) paid for the bidding of the land use rights of the Land
“Directors”	the directors of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries

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## DEFINITIONS

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“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party/Parties”	an individual(s) or a company(ies) who or which is(are) independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders, of the Company, its subsidiaries or any of their respective associate(s) (within the meaning of the Listing Rules)
“Interim Report 2012”	the interim report of the Company for the six months ended 30 September 2012
“Land”	the land located at the Southwest junction of Moganshan Road (莫干山路) and Shenhua Road (申花路), Gongshu District (拱墅區), Hangzhou City, Zhejiang Province, the PRC with a planned site area of approximately 20,482 sq. m. and a planned construction floor area of approximately 81,928 sq. m.
“Land Grant Contract”	the land grant contract (國有建設用地使用權出讓合同) entered into between BLRH as vendor and Sino Africa Investment as purchaser for the acquisition of land use rights of the Land dated 28 March 2013
“Latest Practicable Date”	24 April 2013, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“Non-compete Undertaking”	the non-compete undertaking entered between the Company and Pan Hong Property, details of which were set out in the paragraph headed “Non-compete Undertaking” of the section headed “Relationship with Controlling Shareholders” of the Prospectus
“Northern Region”	Xinjiang, Tibet, Gansu, Shaanxi, Qinghai, Inner Mongolia, Ningxia, Shanxi, Henan, Hebei, Shandong, Jiangsu, Anhui, Zhejiang, Liaoning, Jilin, Heilongjiang, Beijing, Tianjin and Shanghai
“Pan Hong Group”	Pan Hong Property and its subsidiaries (excluding the Group)
“Pan Hong Property”	Pan Hong Property Group Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Singapore Exchange Securities Trading Limited
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China
“Project”	the project for the development of the Land by Sino Africa Investment
“PRTCH”	the Public Resources Transaction Centre of Hangzhou * (杭州市公共資源交易中心)
“Prospectus”	the prospectus of the Company dated 12 July 2011
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGX-ST Listing Manual”	the Listing Manual of the Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company

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## DEFINITIONS

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“Shareholder(s)”	holder(s) of Share(s)
“Sino Africa Investment”	Sino Africa Investment and Development Group Limited (中非投資發展集團有限公司), a company incorporated in Hong Kong with limited liability on 7 November 2012, which is indirect wholly-owned subsidiary of the Company
“Sino Harbour”	Sino Harbour Limited (漢港有限公司), a company incorporated in Hong Kong with limited liability on 10 October 2007, which is an indirect wholly-owned subsidiary of the Company
“Southern Region”	Jiangxi, Sichuan, Chongqing, Hubei, Fujian, Yunnan, Guangxi, Hunan, Guangdong, Guizhou and Hainan
“Spin-off”	the spin-off of the Group’s property development business from Pan Hong Property for the pursuit of separate listing on the main board of the Stock Exchange
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tender”	the public tender (掛牌出讓) for the sale of the land use rights of the Land held by PRTCH on 21 March 2013
“ZAR”	South African Rand, the lawful currency of South Africa
“%”	per cent.

*For purpose of this circular, the exchange rates of RMB1.00 = HK\$1.24 and ZAR1.00 = HK\$0.84 have been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rate or any other rate or at all on the date or dates in question or any other date.*

\* *for identification purposes only*

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## LETTER FROM THE BOARD

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### 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)**

*Executive Directors:*

Mr. SHI Feng

*(Deputy Chairman and Chief Executive Officer)*

Mr. WONG Lui

*Non-executive Director:*

Ms. CHAN Heung Ling *(Chairlady)*

*Independent Non-executive Directors:*

Mr. LEE Man To

Mr. XIE Gang

Ms. ZHANG Juan

*Headquarters and Principal Place of*

*Business in Hong Kong:*

Room 1215, Tower B,

Hunghom Commercial Centre,

37-39 Ma Tau Wai Road,

Hunghom, Kowloon,

Hong Kong

26 April 2013

*To the Shareholders*

Dear Sir/Madam,

### MAJOR TRANSACTION ACQUISITION OF LAND USE RIGHTS IN HANGZHOU, THE PRC

#### INTRODUCTION

The Company announced on 21 March 2013 that Sino Africa Investment, an indirect wholly-owned subsidiary of the Company, has made a successful bid of the land use rights of the Land offered for sale by BLRH on 21 March 2013 through the Tender organised by PRTCH for RMB506,000,000 (equivalent to approximately HK\$627,440,000). The bidder qualification review by BLRH was passed and the successful Bid Confirmation was issued by BLRH on 21 March 2013. Land Grant Contract in relation to the Acquisition was entered into on 28 March 2013 between BLRH and Sino Africa Investment.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with further information regarding the Acquisition and general information of the Group.

Principal terms of the Bid Confirmation are set out below:

### PRINCIPAL TERMS OF THE BID CONFIRMATION

Date of the Bid Confirmation	:	21 March 2013
Parties to the Bid Confirmation	:	BLRH and Sino Africa Investment
Code of the Land	:	Hangzhengchuchu [2013] No. 22 (杭政儲出[2013]22號)
Total Site Area	:	20,482 sq.m.
Nature of the Land Use Rights	:	Commercial use
Consideration	:	RMB506,000,000 (equivalent to approximately HK\$627,440,000)

Principal terms of the Land Grant Contract are set out below:

### PRINCIPAL TERMS OF THE LAND GRANT CONTRACT

Date	:	28 March 2013
Parties of the Land Grant Contract	:	BLRH as vendor and Sino Africa Investment as purchaser
Land for transfer	:	the Land
Total Site Area	:	20,482 sq. m.
Maximum Construction Floor Area	:	81,982 sq. m.
Term of land use Right	:	40 years for commercial use



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## LETTER FROM THE BOARD

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Consideration	:	RMB506,000,000 (equivalent to approximately HK\$627,440,000)
Payment of the Consideration	:	The Deposit paid by Sino Africa Investment was treated as part of the Consideration. 50% of the Consideration shall be paid on or before 27 April 2013 and the balance shall be paid on or before 28 March 2014.
Other term	:	the construction work has to be commenced on or before 7 April 2015 and to be completed on or before 6 April 2019

### **BASIS OF THE CONSIDERATION**

The Consideration was arrived after taking into account the minimum bid price, current market conditions, location of the Land, and land price in the surrounding area with reference to the information available from BRLH. The Consideration and the relevant taxes shall be funded by the Group's internal resources, bank borrowings, and/or issue of new equity and/or debt instruments, as the Board deems fit.

### **INFORMATION ON THE GROUP, AND REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Company is an investment holding company and the Group is a property developer focused on residential properties in Jiangxi Province, the PRC. The residential projects developing by the Group are coupled with retail shops and other commercial office premises.

The Land is located at one of the core areas of Gongshu District, which is transformed from an industrial district and will become a new CBD with emphasis in attracting business in financial services, information technology, tourism and leisure, and culture and creativity in Hangzhou, Zhejiang Province, the PRC. Moreover, the Land is adjacent to an underground railway station metro line #2 which is expected to be in operation from 2016 onwards. The purpose of the Project is to develop the Land into a well-known landmark as a commercial complex including retail shops, office premises as well as cultural and community centres. In view of the convenient access of the Land and the future development of Gongshu District, the Board believes that the Acquisition is a rare and strategic investment opportunity of the Group.

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## **LETTER FROM THE BOARD**

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Based on the above, the Board considers that the Acquisition is conducted in the ordinary and usual course of business of the Company and that the terms of the Acquisition are on arm's length basis and normal commercial terms, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

### **INFORMATION ON BLRH AND PRTCH**

BLRH is a PRC governmental authority and the seller of the Land. PRTCH is a governmental agent authorised by BLRH to organise and conduct the Tender of the Land.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, BLRH, PRTCH and their ultimate beneficial owners (if any) are Independent Third Parties.

### **INFORMATION ON SINO AFRICA INVESTMENT**

Sino Africa Investment is a company incorporated in Hong Kong and its principal business activity is investment holding. It is an indirect wholly-owned subsidiary of the Company.

### **FINANCIAL EFFECT OF THE ACQUISITION**

The Consideration for the Acquisition will be funded by the Group's internal resources, bank borrowings, and/or issue of new equity and/or debt instruments, as the Board deems fit. It is expected that the Acquisition will not have any immediate material effect on the earnings of the Group. In order to satisfy the payment obligation for 50% of the Consideration of the land use rights of the Land due on 27 April 2013, Sino Harbour, an indirect wholly-owned subsidiary of the Company, confirmed its acceptance of a facility letter (the "Facility Letter") issued by a bank (the "Bank"). Pursuant to the Facility Letter, the Bank agreed to grant Sino Harbour term loan facilities up to HK\$315.0 million. After the payment of 50% of the Consideration on or before 27 April 2013, the total assets and total liabilities of the Group would both increase by approximately RMB250.0 million. The gearing ratio of the Group will therefore increase as a result of the increase in the total liabilities of the Group.

### **LISTING RULES IMPLICATIONS**

By reference to Rule 14.04(10B) of the Listing Rules:

1. the Group actively engages in property development as a current and continuing principal business activity in the Directors' Report of the Annual Report 2012;
2. property development is reported as the only segment in the Interim Report 2012; and

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## LETTER FROM THE BOARD

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3. the format for reporting segmental information and the Annual Report 2012 have fully complied with the requirements of relevant accounting standards adopted for the preparation of its annual financial statements on reporting of segment revenue and segment expense.

As such, the Company considers itself to be a qualified issuer for the purpose of Rule 14.04(10B) of the Listing Rules.

BLRH is a PRC governmental authority which is the seller of the Land situated in Hangzhou, the PRC. The Tender was governed by the PRC law. The Acquisition is, therefore, qualified as a qualified property acquisition for the purpose of Rule 14.04(10C) of the Listing Rules.

The applicable percentage ratios in respect of the Acquisition is greater than 25% but less than 100% for the purpose of Rule 14.07 of the Listing Rules and constitutes a major transaction for the Company pursuant to Rule 14.06(3) of the Listing Rules.

According to Rule 14.33A of the Listing Rules, the Acquisition is a qualified property acquisition which is subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement provided that all the conditions as referred to in Rule 14.33A(2) of the Listing Rules are satisfied.

The Board is of the view that the Acquisition is on arm's length basis and normal commercial terms.

The Directors (including the independent non-executive Directors) have passed resolutions approving the Acquisition and considered that (i) the Acquisition was conducted in the ordinary and usual course of business of the Company; and (ii) the terms of the Acquisition are on arm's length basis and normal commercial terms, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

Based on the above, the conditions set out in Rule 14.33A(2) of the Listing Rules have been satisfied.

### ADDITIONAL INFORMATION

Your attention is drawn to the further information contained in the appendices to this circular.

By Order of the Board  
**Sino Harbour Property Group Limited**  
**SHI Feng**  
*Deputy Chairman*

**FINANCIAL INFORMATION OF THE GROUP**

By way of reference, the financial information of the Group for the three years ended 31 March 2010, 2011 and 2012, and the six months ended 30 September 2012 are disclosed in the following documents which have been published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company ([www.sinoharbour.com.hk](http://www.sinoharbour.com.hk)):

- Appendix I to the Prospectus;
- the Annual Report 2012 (pages 45 to 140); and
- the Interim Report 2012 (pages 10 to 26).

**ACQUISITION SINCE LATEST PUBLISHED AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP**

Since 31 March 2012 (being the date to which the latest published consolidated financial statements of the Group were made up), Sino Harbour Development Limited (“Sino Harbour Development”, an indirect wholly-owned subsidiary of the Company) entered into an agreement pursuant to which, Sino Harbour Development agreed to acquire and the vendor agreed to dispose of 70% equity interest in Raptobyte (Pty) Limited (“Target Company”) for a cash consideration of ZAR70 (equivalent to approximately HK\$58.8).

The Target Company was incorporated in South Africa on 14 December 2010 as a limited company and was originally wholly owned by the vendor. As at the Latest Practicable Date, Target Company has no assets and liabilities other than its issued and paid-up capital.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the vendor is an Independent Third Party.

**MATERIAL ADVERSE CHANGE**

Based on the Interim Report 2012, the Group recorded a turnover of approximately RMB216.4 million and a gross profit of approximately RMB98.0 million, representing an increase of approximately 26.1% and a decrease of approximately 2.0%, respectively, over the same period of 2011. It was primarily attributable to the increase in total GFA delivered to customers and the decrease in the sale of commercial properties in the six months ended 30 September 2012 compared to the corresponding period.

For the six months ended 30 September 2012, gross profit margin was approximately 45.3%, down from approximately 58.3% for the corresponding period of 2011. Profit attributable to the equity shareholders of the Company amounted to approximately RMB60.5 million, representing an increase of approximately 38.7% over the same period of last year, which was mainly due to the decrease in administrative expenses and income tax expense in the six months ended 30 September 2012 compared to the corresponding period. Basic and diluted earnings per share was approximately RMB5.04 cents, an increase of approximately 17.5% as compared with the corresponding period of 2011.

Saved as disclosed in the section headed “Prospects of the Group” in this circular, the Interim Report 2012 and discussed above, the Directors confirmed that they are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2012, the date to which the latest published audited consolidated financial statements of the Group were made up.

#### **INDEBTEDNESS**

As at the close of business on 28 February 2013, being the date of this indebtedness statement prior to the printing of this circular, the Group has an aggregate borrowings of RMB534.5 million, comprising secured bank loans of RMB146.0 million and other secured loans of RMB388.5 million.

As at 28 February 2013, bank loans and other loans of RMB534.5 million were secured by properties under development, land use rights and pledged deposits of the Group with total carrying values of RMB772.2 million.

As at 28 February 2013, save for the guarantees of RMB368.2 million given to financial institutions for mortgage loan facilities granted to purchasers of the Group’s properties, the Group had no other material contingent liabilities.

Save as disclosed above and apart from intra-group liabilities and normal trade payables, the Group did not have any material debt securities issued and outstanding, and authorised or otherwise created but unissued, other borrowings or indebtedness in the nature of borrowing including term loans, bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, mortgages and charges, which are either guaranteed, unguaranteed, secured or unsecured, or other material contingent liabilities or guarantees outstanding at the close of business on 28 February 2013.

In order to satisfy the payment obligation for 50% of the Consideration of the land use rights of the Land due on 27 April 2013, Sino Harbour, an indirect wholly-owned subsidiary of the Company, confirmed its acceptance of a facility letter (the “Facility Letter”) issued by a bank (the “Bank”). Pursuant to the Facility Letter, the Bank agreed to grant Sino Harbour term loan facilities (the “Banking Facilities”) up to HK\$315.0 million. After the payment of 50% of the Consideration on or before 27 April 2013 by the drawdown of the Banking Facilities, the total liabilities of the Group would increase by approximately RMB250.0 million.

Save as disclosed above, the Directors confirm that there are no other material changes in the indebtedness or contingent liabilities of the Group since 28 February 2013.

### **WORKING CAPITAL**

After taking into account the financial resources available to the Group including the existing available facilities and internal resources and in the absence of unforeseen circumstances, the Directors are of the opinion that the working capital available to the Group is sufficient for the Group’s requirements for at least 12 months from the date of publication of this circular.

### **FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

#### **Business review**

The Company is an investment holding company and the Group is a property developer focused on residential properties in Jiangxi Province, the PRC. The residential projects developing by the Group are coupled with retail shops and other commercial office premises.

For the six months ended 30 September 2012, the Group recorded a turnover of approximately RMB216.4 million and a gross profit of approximately RMB98.0 million, representing an increase of approximately 26.1% and a decrease of approximately 2.0% over the same period of 2011.

Barring unforeseeable circumstances, the Group expects that it should be able to achieve its 2013 planned property completion schedule as disclosed in the Annual Report 2012.

As at 30 September 2012, the Group’s landbank comprises a total of 5 projects in 4 cities in Jiangxi Province, the PRC with a total net saleable/leaseable GFA of approximately 2,963,000 sq.m.

**Prospects of the Group**

Tighter control on the property market have been applied repeatedly by the PRC government since the end of 2012. In the State Council Executive Meeting dated 20 February 2013, the PRC government expressed its determination to implement “The Five New Measures” to strengthen control over the property market by repeatedly stating its desire to cease house purchases for speculation and investment, fine-tuning the home purchase quota policy and implementing differential housing credit policies, expressly stating a general direction of non-relaxation of macro-control on the property market.

Overall, the Group expects the PRC property market will remain challenging in 2013. The Group is of the view that a series of policy measures including “price restriction”, “purchase restriction” and “credit limit” to curb the excessive growth of housing prices issued by the PRC government before will continue to be in force. Nonetheless, it is worthy to emphasise that the PRC government aims at setting up an effective and long-term system for a healthy and stable development of the property market by establishing a comprehensive regulatory regime for the property market, allowing the growth of housing demand for self-use, rather than speculative or investment demand, will be satisfied. Furthermore, urbanisation in the PRC will generate constant demand for housing, and sustainable economic growth will stimulate demand for improved housing, suggesting that the PRC’s property market will undergo a long-term growth cycle. Under these circumstances, property developers are confronting pressure brought about by the policies, while abundant market opportunities are being provided. Therefore, property developers have to cautiously consider the industry trends and grasp any opportunities for development. Notwithstanding the sober market outlook for the residential sector, the Group remains confident on the medium- to long-term development of the PRC property market, as both residential and commercial properties should benefit from the combined effects of the consistent growth in household incomes and urban population.

The Land is located at one of the core areas of Gongshu District, which is transformed from an industrial district and will become a new CBD with emphasis in attracting business in financial services, information technology, tourism and leisure, and culture and creativity in Hangzhou, Zhejiang Province, the PRC. Moreover, the Land is adjacent to an underground railway station metro line #2 which is expected to be in operation from 2016 onwards. The purpose of the Project is to develop the Land into a well-known landmark as a commercial complex including retail shops, office premises as well as cultural and community centres. In view of the convenient access of the Land and the future development of Gongshu District, the Board believes that the Acquisition is a rare and strategic investment opportunity of the Group.

The Board is of the view that the Acquisition is in line with the strategy of the Company and will further diversify the geographic allocations of the Group's land bank in the PRC. The Board believes that the Acquisition will significantly broaden the asset and earning base of the Group.

While satisfying the pre-requisite of maintaining a sound financial position, the Group will still acquire high quality investment projects with good potential at low cost, in order to enlarge the Group's operating scale in future. The funding for future plans of the Company's material investments or capital assets for the year of 2013 will be from the existing available and new facilities together with internal resources. However, the Company has not yet identified other potential projects as at the Latest Practicable Date.

### **Investment position**

Saved as disclosed in the Interim Report 2012, the Group did not have any significant investment position in stocks, bonds and other financial derivatives as at 30 September 2012.

### **Foreign exchange exposure**

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. The Group is exposed to foreign currency risk arising from the exposure of RMB against Hong Kong dollars as a result of its investment in the PRC and the settlement of certain of the general and administrative expenses in Hong Kong dollars. In addition, RMB is not freely convertible into foreign currencies and the conversion of RMB into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government. The Group does not have a foreign currency hedging policy. However, the Directors monitor the foreign exchange exposure of the Group closely and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy.

For the six months ended 30 September 2012, the Group did not use any financial instrument for hedging purposes.

### **Liquidity and financial resources**

#### ***1. Cash position***

As at 30 September 2012, the carrying amount of the Group's cash and bank balances was approximately RMB50.2 million. The Group also had net cash inflow from operating activities of approximately RMB3.1 million, net cash used in investing activities of approximately RMB11.0 million and net cash used in financing activities of approximately RMB35.0 million.



## **2. Borrowings and charges on the Group's assets**

As at 30 September 2012, the Group had an aggregate borrowings (including bank and other loans) of approximately RMB77.0 million, which was repayable after 1 year but within 5 years and bore interests at floating rate. As at 30 September 2012, the Group's bank and other loans of approximately RMB77.0 million were secured by land use rights of the Group with total carrying values of approximately RMB86.0 million. The carrying amounts of all the Group's bank and other loans were denominated in RMB.

## **3. Contingent liabilities**

As at 30 September 2012, save for the guarantee of approximately RMB294.4 million given to financial institutions for mortgage loan facilities granted to purchasers of the properties of the Group, the Group had no other material contingent liabilities.

### **Net Gearing Ratio**

The net gearing ratio is calculated by dividing the net borrowings of the Group (total borrowings net of cash and cash equivalents and pledged deposits) by the total equity. The net gearing ratio for the six months ended 30 September 2012 was approximately 0.1%.

### **Treasury policies**

The Group usually finances its working capital through funds from its operations, the existing available facilities and other loans from independent third parties. The Group develops the properties for properties sales and invests in properties to generate rental income.

### **Capital Commitment**

As at 30 September 2012, the Group had a total capital commitment of approximately RMB427.0 million in respect of the capital commitments contracted for. Commitments mainly related to development expenditure for the Group's properties under development.

### **Material Acquisition and disposal of subsidiaries and associated companies**

There were no material acquisitions or disposals of subsidiaries and associated companies of the Group during the course of the current financial year up to the Latest Practicable Date.

### **Employees and remuneration**

As at 30 September 2012, the Group employed a total of 152 employees in the PRC and Hong Kong. For the six months ended 30 September 2012, the total staff costs incurred were approximately RMB5.2 million. The remuneration of the employees was based on their performance, work experience, skills, knowledge and the prevailing market wage level. The Group remunerated the employees by means of basic salaries and discretionary incentive bonuses.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' and Chief Executive's Interests and Short Positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

#### (i) Long positions in Shares and underlying Shares of the Company

Name of Director	Number of shares held	Nature of Interest	Percentage of issued share capital
Ms. Chan Heung Ling ("Ms. Chan")	900,000,000 (Note)	Interest of controlled corporation	75%

*Note:*

These shares are held by Pan Hong Property as beneficial owner. Pan Hong Property is owned as to 55.88% by Extra Good Enterprises Ltd. ("Extra Good"), which is in turn owned as to 52% by Mr. Wong Lam Ping ("Mr. Wong"), the spouse of Ms. Chan, and 48% by Ms. Chan.

*(ii) Long positions in the shares of associated corporations*

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity/ nature of interest</b>	<b>Number, class and percentage of shares in associated corporation</b>
Mr. Shi Feng	Pan Hong Property	Beneficial owner	473,900 ordinary shares (0.09%) of Pan Hong Property
Ms. Chan	Pan Hong Property	Beneficial owner	323,395,494 ordinary shares (62.75%) of Pan Hong Property <i>(Note)</i>

*Note:*

Ms. Chan is interested in 323,395,494 ordinary shares (approximately 62.75% of the entire issued share capital) of Pan Hong Property, which comprises: (1) 14,443,300 ordinary shares of Pan Hong Property held by her; (2) 20,952,194 ordinary shares of Pan Hong Property, held by her spouse, Mr. Wong, which she is deemed to be interested; and (3) 288,000,000 ordinary shares of Pan Hong Property held by Extra Good, which she is deemed to be interested.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

**(b) Substantial shareholders' interests in the securities of the Company**

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following person (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

<b>Name of Shareholder</b>	<b>Number and class of securities</b> <i>(Note 1)</i>	<b>Nature of interest</b>	<b>Approximate percentage of issued Shares</b>
Pan Hong Property	900,000,000 (L)	Beneficial owner	75%
Extra Good	900,000,000 (L) <i>(Note 2)</i>	Interest of controlled corporation	75%
Mr. Wong	900,000,000 (L) <i>(Note 2)</i>	Interest of controlled corporation	75%

*Notes:*

- (1) The letter "L" denotes the person's long position in the Shares of the Company.
- (2) Pan Hong Property is owned as to 55.88% by Extra Good, which is in turn owned as to 52% by Mr. Wong, the spouse of Ms. Chan, and 48% by Ms. Chan.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at the Latest Practicable Date.

**3. NON-COMPETE UNDERTAKING WITH PAN HONG GROUP**

The Company is a 75% owned subsidiary of Pan Hong Property subsequent to the Spin-off and separate listing of the Group on 22 July 2011. To mitigate any potential conflict of interest between the Group and Pan Hong Group, there is a clear delimitation of the geographical markets in the PRC between the Group and Pan Hong Group as set out in the paragraph headed "Clear delimitation of geographical markets" in the section headed "Relationship with Controlling Shareholders" of the Prospectus.

The Company and Pan Hong Property have entered into the Non-compete Undertaking. Under the Non-compete Undertaking, each of the Company and Pan Hong Property has undertaken that for as long as (i) any member of the Pan Hong Group is the controlling Shareholder (as defined under the SGX-ST Listing Manual); or (ii) any member of the Pan Hong Group is the single largest Shareholder, each of the Group and the Pan Hong Group will not, inter alia, engage in property development projects and compete with the other party (whether independently, through joint-ventures and/or other investments) in the geographical regions in the PRC allocated to the other party.

The Group is principally engaged in the business of property development, management and investment in the Southern Region of the PRC, whereas Pan Hong Group is principally engaged in the business of property development, management and investment in the Northern Region of the PRC.

Each of the Company and Pan Hong Property has further undertaken that where projects or new business opportunities relating to the business of property development, management and/or investment or the business activities engaged by a party arise in the geographical region in the PRC allocated to a party, such party shall have the first right of refusal to take up such business opportunities.

As the Land is located in the Northern Region, the Group had notified Pan Hong Property in writing in respect of the Tender so as to be in compliance with the Non-compete Undertaking. The board of Pan Hong Property had exercised its first right of refusal and declined to bid at the Tender.

#### **4. DIRECTORS' COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules.

#### **5. DIRECTORS' INTERESTS IN ASSETS**

None of the Directors had any interest, either directly or indirectly, in any assets which has since 31 March 2012 (being the date to which the latest published audited consolidated financial statements of the Group were made up), up to the Latest Practicable Date, been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

**6. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

**7. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE**

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

**8. MATERIAL CONTRACTS**

The following contracts (being contracts entered into outside the ordinary course of business carried on by the Group) have been entered into by members of the Group within the two years immediately preceding the date of this circular:

- (a) the instrument of transfer and the bought and sold notes all dated 5 May 2011 between Pan Hong Property and Sino Harbour Property Holdings Limited ("SHPH"), pursuant to which Pan Hong Property transferred one ordinary share in Enrich H.K. Investments Limited to SHPH at the consideration of HK\$1.00;
- (b) the instrument of transfer and the bought and sold notes all dated 9 May 2011 between Pan Hong Property and SHPH, pursuant to which Pan Hong Property transferred one ordinary share in Sino Harbour to SHPH at the consideration of HK\$1.00;
- (c) a deed of non-competition dated 30 June 2011 made between Pan Hong Property and the Company, under which the Company and Pan Hong Property have agreed that each of them will not engage in property development projects and compete with the other party in those geographical regions in the PRC allocated to the other party;

- (d) a reorganisation agreement dated 30 June 2011 made between Pan Hong Property, Pan Hong Investment Limited (“Pan Hong Investment”), SHPH and the Company pursuant to which (i) Pan Hong Property transferred the entire issued share capital of SHPH to our Company; (ii) Pan Hong Investment shall assign the Outstanding Amount to the Company, the consideration of which is satisfied by the allotment and issue of 4,999,999 new Shares by the Company to Pan Hong Property and crediting the one nil paid Share held by Pan Hong Property as fully paid at par;
- (e) a deed of assignment dated 30 June 2011 entered into between Pan Hong Investment and the Company, pursuant to which Pan Hong Investment assigned the outstanding loan due from Sino Harbour to Pan Hong Investment in the aggregate amount of HK\$313,928,090 to the Company;
- (f) a deed of indemnity dated 30 June 2011 executed by Pan Hong Property in favour of the Company containing indemnities in respect of taxation and other matters referred to in the paragraph headed “Estate duty, tax and other indemnity” of Appendix VI of the Prospectus;
- (g) a tenancy agreement dated 4 July 2011 entered into between Pan Hong Investment as landlord and Sino Harbour as tenant, pursuant to which Pan Hong Investment has agreed to let the office premises at Room 1215, Tower B, Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Kowloon, Hong Kong to Sino Harbour at the monthly rent of HK\$26,000 (inclusive of government rent, management fee, government rate and air-conditioning charges) for a term of two years commencing from 4 July 2011;
- (h) a written confirmation dated 4 July 2011 entered into between Pan Hong Property and the Company confirming that either the Pan Hong Group and/or the Group may conduct property development business in any of Hong Kong, Macau and Taiwan; and
- (i) the underwriting agreement relating to the public offer in Hong Kong dated 11 July 2011 entered into among the Company, Pan Hong Property, the sponsor, the joint lead managers and the public offer underwriters as described in the section headed “Underwriting” of the Prospectus.

## **9. LITIGATION**

As at the Latest Practicable Date, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened against any member of the Group.

**10. MISCELLANEOUS**

- (a) The company secretary of the Company is Mr. Siu Ho Fai, who is a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The headquarters and principal place of business of the Company in Hong Kong is Room 1215, Tower B, Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Hunghom, Kowloon, Hong Kong.
- (c) The Company's share registrar is Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) All references to times and dates in this circular refer to Hong Kong times and dates.
- (e) The English text of this circular shall prevail over its Chinese text in case of any inconsistency.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. on any weekday (except public holidays) at the principal place of business of the Company in Hong Kong at Room 1215, Tower B, Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Hunghom, Kowloon, Hong Kong from the date of this circular up to and including 10 May 2013:

- (a) the memorandum and articles of association of the Company;
- (b) the Prospectus;
- (c) the Annual Report 2012 and the Interim Report 2012;
- (d) the material contracts as referred to in the section headed "Material Contracts" in this appendix;
- (e) the Bid Confirmation;
- (f) the Land Grant Contract; and
- (g) this circular.