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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 FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2012

The Board hereby presents the unaudited major financial results and operational statistics of the Group for the three months ended 30 June 2012, together with the unaudited comparative figures for the corresponding period in 2011.

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

The board (the "**Board**") of directors (the "**Directors**") of Sino Harbour Property Group Limited (the "**Company**") hereby announces the unaudited major financial results and operational statistics of the Company and its subsidiaries (collectively the "**Group**") for the three months ended 30 June 2012 together with the unaudited comparative figures for the corresponding period in 2011 as follows:

Statement of comprehensive income for the three months ended 30 June 2012

	Notes	The Group **Three months ended 30 June 2012 RMB'000 (Unaudited)**	 Three months ended 30 June 2011 RMB'000 (Unaudited)
Revenue	*3*	**162,450**	61,611
Cost of sales		**(82,887)**	(18,454)
Gross profit		**79,563**	43,157
Other income	*3*	**320**	491
Selling and distribution expenses		**(1,735)**	(807)
Administrative expenses		**(4,550)**	(1,606)
Other operating expenses		**(9)**	(16)
Operating profit		**73,589**	41,219
Finance costs		**-**	-
Share of result of a joint venture		**-**	(173)
Profit before income tax		**73,589**	41,046
Income tax expense		**(21,412)**	(14,574)
Profit for the period		**52,177**	26,472
Other comprehensive income			
Exchange differences on translation of financial statements of foreign operations		**(599)**	(14)
Total comprehensive income for the period		**51,578**	26,458
Profit/ (loss) for the period attributable to:			
- Owners of the Company		**52,401**	26,480
- Non-controlling interests		**(224)**	(8)
		52,177	26,472
Total comprehensive income attributable to:			
- Owners of the Company		**51,802**	26,466
- Non-controlling interests		**(224)**	(8)
		51,578	26,458
Earnings per share attributable to the owners of the Company during the period (in RMB cents)	*5*		
- Basic and diluted		**4.37**	2.94

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 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 2012.

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 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 recognize 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 quarterly 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 June 2012 recorded balances to what would have been reported had the Group not early adopted HKFRS 10 and HKFRS 11 for the three months ended 30 June 2012:

	The Group	
Increase/(decrease)	**30 June 2012 RMB'000**	31 March 2012 RMB'000
Assets:		
Property, plant and equipment	**333**	380
Investment in a joint venture	**(147,698)**	(81,500)
Properties held under development	**280,806**	264,178
Prepayments and other receivables	**15,750**	11,892
Pledged deposits	**2,234**	1,070
Cash and bank balances	**18,901**	10,132
	170,326	206,152
Liabilities:		
Account payables	**11,945**	11,113
Accruals, receipts in advance and other payables	**80,241**	115,165
Provision for tax	**(860)**	(126)
Bank and other loans	**79,000**	80,000
	170,326	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 year (year ended 31 March 2012) amounts to the amounts previously reported, and the current period (three months ended 30 June 2012) recorded amounts to what would have been reported had the Group not early adopted HKFRS 10 and HKFRS 11 for the three months ended 30 June 2012:

	The Group	
	Three months ended 30 June 2012 RMB'000	Year ended 31 March 2012 RMB'000
Increase in other income	**12**	2
Increase in selling and distribution expenses	**(869)**	(420)
Increase in administrative expenses	**(793)**	(3,063)
Decrease in share of result of a joint venture	**1,650**	3,481
Total effect in net profit/ total comprehensive income	**-**	-

The adoption of HKFRS 10 and HKFRS 11 has no material impact on basic and diluted earnings per share for the three months ended 30 June 2012 and the year ended 31 March 2012.

3. REVENUE AND OTHER INCOME

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

	The Group	
	Three months ended 30 June 2012 RMB'000 (Unaudited)	Three months ended 30 June 2011 RMB'000 (Unaudited)
Revenue		
Sale of properties held for sale	**162,450**	61,611
Other income		
Interest income	**130**	314
Rental income	**190**	177
	320	491

4. DIVIDENDS

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

5. 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 RMB52,401,000 for the three months ended 30 June 2012 (2011: RMB26,480,000) and the weighted average number of 1,200,000,000 ordinary shares (2011: 900,000,000 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.

Management discussion and analysis

FINANCIAL REVIEW

Revenue

Revenue for the three months ended 30 June 2012 ("**1Q2013**") was approximately RMB162.5 million compared to approximately RMB61.6 million in the previous corresponding period ("**1Q2012**"), an increase of 163.7%.

Revenue in 1Q2013 was primarily derived from 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. In 1Q2012, revenue was mainly attributable to the delivery of commercial units of Nanchang Honggu Kaixuan (南昌紅谷凱旋).

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 increased from approximately RMB18.5 million in 1Q2012 to approximately RMB82.9 million in 1Q2013. In 1Q2012, revenue was mainly derived from the delivery of commercial units. Commercial units have a significantly higher gross profit margin compared with residential units. Due to the larger proportion of sales recognised from commercial units in 1Q2012 compared with 1Q2013, gross profit margin decreased from 70.0% in 1Q2012 to 49.0% in 1Q2013.

Other Income

Other income decreased from approximately RMB0.5 million in 1Q2012 to approximately RMB0.3 million in 1Q2013. The decrease is mainly attributable to the decrease in interest income.

Selling and Distribution Expenses

Selling and distribution expenses increased from approximately RMB0.8 million in 1Q2012 to approximately RMB1.7 million in 1Q2013. The higher selling expenses in 1Q2013 was mainly due to the increase in marketing expenses incurred in Yichun Royal Lake City (宜春御湖城).

FINANCIAL REVIEW (continued)

Administrative Expenses

Administrative expenses increased to approximately RMB4.6 million in 1Q2013 from approximately RMB1.6 million in 1Q2012. The increase was mainly attributable to the increase in salaries, professional & consultancy expenses and exchange losses of approximately RMB0.7 million, RMB0.6 million and RMB0.6 million respectively.

Profit for the Period

As a cumulative effect of the foregoing factors, the Group had recorded a profit before tax of approximately RMB73.6 million in 1Q2013, representing an improvement of 79.3% from approximately RMB41.0 million in 1Q2012.

Correspondingly, income tax expense increased from approximately RMB14.6 million in 1Q2012 to approximately RMB21.4 million in 1Q2013.

As a result, profit for the period attributable to the owners of the Company improved by 97.9% from approximately RMB26.5 million in 1Q2012 to approximately RMB52.4 million in 1Q2013.

Cash Position and Borrowings

As at 30 June 2012, the Group had cash and bank balances of approximately RMB69.2 million (31 March 2012 (restated): approximately RMB92.8 million), representing a decrease of 25.4% as compared to that at 31 March 2012.

As at 30 June 2012, the Group had bank and other loans of approximately RMB79.0 million (31 March 2012 (restated): RMB80.0 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. Results of Property Pre-sale Launches (as at 28 July 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)	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)	81,165 sq. m. (581 units)	33,078 sq. m. (358 units)
Estimated total GFA pre-sold (total units)	113,830 sq. m. (998 units)	71,816 sq. m. (520 units)	24,544 sq. m. (264 units)
Percentage of pre-sale	98%	88%	74%
Pre-sale GFA (units pre-sold) not handed to buyers as at 30 June 2012 ^	1,148 sq. m. (11 units)	25,846 sq. m. (171 units)	24,544 sq. m. (264 units)
Pre-sale value not handed over to buyers as at 30 June 2012 ^	RMB8.36 million	RMB128.05 million	RMB102.16 million
Average Selling Price ("**ASP**") per sq. m. *	RMB7,283	RMB4,954	RMB4,162

COMPANY UPDATE (continued)

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 June 2012 ^	4,303 sq. m.
Pre-sale value not handed over to buyers as at 30 June 2012 ^	RMB56.2 million
ASP per sq. m. *	RMB13,056

*: 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 three months ended 30 June 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, 13 August 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.