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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

HIGHLIGHTS

- The Group achieved revenue of approximately RMB216.4 million, mainly attributable to 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）Phase 1. Revenue increased by approximately 26.1% for the six months ended 30 September 2012 compared with the corresponding period in 2011.

- Gross profit margin for the period was approximately 45.3% and net profit margin was approximately 27.7%.

- Profit and total comprehensive income for the period attributable to the owners of the Company amounted approximately RMB60.5 million and approximately RMB60.7 million respectively, representing an increase of approximately 38.7% and approximately 37.0% respectively compared with the corresponding period.

- Earnings per share for profit attributable to the owners of the Company for the period increased from approximately RMB4.29 cents in the corresponding period in 2011 to approximately RMB5.04 cents, representing an increase of approximately 17.5%.

- Cash and bank balances as at 30 September 2012 was approximately RMB50.2 million.

- Bank and other loans as at 30 September 2012 was approximately RMB77.0 million.

The board (the "**Board**") of directors (the "**Directors**") of Sino Harbour Property Group Limited (the "**Company**") hereby announces the unaudited condensed consolidated statement of comprehensive income of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 September 2012 together with the unaudited comparative figures for the corresponding period in 2011, the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2012 together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**Six months ended 30 September 2012** *RMB'000* **(Unaudited)**	Six months ended 30 September 2011 *RMB'000* (Unaudited and Restated)
Revenue	*4*	**216,443**	171,604
Cost of sales		**(118,452)**	(71,592)
Gross profit		**97,991**	100,012
Other income	*4*	**1,047**	1,876
Selling and distribution expenses		**(3,840)**	(1,956)
Administrative expenses		**(8,670)**	(19,842)
Other operating expenses		**(11)**	(16)
Operating profit		**86,517**	80,074
Finance costs		**–**	–
Share of result of a jointly controlled entity		**–**	–
Profit before income tax	*5*	**86,517**	80,074
Income tax expense	*6*	**(26,552)**	(36,519)
Profit for the period		**59,965**	43,555
Other comprehensive income			
Exchange differences on translation of financial statements of foreign operations		**159**	655
Total comprehensive income for the period		**60,124**	44,210

	Notes	Six months ended 30 September 2012 RMB'000 (Unaudited)	Six months ended 30 September 2011 RMB'000 (Unaudited and Restated)
Profit/(loss) for the period attributable to:			
– Owners of the Company		**60,508**	43,640
– Non-controlling interests		**(543)**	(85)
		59,965	43,555
Total comprehensive income attributable to:			
– Owners of the Company		**60,667**	44,295
– Non-controlling interests		**(543)**	(85)
		60,124	44,210
Earnings per share attributable to the owners of the Company during the period *(in RMB cents)*	*8*		
– Basic and diluted		**5.04**	4.29

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2012 RMB'000 (Unaudited)	31 March 2012 RMB'000 (Restated)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**3,285**	3,737
Investment properties		**72,272**	72,272
Interest in a jointly controlled entity		**104,420**	95,149
Deferred tax assets		**1,406**	1,406
		181,383	172,564
Current assets			
Properties held under development		**1,144,929**	1,078,260
Properties held for sale		**232,060**	338,468
Account receivables	*9*	**1,254**	577
Prepayments and other receivables		**137,492**	87,416
Pledged deposits		**26,040**	24,403
Cash and bank balances		**50,231**	92,763
		1,592,006	1,621,887
Current liabilities			
Account payables	*10*	**15,695**	17,756
Accruals, receipts in advance and other payables	*10*	**436,763**	478,754
Provision for tax		**116,667**	121,537
Bank and other loans		**77,000**	80,000
		646,125	698,047
Net current assets		**945,881**	923,840
Net assets		**1,127,264**	1,096,404

	30 September 2012	31 March 2012
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
EQUITY		
Equity attributable to the owners of the Company		
Share capital	**9,931**	9,931
Reserves	**918,094**	857,427
Proposed final dividend	**–**	29,264
	928,025	896,622
Non-controlling interests	**199,239**	199,782
Total equity	**1,127,264**	1,096,404

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital RMB'000	Share premium RMB'000	Statutory reserves RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000	Total RMB'000	Non-controlling interest RMB'000	Total equity RMB'000
	Unaudited									
	Equity attributable to the owners of the Company									
At 1 April 2012 (Restated)	**9,931**	**537,994**	**41,872**	**–**	**8,383**	**269,178**	**29,264**	**896,622**	**199,782**	**1,096,404**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**159**	**60,508**	**–**	**60,667**	**(543)**	**60,124**
2012 final dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**(29,264)**	**(29,264)**	**–**	**(29,264)**
At 30 September 2012 (Unaudited)	**9,931**	**537,994**	**41,872**	**–**	**8,542**	**329,686**	**–**	**928,025**	**199,239**	**1,127,264**

	Share capital RMB'000	Share premium RMB'000	Statutory reserves RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interest RMB'000	Total equity RMB'000
	Unaudited								
	Equity attributable to the owners of the Company								
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	41	285,411	–	(285,452)	–	–	–	–	–
Capitalisation issue	7,407	(7,407)	–	–	–	–	–	–	–
Issuance of shares in connection with the listing	2,483	259,990	–	–	–	–	262,473	–	262,473
Transactions with owners	9,931	537,994	–	(285,452)	–	–	262,473	–	262,473
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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September 2012 *RMB'000* **(Unaudited)**	Six months ended 30 September 2011 *RMB'000* (Unaudited and Restated)
Net cash generated from/(used in) operating activities	**3,126**	(61,810)
Net cash (used in)/generated from investing activities	**(11,021)**	14,009
Net cash (used in)/generated from financing activities	**(34,952)**	225,902
Net (decrease)/increase in cash and cash equivalents	**(42,847)**	178,101
Effect of foreign exchange rates, net	**315**	1,491
Cash and cash equivalents at 1 April	**92,763**	137,157
Cash and cash equivalents at 30 September	**50,231**	316,749

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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.

A reorganisation of the Company and its subsidiaries (the "**Group**") 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**"). Details of the reorganisation are set out in the prospectus of the Company dated 12 July 2011. The Company's shares are listed on the Main Board of the Stock Exchange since 22 July 2011.

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 condensed consolidated interim financial statements for the six months ended 30 September 2012 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange. They have been prepared under the historical cost basis except for investment properties which are stated at fair value. The condensed consolidated interim financial statements 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 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all HKFRSs, HKASs and Interpretations).

The accounting policies and method of computation used in preparing the condensed consolidated interim financial statements for the six months ended 30 September 2012 are consistent with those used in the audited financial statements for the year ended 31 March 2012 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 2012:

Mandatorily adopted as of 1 April 2012:

Amendments to HKFRS 7 Disclosure – Transfer of Financial Assets

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.

Amendments to HKAS 12 Deferred tax – Recovery of underlying assets

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 amendment is applied retrospectively.

Early adopted before the mandatory effective dates:

HKFRS 10 Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee.

Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority.

HKFRS 10 provides guidance on when an investor would assess power over portion of the investee (silos), that is over specified assets and liabilities or group of assets and liabilities of the investee.

The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 11 Joint Arrangements

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC) – Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. Joint arrangements under HKFRS 11 have the same basic characteristics as joint venture under HKAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangements, it is regarded as a joint operator and will recognise its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply equity method of accounting. HKFRS 11 does not allow proportionate consolidation. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement. Previously, the existence of a separate legal was the key factor in determining the existence of a jointly controlled entity under HKAS 31. HKFRS 11 is applied retrospectively with specific restatement requirements for a joint venture which changes from proportionate consolidation to the equity method and a joint operation which changes from equity method to accounting for assets and liabilities.

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 integrates and make consistent the disclosure requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKAS 27 (Revised) Separate Financial Statements

Revisions are made resulting from the issuance of HKFRS 10 and consolidated financial statements are now addressed by HKFRS 10. Therefore, HKAS 27 is revised to only address separate financial statements, including how to prepare separate financial statements of an investor and what disclosures should be made in the separate financial statements.

HKAS 28 (Revised) Investments in Associates and Joint Ventures

Revisions are made resulting from the issuance of HKFRS 11. An entity applies HKFRS 11 to determine the type of a joint arrangement in which it is involved. Once it has determined that it has an interest in a joint venture, the entity recognises an investment and accounts for it using the equity method.

Except for Amendments to HKFRS 7 and Amendments to HKAS 12, all the other five new or revised standards are mandatorily effective for annual periods beginning on or after 1 January 2013 and should be applied in accordance with respective transition requirements. Early application is permitted so long as all of the five new or revised standards are applied early. The Group has adopted these five new or revised standards on 1 April 2012. The effects on adoption of these new or revised HKFRSs give rise to the changes in the financial statements are stated below.

Impacts of adopting new accounting standards:

The adoption of HKFRS 12, HKAS 27 (Revised) and HKAS 28 (Revised) has no material impact on the accounting policies of the Group and has no material financial impacts on the Group's interim results.

Upon the adoption of HKFRS 10 and HKFRS 11, the Group has changed its accounting policies on subsidiaries and joint arrangement. Under the new policies, the Group has reassessed the classification of its jointly controlled entity, together with the effect on the designated operating agreement signed between the Group and its joint venture party, the jointly controlled entity has separated into two activities being conducted through a joint venture project control with two parties ("**Joint Venture**") and a project with ring-fenced assets and liabilities unilateral controlled by the Group ("**Deemed Separate Entity**"). The Group accounted for its interest in Joint Venture in the consolidated financial statements using equity method in accordance with HKFRS 11 and consolidated the financial figures of its interest in Deemed Separate Entity in the consolidated financial statements in accordance with HKFRS 10.

Prior to the financial year ending 31 March 2013, the Group's interest in its jointly controlled entity was accounted for as "Interest in a jointly controlled entity" and was included in the consolidated financial statements by equity method.

The following presents the effect of adopting HKFRS 10 and HKFRS 11 on the consolidated statement of financial position comparing the restated 31 March 2012 balances to the balances previously reported, and the 30 September 2012 recorded balances to what would have been reported had the Group not early adopted HKFRS 10 and HKFRS 11 for the six months ended 30 September 2012:

	The Group	
	30 September	31 March
Increase/(decrease)	**2012**	2012
	RMB'000	*RMB'000*
Assets:		
Property, plant and equipment	**296**	380
Interest in a jointly controlled entity	**(119,044)**	(81,500)
Properties held under development	**259,517**	264,178
Prepayments and other receivables	**29,690**	11,892
Pledged deposits	**3,361**	1,070
Cash and bank balances	**20,004**	10,132
	193,824	206,152
Liabilities:		
Account payables	**9,897**	11,113
Accruals, receipts in advance and other payables	**108,580**	115,165
Provision for tax	**(1,653)**	(126)
Bank and other loans	**77,000**	80,000
	193,824	206,152

The following presents the effect of adopting HKFRS 10 and HKFRS 11 on the consolidated statement of comprehensive income comparing the restated prior period (six months ended 30 September 2011) amounts to the amounts previously reported, and the current period (six months ended 30 September 2012) recorded amounts to what would have been reported had the Group not early adopted HKFRS 10 and HKFRS 11 for the six months ended 30 September 2012:

	The Group	
	Six months ended 30 September 2012	Six months ended 30 September 2011
	RMB'000	*RMB'000*
Increase in other income	**37**	2
Increase in selling and distribution expenses	**(1,732)**	(231)
Increase in administrative expenses	**(1,273)**	(2,951)
Decrease in share of result of a jointly controlled entity	**2,968**	3,180
Total effect in net profit/total comprehensive income for the period	**–**	–

The adoption of HKFRS 10 and HKFRS 11 has no material impact on basic and diluted earnings per share for the six months ended 30 September 2011 and 2012.

The Group has not early adopted the following new or revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRS 1	First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans [2]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities [2]
Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date and transition disclosures [4]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income [1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities [3]
HKFRS 9	Financial Instruments [4]
HKFRS 13	Fair Value Measurement [2]
HKAS 19 (2011)	Employee Benefits [2]

[1] *Effective for annual periods beginning on or after 1 July 2012*

[2] *Effective for annual periods beginning on or after 1 January 2013*

[3] *Effective for annual periods beginning on or after 1 January 2014*

[4] *Effective for annual periods beginning on or after 1 January 2015*

For the application of these new or 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

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more focused on the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance on property development. Resources are allocated based on what is beneficial for the Group in enhancing its property development activities rather than any specific service. Performance assessment is based on the results of the Group as a whole. Therefore, management considers there to be only one operating segment under the requirement of HKFRS 8 *Operating segments*.

No geographical information is presented as the revenue and profit from operations are substantially derived from activities in Jiangxi Province, the PRC.

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 2012	Six months ended 30 September 2011
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and Restated)
Revenue		
Sale of properties held for sale	**216,443**	171,604
Other income		
Interest income	**848**	1,699
Rental income	**190**	177
Others	**9**	–
	1,047	1,876

5. PROFIT BEFORE INCOME TAX

	The Group	
	Six months ended 30 September 2012	Six months ended 30 September 2011
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and Restated)
Profit before income tax is arrived at after charging:		
Finance costs		
– Interest on bank loans wholly repayable within five years	**2,688**	5,364
Less: amount capitalised in properties held under development	**(2,688)**	(5,364)
	–	–
Cost of properties held for sale recognised as expense	**106,408**	62,408
Depreciation	**383**	199
Exchange losses, net	**766**	1,073
Listing expenses	**–**	11,207
Staff costs, including directors' emoluments		
– Wages and salaries	**5,110**	3,185
– Retirement benefit scheme contributions		
– defined contribution plans	**59**	8
Less: amount capitalised in properties held under development	**(1,882)**	(1,253)
	3,287	1,940

6. INCOME TAX EXPENSE

	The Group	
	Six months ended 30 September 2012	Six months ended 30 September 2011
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax – PRC		
– Enterprise Income Tax ("EIT")	**22,339**	22,628
– Land Appreciation Tax ("LAT")	**4,213**	15,119
	26,552	37,747
Current tax – Hong Kong	**–**	(241)
	26,552	37,506
Deferred income tax	**–**	(987)
Total income tax expense	**26,552**	36,519

EIT has been provided on the estimated profits of subsidiaries operating in the PRC at 25% (2011: 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. There are certain exemptions available for the sales of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such an exemption.

Hong Kong profits tax is calculated at 16.5% (2011: 16.5%) on the estimated assessable profits for the period. No Hong Kong profits tax has been provided as the Group had no estimated assessable profits arising in or derived from Hong Kong for both periods.

7. DIVIDENDS

The Directors do not recommend the payment of any dividend for the six months ended 30 September 2012 (2011: nil).

8. EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company of approximately RMB60,508,000 for the six months ended 30 September 2012 (2011: RMB43,640,000) and the weighted average number of 1,200,000,000 ordinary shares (2011: 1,016,712,000 shares) in issue during the period, assuming that 900,000,000 shares issued pursuant to the reorganisation had been in issue throughout both periods.

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.

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 2012	31 March 2012
	RMB'000	*RMB'000*
	(Unaudited)	
0 – 3 months past due	**1,201**	80
3 – 6 months past due	**–**	445
6 months – 1 year past due	**51**	–
More than 1 year past due	**2**	52
	1,254	577

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

	The Group	
	30 September	31 March
	2012	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Account payables	**15,695**	17,756
Accruals, receipts in advance and other payables		
Receipts in advance	**289,361**	332,253
Accruals and other payables	**147,402**	146,501
	436,763	478,754

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

	The Group	
	30 September	31 March
	2012	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
0 – 3 months	**11,116**	11,035
3 – 6 months	**918**	1,810
6 months – 1 year	**1,252**	3,558
More than 1 year	**2,409**	1,353
	15,695	17,756

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012 ("FIRST HALF OF FY2013") COMPARED TO THE SIX MONTHS ENDED 30 SEPTEMBER 2011 ("FIRST HALF OF FY2012")

Revenue

	The Group	
	Six months ended 30 September 2012	Six months ended 30 September 2011
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Residential	**144,268**	54,376
Commercial and others	**72,175**	117,228
	216,443	171,604

The Group achieved revenue of approximately RMB216.4 million for the first half of FY2013, 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）Phase 1. Revenue increased by approximately 26.1% for the first half of FY2013 compared with the first half of FY2012.

Cost of Sales and Gross Profit Margin

Cost of sales increased from approximately RMB71.6 million in the first half of FY2012 to approximately RMB118.5 million in the first half of FY2013. In the first half of FY2012, revenue was primarily derived from the delivery of commercial units which have a significantly higher gross profit margin compared with the first half of FY2013. Consequently, gross profit margin decreased from approximately 58.3% in the first half of FY2012 to approximately 45.3% in the first half of FY2013.

Other Income

Other income decreased from approximately RMB1.9 million (restated) in the first half of FY2012 to approximately RMB1.0 million in the first half of FY2013. The decrease mainly represented the decrease in interest income.

Selling and Distribution Expenses

Selling and distribution expenses increased from approximately RMB2.0 million (restated) in the first half of FY2012 to approximately RMB3.8 million in the first half of FY2013. The higher selling and distribution expenses in the first half of FY2013 was mainly due to the increase in marketing expenses for Yichun Royal Lake City（宜春御湖城）.

Administrative Expenses

Administrative expenses decreased from approximately RMB19.8 million (restated) in the first half of FY2012 to approximately RMB8.7 million in the first half of FY2013. The decrease was mainly attributable to listing expenses of approximately RMB11.2 million included in the administrative expenses of the first half of FY2012.

Profit for the Six Months Ended 30 September 2012

As a cumulative effect of the foregoing factors, the Group had recorded a profit before tax of approximately RMB86.5 million in the first half of FY2013, representing an increase of approximately 8.0% from approximately RMB80.1 million in the first half of FY2012.

Income tax expense decreased from approximately RMB36.5 million in the first half of FY2012 to approximately RMB26.6 million in the first half of FY2013. The decrease in income tax was mainly derived from the decrease in LAT resulting from the lower assessable appreciated value of properties delivered to customers during the first half of FY2013. According to the Provisional Regulations of the PRC on LAT and relevant implementation rules, an entity derives a profit from selling or transferring properties shall be liable to pay LAT at progressive rates from 30% to 60%, of the appreciated value of the property with certain exemptions available for the sale of ordinary residential properties if the appreciated value does not exceed 20% of the deductible items as defined in the relevant LAT regulations. Sales of commercial properties are not eligible for such exemption.

As a result, profit for the period attributed to the owners of the Company improved by approximately 38.7% from approximately RMB43.6 million in the first half of FY2012 to approximately RMB60.5 million in the first half of FY2013.

REVIEW OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

Interest in a Jointly Controlled Entity

Interest in a jointly controlled entity increased from approximately RMB95.1 million (restated) as at 31 March 2012 to approximately RMB104.4 million as at 30 September 2012 mainly due to the advance payments for construction made to the jointly controlled entity by the Group for the Yichun Royal Lake City（宜春御湖城）.

Properties Held under Development

As at 30 September 2012, the Group's properties held under development increased to approximately RMB1,144.9 million from approximately RMB1,078.3 million (restated) as at 31 March 2012. The increase was mainly because of new projects, namely Fuzhou Hua Cui Ting Yuan（撫州華萃庭院）Phase 2 and Nanchang Dingxun Project（南昌鼎迅項目）Phase 1, being under development in the first half of FY2013.

Properties Held for Sale

Properties held for sale decreased from approximately RMB338.5 million as at 31 March 2012 to approximately RMB232.1 million as at 30 September 2012. The decrease was due to the transfer of completed property units to buyers in the first half of FY2013.

Prepayments and Other Receivables

As at 30 September 2012, the Group's prepayments and other receivables amounted approximately RMB137.5 million, compared to approximately RMB87.4 million (restated) as at 31 March 2012. The increase was mainly attributable to the increase of prepayments to contractors for the construction of property projects.

Account Payables, Accruals, Receipts in Advance and Other Payables

Account payables decreased to approximately RMB15.7 million as at 30 September 2012 from approximately RMB17.8 million (restated) as at 31 March 2012. Account payables mainly comprised of amount payable to suppliers for construction cost incurred in respect of the Group's properties under development.

Accruals, receipts in advance and other payables comprise mainly of the advance receipts from customers in respect of deposit and prepayments 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 decreased to approximately RMB436.8 million as at 30 September 2012 from approximately RMB478.8 million (restated) as at 31 March 2012. The decrease mainly represented the decrease in the receipts from customers for the deposits and prepayments for the Group's property pre-sales at 30 September 2012 as compared to those at 31 March 2012.

Cash Position and Borrowings

As at 30 September 2012, the Group had cash and bank balances of approximately RMB50.2 million (31 March 2012: approximately RMB92.8 million (restated)).

As at 30 September 2012, the Group had total borrowing of approximately RMB77.0 million (31 March 2012: approximately RMB80.0 million (restated)). The decrease represented the repayment of borrowings in the first half of FY2013.

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 2012, the Company had no material acquisition or disposal of assets, subsidiaries and affiliated companies.

EMPLOYEE AND RENUMERATION POLICY

There were 152 employees in the Group as at 30 September 2012. 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, Fuzhou and Yichun of Jiangxi Province remained strong. Results of Property Pre-sale Launches (as at 31 October 2012) 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)	89,114 sq. m. (606 units)	51,667 sq. m. (329 units)	51,155 sq. m. (547 units)
Estimated total GFA pre-sold (total units)	113,954 sq. m. (999 units)	77,593 sq. m. (556 units)	14,886 sq. m. (139 units)	37,675 sq. m. (397 units)
Percentage of pre-sale	98%	87%	29%	74%
Pre-sale GFA (units pre-sold) not handed to buyers as at 30 September 2012 ^	1,272 sq. m. (12 units)	22,475 sq. m. (146 units)	14,886 sq. m. (139 units)	37,675 sq. m. (397 units)
Pre-sale value not handed over to buyers as at 30 September 2012 ^	RMB9.27 million	RMB110.60 million	RMB61.47 million	RMB157.92 million
Average Selling Price ("**ASP**") per sq. m.*	RMB7,288	RMB4,921	RMB4,129	RMB4,192

Commercial Units

	Nanchang Honggu Kaixuan Phases 1 and 2 (南昌紅谷凱旋一、二期)
Estimated total GFA released for sale	16,215 sq. m.
Estimated total GFA pre-sold	13,785 sq. m.
Percentage of pre-sale	85%
Pre-sale GFA not handed to buyers as at 30 September 2012^	4,155 sq. m.
Pre-sale value not handed over to buyers as at 30 September 2012^	RMB51.08 million
ASP per sq. m.*	RMB12,293

*: *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 FY2013, it is expected that the PRC government's austerity policies on the PRC property market would be maintained. Nevertheless, the Group focuses in the third- and fourth-tier cities in Jiangxi Province, the PRC and benefits from the continuing urbanisation of Jiangxi Province and booming demand from first home buyers and other buyers for improved housing, the impact on the Group from the policies is mild. In promoting property sales, the Group releases quality property units with compact size targeting first home buyers and other buyers for improved housing.

Other than the property development in the PRC, the Group is actively exploring the opportunities to invest in overseas potential property markets, such as South Africa, with a view to enhance shareholders' return by grasping the chance of economic growth of such markets. For details, please refer to the announcement made by the Company on 10 August 2012.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING ("IPO")

Trading of shares in the Company on the Stock Exchange commenced on 22 July 2011, and the Group raised net proceeds of approximately HK$302 million (equivalent to approximately RMB251 million) from the IPO. The net proceeds had been used in the following manner:

Purpose of net proceeds	**Amount of net proceeds** *RMB'000*	**Utilised** *RMB'000*	**Balance** *RMB'000*
Payment of the construction costs of phase 2 of Fuzhou Hua Cui Ting Yuan (撫州華萃庭院)	60,304	60,304	–
Payment of the construction costs of phase 1 of Nanchang Dingxun Project (南昌鼎迅項目)	70,354	70,354	–
Payment of the construction costs of phase 2 of Yichun Royal Lake City (宜春御湖城)	100,506	100,506	–
As general working capital of the Group	20,102	20,102	–
	251,266	251,266	–

DIVIDEND

The Board has resolved that no interim dividend to be paid for the six months ended 30 September 2012 (six months ended 30 September 2011: nil).

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 six months ended 30 September 2012.

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.

For the six months ended 30 September 2011, 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 except the following deviations.

Due to personal commitments, Ms. CHAN Heung Ling, the chairlady of the Board, did not attend the annual general meeting of the Company held on 25 July 2012 ("**2012 AGM**"). This constitutes a deviation of the code provision E.1.2 of the CG Code.

Ms. ZHANG Juan, the independent non-executive Director of the Company, was unable to attend the 2012 AGM due to personal commitments. This constitutes a deviation of the code provision A.6.7 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules 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 for the six months ended 30 September 2012.

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 2012 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 results and operational statistics for the six months ended 30 September 2012 and the corresponding period in 2011 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, 9 November 2012

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.