

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

UNAUDITED FIRST QUARTERLY RESULTS
FOR THE THREE MONTHS ENDED 30 JUNE 2013

The Board hereby presents the unaudited major financial results and operational statistics of the Group for the three months ended 30 June 2013, together with the unaudited comparative figures for the corresponding period in 2012.

This announcement is made pursuant to the disclosure obligation under Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rule**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board (the “**Board**”) of directors (the “**Directors**”) of Sino Harbour Property Group Limited (the “**Company**”) hereby announces the unaudited major financial results and operational statistics of the Company and its subsidiaries (collectively the “**Group**”) for the three months ended 30 June 2013 together with the unaudited comparative figures for the corresponding period in 2012 as follows:

Statement of profit or loss and other comprehensive income for the three months ended 30 June 2013

	Notes	<u>The Group</u>	
		Three months ended 30 June 2013 RMB'000 (Unaudited)	Three months ended 30 June 2012 RMB'000 (Unaudited)
Revenue	3	103,559	162,450
Cost of sales		(73,410)	(82,887)
Gross profit		30,149	79,563
Other income	3	4,725	320
Selling and distribution expenses		(2,600)	(1,735)
Administrative expenses		(6,428)	(4,550)
Other operating expenses		(213)	(9)
Profit before income tax		25,633	73,589
Income tax expense		(9,097)	(21,412)
Profit for the period		16,536	52,177
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		1,392	(599)
Total comprehensive income for the period		17,928	51,578
Profit/ (loss) for the period attributable to:			
- Owners of the Company		17,031	52,401
- Non-controlling interests		(495)	(224)
		16,536	52,177
Total comprehensive income attributable to:			
- Owners of the Company		18,423	51,802
- Non-controlling interests		(495)	(224)
		17,928	51,578
Earnings per share for profit attributable to the owners of the Company during the period (in RMB cents)			
- Basic and diluted	5	1.42	4.37

1. GENERAL INFORMATION

The Company was incorporated in Bermuda on 5 January 2011 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company is located at Room 1215, Tower B, Hunghom Commercial Centre, 37 – 39 Ma Tau Wai Road, Hunghom, Kowloon, Hong Kong.

The Group is principally engaged in property development in the People's Republic of China (the "PRC").

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited results have been prepared in accordance with accounting principles generally accepted in Hong Kong, Hong Kong Accounting Standards ("HKASs") and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange. They have been prepared under the historical cost basis except for investment properties which are stated at fair value. The unaudited results do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the audited financial statements of the Company for the year ended 31 March 2013.

The accounting policies and method of computation used in preparing the unaudited results are consistent with those used in the audited financial statements for the year ended 31 March 2013 (including the early adoption of the following accounting standards before their mandatory effective date of 1 January 2013: HKFRS 10 – Consolidated Financial Statements; HKFRS 11 – Joint Arrangements; HKFRS 12 – Disclosures of Interests in Other Entities; HKAS 27 (Revised) – Separate Financial Statements; and HKAS 28 (Revised) – Investments in Associates and Joint Ventures) except for the following new or revised standards, amendments and interpretations (the "new or revised HKFRSs") issued by the HKICPA effective for annual periods beginning on or after 1 April 2013:

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

(i) HKAS 1 Presentation of Financial Statements

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

one or more statements. Related notes are required for each additional statement presented.

(ii) *HKAS 16 Property, Plant and Equipment*

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

(iii) *HKAS 32 Financial Instruments: Presentation*

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

(iv) *HKAS 34 Interim Financial Reporting*

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

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

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

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

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

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 “Financial Instruments: Disclosures”. HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an

orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

Impacts of adopting new or revised accounting standards:

The adoption of the new or revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

3. REVENUE AND OTHER INCOME

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

	<u>The Group</u>	
	Three months ended 30 June 2013 RMB'000 (Unaudited)	Three months ended 30 June 2012 RMB'000 (Unaudited)
Revenue		
Sale of properties held for sale	103,559	162,450
Other income		
Interest income	4,015	130
Rental income	710	190
	4,725	320

4. DIVIDENDS

The Directors do not recommend the payment of any dividend for the three months ended 30 June 2013 (2012: nil).

5. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company of approximately RMB17,031,000 for the three months ended 30 June 2013 (2012: RMB52,401,000) and 1,200,000,000 ordinary shares (2012: 1,200,000,000 shares) in issue during the period.

The Company did not have dilutive potential ordinary shares outstanding during both the current and prior periods. Accordingly, the diluted earnings per share is the same as the basic earnings per share for both the current and prior periods.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

Revenue for the three months ended 30 June 2013 (“1Q2014”) was approximately RMB103.6 million compared to approximately RMB162.5 million in the previous corresponding period (“1Q2013”), a decrease of 36.3%.

Revenue in 1Q2014 was primarily derived from the delivery of residential units of Yichun Royal Lake City (宜春御湖城) and Fuzhou Hua Cui Ting Yuan (撫州華萃庭院). In 1Q2013, revenue was mainly attributable to the delivery of commercial units of Nanchang Honggu Kaixuan (南昌紅谷凱旋) and residential units of Fuzhou Hua Cui Ting Yuan (撫州華萃庭院).

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 properties that are sold. Consequently, revenue and profit for the Group looking across quarters will appear irregular.

Cost of Sales and Gross Profit Margin

Cost of sales decreased from approximately RMB82.9 million in 1Q2013 to approximately RMB73.4 million in 1Q2014. In 1Q2014, a greater portion of revenue was derived from the delivery of residential units. Commercial units have a significantly higher gross profit margin compared with residential units. Consequently, gross profit margin decreased from 49.0% in 1Q2013 to 29.1% in 1Q2014.

Other Income

Other income increased from approximately RMB0.3 million in 1Q2013 to approximately RMB4.7 million in 1Q2014. The increase was mainly attributable to the increase in interest income.

Selling and Distribution Expenses

Selling and distribution expenses rose from approximately RMB1.7 million in 1Q2013 to approximately RMB2.6 million in 1Q2014. The higher selling expenses in 1Q2014 were mainly due to the increase in marketing expenses incurred in Nanchang Sino Harbour Island Villa (南昌漢港林島).

FINANCIAL REVIEW (continued)

Administrative Expenses

Administrative expenses increased to approximately RMB6.4 million in 1Q2014 from approximately RMB4.6 million in 1Q2013. The increase was mainly attributable to the increase in land use tax and bank charges of approximately RMB1.1 million and RMB1.3 million respectively, partially offset by the decrease in exchange loss of approximately RMB0.5 million.

Profit for the Period

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB25.6 million in 1Q2014, compared to approximately RMB73.6 million in 1Q2013.

Correspondingly, income tax expense decreased from approximately RMB21.4 million in 1Q2013 to approximately RMB9.1 million in 1Q2014.

As a result, profit attributable to the owners of the Company was approximately RMB17.0 million in 1Q2014, compared to approximately RMB52.4 million in 1Q2013.

Cash Position and Borrowings

As at 30 June 2013, the Group had cash and bank balances of approximately RMB140.4 million (31 March 2013: approximately RMB240.9 million), representing a decrease of 41.7% as compared to that at 31 March 2013. Pledged deposits of the Group as at 30 June 2013 amounted to approximately RMB415.7 million (31 March 2013: approximately RMB261.7 million).

As at 30 June 2013, the Group had bank and other loans of approximately RMB833.2 million (31 March 2013: approximately RMB533.5 million).

COMPANY UPDATE

Property Pre-sales

The pre-sale activity for the Group's projects in Nanchang, Fuzhou and Yichun cities of Jiangxi Province remained strong. The results of Property Pre-sale Launches (as at 5 August 2013) 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)	Fuzhou Hua Cui Ting Yuan Phase 2 (撫州華萃庭院 二期)	Yichun Royal Lake City Phase 1 (宜春御湖城 一期)
Estimated total Gross Floor Area ("GFA") released for sale (total units)	116,214 sq. m. (1,007 units)	91,853 sq. m. (633 units)	71,628 sq. m. (525 units)	72,882 sq. m. (770 units)
Estimated total GFA pre-sold (total units)	113,954 sq. m. (999 units)	81,913 sq. m. (584 units)	55,576 sq. m. (455 units)	63,949 sq. m. (657 units)
Percentage of pre-sale	98%	89%	78%	88%
Pre-sale GFA (units pre-sold) not handed to buyers as at 30 June 2013 ^	407 sq. m. (3 units)	3,082 sq. m. (14 units)	55,576 sq. m. (455 units)	9,187 sq. m. (89 units)
Pre-sale value not handed over to buyers as at 30 June 2013 ^	RMB3.37 million	RMB22.08 million	RMB284.65 million	RMB40.86 million
Average Selling Price ("ASP") per sq. m. *	RMB8,287	RMB7,164	RMB5,122	RMB4,448

*: 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).

Barring any unforeseen circumstances, the Group is cautiously optimistic of better contracted sales for the financial year ending 31 March 2014 compared to the previous corresponding year.

CAUTION STATEMENT

The Board wishes to remind investors that the above unaudited quarterly financial results and operational statistics for the three months ended 30 June 2013 and the corresponding period in 2012 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
Deputy Chairman

Hong Kong, 13 August 2013

As of 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.