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漢港地產集團
SINO HARBOUR PROPERTY GROUP

SINO HARBOUR PROPERTY GROUP LIMITED

漢港房地產集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1663)

**UNAUDITED THIRD QUARTERLY RESULTS
FOR THE NINE MONTHS ENDED 31 DECEMBER 2013**

The Board hereby presents the unaudited major financial results and operational statistics of the Group for the nine months ended 31 December 2013, together with the unaudited comparative figures for the corresponding period in 2012.

This announcement is made by Sino Harbour Property Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of the Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board (the “**Board**”) of the directors (the “**Directors**”) of the Company hereby announces the unaudited major financial results and operational statistics of the Group for the nine months ended 31 December 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 nine months ended 31 December 2013

		<u>The Group</u>	
	Notes	Nine months ended 31 December 2013 RMB'000 (Unaudited)	Nine months ended 31 December 2012 RMB'000 (Unaudited)
Revenue	3	192,081	265,177
Cost of sales		(129,210)	(151,499)
Gross profit		62,871	113,678
Other income	3	13,506	1,221
Selling and distribution expenses		(9,140)	(5,531)
Administrative expenses		(21,439)	(13,468)
Other operating expenses		(231)	(258)
Profit before income tax		45,567	95,642
Income tax expense		(16,815)	(32,105)
Profit for the period		28,752	63,537
Other comprehensive income (net of tax)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		683	1,038
Total comprehensive income for the period		29,435	64,575
Profit/ (loss) for the period attributable to:			
- Owners of the Company		30,586	64,308
- Non-controlling interests		(1,834)	(771)
		28,752	63,537
Total comprehensive income attributable to:			
- Owners of the Company		31,269	65,346
- Non-controlling interests		(1,834)	(771)
		29,435	64,575
Earnings per share for profit attributable to the owners of the Company during the period (in RMB cents)			
- Basic and diluted	5	2.55	5.36

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, Hungghom Commercial Centre, 37 – 39 Ma Tau Wai Road, Hungghom, 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 (2011) – Separate Financial Statements; and HKAS 28 (2011) – 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

HKAS 1 has been amended to clarify that an opening statement of financial position is required only when a retrospective application of an accounting policy, a retrospective restatement or reclassification has a material effect on the information presented in the opening position. Further, this opening statement of financial position does not have to be accompanied by comparative information in the related notes.

HKFRSs (Amendments) – Annual Improvements to HKFRSs 2010-2012 Cycle

The Basis of Conclusions for HKFRS 13 Fair Value Measurement was amended to clarify that short-term receivables and payables with no stated interest rate can be measured at their invoice amounts without discounting, if the effect of discounting is immaterial.

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>	
	Nine months ended 31 December 2013 RMB'000 (Unaudited)	Nine months ended 31 December 2012 RMB'000 (Unaudited)
Revenue		
Sale of properties held for sale	192,081	265,177
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Other income		
Interest income	8,386	1,021
Consultancy fee income	1,271	-
Rental income	3,849	190
Others	-	10
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	13,506	1,221
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4. DIVIDENDS

The Directors do not recommend the payment of any dividend for the nine months ended 31 December 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 RMB30,586,000 for the nine months ended 31 December 2013 (2012: RMB64,308,000) 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 nine months ended 31 December 2013 (“3Q2014”) was approximately RMB192.1 million compared to approximately RMB265.2 million in the previous corresponding period (“3Q2013”), a decrease of 27.6%.

Revenue in 3Q2014 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 3Q2013, 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 RMB151.5 million in 3Q2013 to approximately RMB129.2 million in 3Q2014. In 3Q2014, 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 42.9% in 3Q2013 to 32.7% in 3Q2014.

Other Income

Other income increased from approximately RMB1.2 million in 3Q2013 to approximately RMB13.5 million in 3Q2014. The increase was mainly attributable to the increase in interest income and rental income.

Selling and Distribution Expenses

Selling and distribution expenses rose from approximately RMB5.5 million in 3Q2013 to approximately RMB9.1 million in 3Q2014. The higher selling expenses in 3Q2014 were mainly due to the increase in marketing expenses incurred in Yichun Royal Lake City (宜春御湖城) and Fuzhou Hua Cui Ting Yuan (撫州華萃庭院).

Administrative Expenses

Administrative expenses increased to approximately RMB21.4 million in 3Q2014 from approximately RMB13.5 million in 3Q2013. The increase was mainly attributable to the increase in land use tax, exchange loss, bank charges and charitable donation of approximately RMB2.7 million, RMB2.3 million, RMB1.5 million, and RMB0.8 million respectively.

FINANCIAL REVIEW (continued)

Profit for the Period

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB45.6 million in 3Q2014, compared to approximately RMB95.6 million in 3Q2013.

Correspondingly, income tax expense decreased from approximately RMB32.1 million in 3Q2013 to approximately RMB16.8 million in 3Q2014.

As a result, profit attributable to the owners of the Company was approximately RMB30.6 million in 3Q2014, compared to approximately RMB64.3 million in 3Q2013.

Cash Position and Borrowings

As at 31 December 2013, the Group had cash and bank balances of approximately RMB232.3 million (31 March 2013: approximately RMB240.9 million). Pledged deposits of the Group as at 31 December 2013 amounted to approximately RMB532.3 million (31 March 2013: approximately RMB261.7 million).

As at 31 December 2013, the Group had bank and other loans of approximately RMB1,091.7 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 31 January 2014) 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)	Yichun Royal Lake City Phase 2 (宜春御湖城二期)
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)	66,428 sq. m. (647 units)	80,241 sq. m. (889 units)	28,112 sq. m. (320 units)
Estimated total GFA pre-sold (total units)	113,954 sq. m. (999 units)	84,438 sq. m. (596 units)	62,511 sq. m. (487 units)	47,709 sq. m. (463 units)	67,780 sq. m. (706 units)	9,646 sq. m. (105 units)
Percentage of pre-sale	98%	92%	87%	72%	84%	34%
Pre-sale GFA (units pre-sold) not handed to buyers as at 31 December 2013 ^	205 sq. m. (2 units)	1,603 sq. m. (8 units)	62,511 sq. m. (487 units)	47,709 sq. m. (463 units)	3,848 sq. m. (48 units)	9,646 sq. m. (105 units)
Pre-sale value not handed over to buyers as at 31 December 2013 ^	RMB1.48 million	RMB10.40 million	RMB335.66 million	RMB239.15 million	RMB16.37 million	RMB44.50 million
Average Selling Price ("ASP") per sq. m. *	RMB7,225	RMB6,486	RMB5,370	RMB5,013	RMB4,255	RMB4,614

*: 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).

CAUTION STATEMENT

The Board wishes to remind investors that the above unaudited quarterly financial results and operational statistics for the nine months ended 31 December 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 of
Sino Harbour Property Group Limited
SHI Feng
Deputy Chairman

Hong Kong, 13 February 2014

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