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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)**

### ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

#### HIGHLIGHTS

- The Group achieved revenue of approximately RMB161.3 million for the six months ended 30 September 2013, mainly attributable to the residential units of Fuzhou Hua Cui Ting Yuan (撫州華萃庭院) and Yichun Royal Lake City (宜春御湖城).
- Gross profit margin for the period was approximately 31.6% and net profit margin was approximately 15.9%.
- Profit and total comprehensive income for the period attributable to the owners of the Company amounted approximately RMB26.5 million and RMB27.3 million respectively.
- Earnings per share for profit attributable to the owners of the Company for the period amounted approximately RMB2.21 cents.
- Cash and bank balances as at 30 September 2013 was approximately RMB157.8 million. Pledged deposits as at 30 September 2013 was approximately RMB415.0 million.
- Bank and other loans as at 30 September 2013 was approximately RMB904.8 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 profit or loss and other comprehensive income of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2013 together with the unaudited comparative figures for the corresponding period in 2012, the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2013 together with audited comparative figures as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		<b>Six months ended 30 September 2013 RMB'000 (Unaudited)</b>	<b>Six months ended 30 September 2012 RMB'000 (Unaudited)</b>
	<i>Notes</i>		
<b>Revenue</b>	4	<b>161,349</b>	216,443
Cost of sales		<u>(110,295)</u>	<u>(118,452)</u>
<b>Gross profit</b>		<b>51,054</b>	97,991
Other income	4	<b>10,106</b>	1,047
Selling and distribution expenses		<b>(5,935)</b>	(3,840)
Administrative expenses		<b>(13,618)</b>	(8,670)
Other operating expenses		<u>(227)</u>	<u>(11)</u>
<b>Profit before income tax</b>	5	<b>41,380</b>	86,517
Income tax expense	6	<u>(15,646)</u>	<u>(26,552)</u>
<b>Profit for the period</b>		<b>25,734</b>	59,965
<b>Other comprehensive income</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		<u>764</u>	<u>159</u>
<b>Total comprehensive income for the period</b>		<u><b>26,498</b></u>	<u>60,124</u>
<b>Profit/(loss) for the period attributable to:</b>			
– Owners of the Company		<b>26,517</b>	60,508
– Non-controlling interests		<u>(783)</u>	<u>(543)</u>
		<u><b>25,734</b></u>	<u>59,965</u>
<b>Total comprehensive income for the period attributable to:</b>			
– Owners of the Company		<b>27,281</b>	60,667
– Non-controlling interests		<u>(783)</u>	<u>(543)</u>
		<u><b>26,498</b></u>	<u>60,124</u>
<b>Earnings per share attributable to the owners of the Company during the period (in RMB cents)</b>			
– Basic and diluted	8	<u><b>2.21</b></u>	<u>5.04</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>30 September 2013 RMB'000 (Unaudited)</b>	31 March 2013 RMB'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		3,766	2,771
Investment properties		111,625	111,625
Interest in a joint venture		174,149	174,149
Pledged deposits		<u>230,000</u>	<u>230,000</u>
		<u>519,540</u>	<u>518,545</u>
<b>Current assets</b>			
Properties held for development		1,032,992	1,066,044
Properties held for sale		416,643	311,164
Account receivables	9	13,762	12
Prepayments and other receivables		439,308	152,826
Pledged deposits		184,968	31,724
Cash and bank balances		<u>157,847</u>	<u>240,917</u>
		<u>2,245,520</u>	<u>1,802,687</u>
<b>Current liabilities</b>			
Account payables	10	66,124	29,309
Accruals, receipts in advance and other payables	10	504,633	430,572
Provision for tax		93,834	134,809
Bank and other loans	11	<u>331,347</u>	<u>99,000</u>
		<u>995,938</u>	<u>693,690</u>
<b>Net current assets</b>		<u>1,249,582</u>	<u>1,108,997</u>
<b>Total assets less current liabilities</b>		<u>1,769,122</u>	<u>1,627,542</u>
<b>Non-current liabilities</b>			
Bank and other loans	11	573,413	434,500
Deferred tax liabilities		<u>1,978</u>	<u>1,978</u>
		<u>575,391</u>	<u>436,478</u>
<b>Net assets</b>		<u>1,193,731</u>	<u>1,191,064</u>
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital		9,931	9,931
Reserves		971,115	943,834
Proposed final dividend		–	38,741
		<u>981,046</u>	<u>992,506</u>
<b>Non-controlling interests</b>		<u>212,685</u>	<u>198,558</u>
<b>Total equity</b>		<u>1,193,731</u>	<u>1,191,064</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited								
	Equity attributable to the owners of the Company								
	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Statutory reserves <i>RMB'000</i>	Exchange reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Proposed final dividend <i>RMB'000</i>	Total <i>RMB'000</i>	Non- controlling interest <i>RMB'000</i>	Total equity <i>RMB'000</i>
At 1 April 2013 (Audited)	9,931	537,994	52,577	7,087	346,176	38,741	992,506	198,558	1,191,064
Total comprehensive income for the period	-	-	-	764	26,517	-	27,281	(783)	26,498
Increase in registered capital of a subsidiary	-	-	-	-	-	-	-	14,910	14,910
2013 final dividend paid	-	-	-	-	-	(38,741)	(38,741)	-	(38,741)
At 30 September 2013 (Unaudited)	<u>9,931</u>	<u>537,994</u>	<u>52,577</u>	<u>7,851</u>	<u>372,693</u>	<u>-</u>	<u>981,046</u>	<u>212,685</u>	<u>1,193,731</u>
	Unaudited								
	Equity attributable to the owners of the Company								
	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Statutory reserves <i>RMB'000</i>	Exchange reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Proposed final dividend <i>RMB'000</i>	Total <i>RMB'000</i>	Non- controlling interest <i>RMB'000</i>	Total equity <i>RMB'000</i>
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)	<u>9,931</u>	<u>537,994</u>	<u>41,872</u>	<u>8,542</u>	<u>329,686</u>	<u>-</u>	<u>928,025</u>	<u>199,239</u>	<u>1,127,264</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Six months ended 30 September 2013 RMB'000 (Unaudited)</b>	<b>Six months ended 30 September 2012 RMB'000 (Unaudited)</b>
<b>Net cash (used in)/generated from operating activities</b>	<b>(251,245)</b>	<b>3,126</b>
<b>Net cash used in investing activities</b>	<b>(154,861)</b>	<b>(11,021)</b>
<b>Net cash generated from/(used in) financing activities</b>	<b><u>322,264</u></b>	<b><u>(34,952)</u></b>
Net decrease in cash and cash equivalents	<b>(83,842)</b>	<b>(42,847)</b>
Effect of foreign exchange rates, net	<b>772</b>	<b>315</b>
Cash and cash equivalents at 1 April	<b><u>240,917</u></b>	<b><u>92,763</u></b>
<b>Cash and cash equivalents at 30 September</b>	<b><u><u>157,847</u></u></b>	<b><u><u>50,231</u></u></b>

## 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.

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 2013 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 of Hong Kong Limited (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 2013, 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 2013 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.

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

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets <sup>1</sup>
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
HK(IFRIC) – Int 21	Levies <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosure <sup>2</sup>
HKFRS 9	Financial Instruments <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>2</sup> 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 of 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:

	<b>The Group</b>	
	<b>Six months ended 30 September 2013 RMB'000 (Unaudited)</b>	<b>Six months ended 30 September 2012 RMB'000 (Unaudited)</b>
<b>Revenue</b>		
Sale of properties held for sale	<b>161,349</b>	216,443
<b>Other income</b>		
Interest income	8,125	848
Consultancy fee income	1,271	–
Rental income	710	190
Others	–	9
	<b>10,106</b>	1,047

### 5. PROFIT BEFORE INCOME TAX

	<b>The Group</b>	
	<b>Six months ended 30 September 2013 RMB'000 (Unaudited)</b>	<b>Six months ended 30 September 2012 RMB'000 (Unaudited)</b>
Profit before income tax is arrived at after charging:		
Finance costs		
– Interest on bank and other loans wholly repayable within five years	25,509	2,688
Less: amount capitalised in properties held under development	(25,509)	(2,688)
	–	–
Cost of properties held for sale recognised as expense	100,864	106,408
Depreciation	346	383
Exchange losses, net	1,733	766
Staff costs, including directors' emoluments		
– Wages and salaries	6,276	5,110
– Retirement benefit scheme contributions		
– defined contribution plans	63	59
Less: amount capitalised in properties held under development	(2,676)	(1,882)
	<b>3,663</b>	3,287



## 6. INCOME TAX EXPENSE

	<b>The Group</b>	
	<b>Six months ended 30 September 2013 RMB'000 (Unaudited)</b>	<b>Six months ended 30 September 2012 RMB'000 (Unaudited)</b>
<b>Current tax – PRC</b>		
– Enterprise Income Tax (“EIT”)	10,647	22,339
– Land Appreciation Tax (“LAT”)	<u>4,999</u>	<u>4,213</u>
<b>Total income tax expense</b>	<b><u><u>15,646</u></u></b>	<b><u><u>26,552</u></u></b>

EIT has been provided on the estimated profits of subsidiaries operating in the PRC at 25% (2012: 25%).

Under the law of the PRC on EIT, corporate withholding income tax is levied on the foreign investor for the dividends distributed out of the profits generated by the foreign investment enterprises. The Group’s applicable withholding income tax rate is at 10% (2012: 10%).

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% (2012: 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 2013 (2012: nil).

## 8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company of approximately RMB26,517,000 for the six months ended 30 September 2013 (2012: RMB60,508,000) and the 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.

## 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:

	<b>The Group</b>	
	<b>30 September 2013 <i>RMB'000</i> (Unaudited)</b>	<b>31 March 2013 <i>RMB'000</i> (Audited)</b>
0 – 3 months past due	13,751	12
3 – 6 months past due	2	–
6 months – 1 year past due	–	–
More than 1 year past due	<u>9</u>	<u>–</u>
	<b><u>13,762</u></b>	<b><u>12</u></b>

Receivables that were past due but not impaired relate to a number of independent buyers. Based on past experience, the Board considered that no impairment allowance required as there has not been a significant change in credit quality and the balances are considered fully recoverable.

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

	<b>The Group</b>	
	<b>30 September 2013 <i>RMB'000</i> (Unaudited)</b>	<b>31 March 2013 <i>RMB'000</i> (Audited)</b>
<b>Account payables</b>	<b><u>66,124</u></b>	<b><u>29,309</u></b>
<b>Accruals, receipts in advance and other payables</b>		
Receipts in advance	363,874	255,705
Accruals and other payables	<u>140,759</u>	<u>174,867</u>
	<b><u>504,633</u></b>	<b><u>430,572</u></b>

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

	<b>The Group</b>	
	<b>30 September 2013 <i>RMB'000</i> (Unaudited)</b>	<b>31 March 2013 <i>RMB'000</i> (Audited)</b>
Less than 3 months	43,787	25,405
3 – 6 months	19,850	135
6 months – 1 year	1,348	2,042
More than 1 year	<u>1,139</u>	<u>1,727</u>
	<b><u>66,124</u></b>	<b><u>29,309</u></b>

## 11. BANK AND OTHER LOANS

	<b>30 September 2013 RMB'000 (Unaudited)</b>	31 March 2013 RMB'000 (Audited)
Borrowing included in current liabilities:		
– Bank loans – secured	263,347	65,000
– Other loans – secured	<u>68,000</u>	<u>34,000</u>
	<u>331,347</u>	<u>99,000</u>
Borrowing included in non-current liabilities:		
– Bank loans – secured	252,913	80,000
– Other loans – secured	<u>320,500</u>	<u>354,500</u>
	<u>573,413</u>	<u>434,500</u>
Total borrowing	<u><u>904,760</u></u>	<u><u>533,500</u></u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013 (“FIRST HALF OF FY2014”) COMPARED TO THE SIX MONTHS ENDED 30 SEPTEMBER 2012 (“FIRST HALF OF FY2013”)

#### Revenue

	<b>The Group</b>	
	<b>Six months ended 30 September 2013 RMB'000 (Unaudited)</b>	Six months ended 30 September 2012 RMB'000 (Unaudited)
Residential	118,684	144,268
Commercial and others	<u>42,665</u>	<u>72,175</u>
	<u><u>161,349</u></u>	<u><u>216,443</u></u>

The Group achieved revenue of approximately RMB161.3 million for the first half of FY2014, mainly attributable to the residential units of Fuzhou Hua Cui Ting Yuan (撫州華萃庭院) and Yichun Royal Lake City (宜春御湖城).

## **Cost of Sales and Gross Profit Margin**

Cost of sales decreased from approximately RMB118.5 million in the first half of FY2013 to approximately RMB110.3 million in the first half of FY2014. In the first half of FY2014, 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 approximately 45.3% in the first half of FY2013 to approximately 31.6% in the first half of FY2014.

## **Other Income**

Other income increased from approximately RMB1.0 million in the first half of FY2013 to approximately RMB10.1 million in the first half of FY2014. The increase mainly represented the increase in interest income as a result of higher pledged deposits and cash held in banks in the first half of FY2014.

## **Selling and Distribution Expenses**

Selling and distribution expenses increased from approximately RMB3.8 million in the first half of FY2013 to approximately RMB5.9 million in the first half of FY2014. The higher selling expenses in the first half of FY2014 was mainly due to the increase in marketing expenses for Nanchang Sino Harbour Island Villa (南昌漢港林島).

## **Administrative Expenses**

Administrative expenses increased from approximately RMB8.7 million in the first half of FY2013 to approximately RMB13.6 million in the first half of FY2014. The increase was mainly attributable to the increase in land use tax, bank charges and exchange difference of approximately RMB1.3 million, RMB1.4 million and RMB1.0 million respectively. New bank borrowings made in the first half of FY2014 gave rise to higher bank charges comparing same period last year.

## **Profit for the Six Months Ended 30 September 2013**

As a cumulative effect of the foregoing factors, the Group had recorded a profit before tax of approximately RMB41.4 million in the first half of FY2014, representing a decrease of 52.2% from approximately RMB86.5 million in the first half of FY2013.

Correspondingly, income tax expense decreased from approximately RMB26.6 million in the first half of FY2013 to approximately RMB15.6 million in the first half of FY2014.

As a result, profit for the period attributed to the owners of the Company decreased by approximately 56.2% from approximately RMB60.5 million in the first half of FY2013 to approximately RMB26.5 million in the first half of FY2014.

## **REVIEW OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013**

### **Properties Held Under Development**

As at 30 September 2013, the Group's properties held under development decreased to approximately RMB1,033.0 million from approximately RMB1,066.0 million as at 31 March 2013. The balance represented the projects, namely Fuzhou Hua Cui Ting Yuan (撫州華萃庭院) Phase 3, Nanchang Sino Harbour Island Villa (南昌漢港林島) Phase 1 and Yichun Royal Lake City (宜春御湖城) Phase 2, which were under development in the first half of FY2014.

## **Properties Held for Sale**

Properties held for sale increased from approximately RMB311.2 million as at 31 March 2013 to approximately RMB416.6 million as at 30 September 2013. The increase was due to the transfer of completed property units from properties held under development for Nanchang Honggu Kaixuan (南昌紅谷凱旋) in the first half of FY2014.

## **Accounts Receivable**

As at 30 September 2013, the Group's accounts receivable amounted approximately RMB13.8 million. Accounts receivable is mainly arisen from sales of properties. Since the balances were considered fully recoverable, no impairment allowance required.

## **Deposits Paid, Prepayments and Other Receivables**

As at 30 September 2013, the Group's deposit paid, prepayments and other receivables amounted approximately RMB439.3 million, compared to approximately RMB152.8 million as at 31 March 2013. The increase was mainly represented the prepaid land use rights amounted approximately RMB253.0 million as a result of the successful bid of the land use rights of a parcel of land in Hangzhou, Zhejiang Province, the PRC.

## **Account Payables, Accruals, Receipts in Advance and Other Payables**

Account payables increased to approximately RMB66.1 million as at 30 September 2013 from approximately RMB29.3 million as at 31 March 2013 mainly due to the near completion of Fuzhou Hua Cui Ting Yuan Phase 2. 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 increased to approximately RMB504.6 million as at 30 September 2013 from approximately RMB430.6 million as at 31 March 2013. The increase mainly represented the receipts from customers for the deposits and prepayments for the Group's property pre-sales in the first half of FY2014, which was partially offset by the advance receipts realised as revenue in the same period.

## **Cash Position and Borrowings**

As at 30 September 2013, the Group had cash and bank balances of approximately RMB157.8 million. Pledged deposits as at 30 September 2013 was approximately RMB415.0 million.

As at 30 September 2013, the Group had total borrowing of approximately RMB904.8 million, increased from approximately RMB533.5 million as at 31 March 2013. The increase mainly represented the new borrowings in the first half of FY2014.

## **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 2013, the Company had no material acquisition or disposal of assets, subsidiaries and affiliated companies.

## EMPLOYEE AND REMUNERATION POLICY

There were 185 employees in the Group as at 30 September 2013. 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 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)	Fuzhou Hua Cui Ting Yuan Phase 3 (撫州華萃 庭院三期)	Yichun Royal Lake City Phase 1 (宜春御湖城 一期)
Estimated total Gross Floor Area ("GFA") released for sale ( <i>total units</i> )	116,214 sq. m. (1,007 units)	91,853 sq. m. (633 units)	71,628 sq. m. (525 units)	42,985 sq. m. (407 units)	72,882 sq. m. (770 units)
Estimated total GFA pre-sold ( <i>total units</i> )	113,954 sq. m. (999 units)	84,017 sq. m. (594 units)	61,277 sq. m. (481 units)	35,254 sq. m. (338 units)	66,318 sq. m. (687 units)
Percentage of pre-sale	98%	91%	86%	82%	91%
Pre-sale GFA (units pre-sold) not handed to buyers as at 30 September 2013 <sup>^</sup>	407 sq. m. (3 units)	5,947 sq. m. (27 units)	61,277 sq. m. (481 units)	35,254 sq. m. (338 units)	3,671 sq. m. (43 units)
Pre-sale value not handed over to buyers as at 30 September 2013 <sup>^</sup>	RMB3.37 million	RMB39.87 million	RMB326.22 million	RMB175.54 million	RMB16.14 million
Average Selling Price ("ASP") per sq. m.*	RMB8,287	RMB6,704	RMB5,324	RMB4,979	RMB4,397

\*: *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.*

<sup>^</sup>: *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**

Recently, the result of the Group's property pre-sales was satisfactory. 338 residential units of Fuzhou Hua Cui Ting Yuan Phase 3 (撫州華萃庭院三期), representing approximately 83% of the 407 units released in September and October 2013, have been subscribed, among others.

In Year 2013, the PRC government outlined that policies will be implemented to “actively yet prudently push forward the people-oriented new urbanisation and enhance the steady and healthy development of the property market”. The Board expects a marked shift in population to urban cities in future, which promotes economic development of the cities, generates larger housing demand and sustains stable development of the property industry of the PRC in the long run.

## **DIVIDEND**

The Board has resolved that no interim dividend to be paid for the six months ended 30 September 2013 (six months ended 30 September 2012: 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 2013.

## **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 2013, the Company has applied the principles and complied with most of the provisions in the Corporate Governance Code (the “**Code Provisions**”) contained in Appendix 14 of the Listing Rules.

## **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 2013.

## **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 2013 were reviewed by the members of the Audit Committee before submission to the Board for approval.

## 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 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, 11 November 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.*