

PAN HONG PROPERTY GROUP LIMITED

(Incorporated in Bermuda on 20 December 2005)

(Co. Reg. No: 37749)

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2014

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

RMB'000	Group		
	Year ended 31 March 2014 (Unaudited)	Year ended 31 March 2013 (Audited)	Increase/ (Decrease)
Revenue	535,077	567,543	(5.7%)
Cost of Sales	(353,032)	(375,589)	(6.0%)
Gross profit	182,045	191,954	(5.2%)
Other income and gains	106,000	49,857	112.6%
Selling and distribution expenses	(18,114)	(14,336)	26.4%
Administrative expenses	(45,709)	(34,227)	33.5%
Other operating expenses	(1,469)	(577)	154.6%
Operating profit	222,753	192,671	15.6%
Finance costs	(1,208)	(1,374)	(12.1%)
Share of result of a joint venture	(480)	-	NM
Share of result of an associate	(6)	(48)	(87.5%)
Profit before income tax	221,059	191,249	15.6%
Income tax expense	(80,815)	(73,358)	10.2%
Profit for the year	140,244	117,891	19.0%
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations	4,006	(4,078)	198.2%
Other comprehensive income for the year	4,006	(4,078)	198.2%
Total comprehensive income for the year	144,250	113,813	26.7%
Profit for the year attributable to:			
Owners of the Company	107,521	87,675	22.6%
Non-controlling interests	32,723	30,216	8.3%
	<u>140,244</u>	<u>117,891</u>	19.0%
Total comprehensive income attributable to:			
Owners of the Company	111,941	83,597	33.9%
Non-controlling interests	32,309	30,216	6.9%
	<u>144,250</u>	<u>113,813</u>	26.7%
Dividends	-	26,033	(100.0%)
Earnings per share for profit attributable to the owners of the Company during the year (in RMB cents)			
- Basic and Diluted	<u>20.93</u>	<u>17.01</u>	23.0%

Note:

RMB '000	Group	
	Year ended 31 March 2014 (Unaudited)	Year ended 31 March 2013 (Audited)
Profit before income tax is arrived at after charging/(crediting):		
Interest charges on financial liabilities stated at amortised cost		
- Bank loans wholly repayable within five years	27,698	13,368
- Other loans wholly repayable within five years	29,974	4,790
Less: amount capitalised in properties held under development	(56,464)	(16,784)
	1,208	1,374
Depreciation of property, plant and equipment	2,418	2,036
Less: amount capitalised in properties held under development	(379)	(357)
	2,039	1,679
Cost of properties held for sale recognised as expense	321,314	344,076
Loss on disposal/written off of property, plant and equipment	158	29
Exchange loss, net	-	164
Operating lease charge in respect of land and buildings	1,130	445
Less: amount capitalised in properties held under development	(144)	(70)
	986	375
Outgoings in respect of investment properties that generated rental income during the year	379	221
Staff costs, including directors' remuneration		
- Wages and salaries	27,469	21,147
- Retirement benefit scheme contributions - defined contribution plans	2,643	1,958
Less: amount capitalised in properties held under development	(12,318)	(7,654)
	17,794	15,451
Other taxes	10,187	4,730
Net fair value (gain)/loss on financial assets at fair value through profit or loss	1,153	(112)
Fair value gain on re-measurement of equity in an associate	613	-
and crediting:		
Consultancy fee income	1,271	1,131
Exchange gain	810	44
Net fair value gain for financial assets at fair value through profit or loss	1,153	112
Fair value gain on re-measurement of equity in an associate	613	-
Net fair value gain for investment properties and properties held for sale upon transfer to investment properties	83,467	34,102
Interest income		
- from bank deposits	7,862	5,480
- from other receivables	2,226	4,287
Rental income	8,450	4,614
Sundry income	148	87

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31 March 2014 (Unaudited)	31 March 2013 (Audited)	31 March 2014 (Unaudited)	31 March 2013 (Audited)
RMB'000				
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	22,053	14,231	-	-
Investment properties	359,229	153,202	-	-
Investments in subsidiaries	-	-	564,060	564,060
Interest in a joint venture	182,437	174,149	-	-
Interest in an associate	-	5,952	-	-
Other financial assets	20,000	-	20,000	-
Long-term pledged deposits	330,000	230,000	-	-
Deferred tax assets	24,986	29,726	-	-
	938,705	607,260	584,060	564,060
Current assets				
Properties held under development	1,607,064	1,351,100	-	-
Properties held for sale	461,767	386,496	-	-
Accounts receivable	1,584	602	-	-
Prepayments and other receivables	816,674	421,625	110	-
Amounts due from subsidiaries	-	-	258,338	258,338
Amount due from an associate	-	37,867	-	-
Financial assets at fair value through profit or loss	6,149	533	-	-
Pledged deposits	295,195	63,148	-	-
Cash and bank balances	74,236	331,986	92	92
	3,262,669	2,593,357	258,540	258,430
Non-current assets held for sale				
Investment properties held for sale	-	7,474	-	-
	3,262,669	2,600,831	258,540	258,430
Current liabilities				
Accounts payable	28,949	35,049	-	-
Accruals, receipts in advance and other payables	727,899	525,804	274	261
Provision for tax	167,806	197,098	-	-
Amounts due to related parties	96,938	1,040	246,130	222,685
Bank and other loans	407,930	132,647	-	-
	1,429,522	891,638	246,404	222,946
Net current assets	1,833,147	1,709,193	12,136	35,484
Total assets less current liabilities	2,771,852	2,316,453	596,196	599,544
Non-current liabilities				
Bank and other loans	748,500	434,500	-	-
Deferred tax liabilities	48,452	27,609	-	-
	796,952	462,109	-	-
Net assets	1,974,900	1,854,344	596,196	599,544
EQUITY				
Equity attributable to the Company's owners				
Share capital	313,446	313,446	313,446	313,446
Reserves	1,159,580	1,052,176	282,750	260,065
Proposed final dividend	-	26,033	-	26,033
	1,473,026	1,391,655	596,196	599,544
Non-controlling interests	501,874	462,689	-	-
Total equity	1,974,900	1,854,344	596,196	599,544



1(b)(ii) Aggregate amount of group's borrowings and debt securities. Amount repayable in one year or less, or on demand

Amount repayable in one year or less, or on demand

As at 31/03/2014		As at 31/03/2013	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
407,930	-	132,647	-

Amount repayable after one year

As at 31/03/2014		As at 31/03/2013	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
748,500	-	434,500	-

Details of any collateral

Bank and other loans of approximately RMB617,647,000 were mainly secured by the Group's land use rights which were classified as "Leasehold interest in land and buildings" and "Properties held under development" and RMB35,000,000 were secured by corporate guarantees as at 31 March 2014. Bank and other loans of approximately RMB503,783,000 were mainly secured by a deposit of RMB527,750,000 which was classified as "Pledged deposits" as at 31 March 2014.



1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

RMB'000	Group	
	Year ended 31 March 2014	Year ended 31 March 2013
	(Unaudited)	(Audited)
Cash flows from operating activities		
Profit before income tax	221,059	191,249
Adjustments for:		
Interest income	(10,088)	(9,767)
Interest expense	1,208	1,374
Depreciation of property, plant and equipment	2,039	1,679
Written off of disposal of property, plant and equipment	158	-
Loss on disposal of property, plant and equipment	-	29
Share of result of an associate	6	48
Share of result of a joint venture	480	-
Fair value gain on re-measurement of equity in an associate	(613)	-
Net fair value gain for financial assets at fair value through profit or loss	(1,153)	(112)
Fair value adjustment on investment properties and properties under development upon transfer to investment properties	(83,467)	(34,102)
Operating profit before working capital changes	129,629	150,398
(Increase)/decrease in properties held under development and properties held for sale	(213,036)	36,267
Increase in accounts and other receivables and prepayments, and deposit paid	(421,157)	(35,446)
(Increase)/decrease in financial assets at fair value through profit or loss	(4,463)	4,997
Increase in accounts and other payables, accruals and receipts in advance	148,427	39,375
Increase/(decrease) in amounts due to related parties	19	(50)
Cash (used in)/generated from operations	(360,581)	195,541
Interest received	5,058	2,792
Income taxes paid	(84,524)	(59,516)
Net cash (used in)/generated from operating activities	(440,047)	138,817
Cash flows from investing activities		
Purchases of property, plant and equipment	(2,318)	(1,864)
Proceeds from disposal of property, plant and equipment	98	65
Proceeds from disposal of investment properties held for sale	11,108	-
Acquisition of an associate, net	-	(6,000)
Acquisition of subsidiary, net	(36,585)	-
Acquisition of other financial assets	(20,000)	-
Advance to an associate	-	(37,867)
Repayment from/(advance to) a joint venture	(8,768)	(79,000)
Increase in prepayments and other receivables	(8,005)	-
Increase in pledged deposits with original maturity over three months	(332,047)	(230,323)
Net cash used in investing activities	(396,517)	(354,989)
Cash flows from financing activities		
Repurchase of treasury shares	(4,537)	-
Proceeds from shares issued to non-controlling interests by subsidiary companies	14,911	-
Advance from a related company	63,839	-
Dividend paid	(35,716)	(36,292)
New borrowings	860,173	458,500
Repayment of borrowings	(270,352)	(12,387)
Interest paid	(53,164)	(14,915)
Net cash generated from financing activities	575,154	394,906
Net (decrease)/increase in cash and cash equivalents	(261,410)	178,734
Effect of foreign exchange difference	3,660	(1,666)
Cash and cash equivalents at beginning of the year	331,986	154,918
Cash and cash equivalents at end of the year (note)	74,236	331,986
Note:		
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents	74,236	331,986



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Equity attributable to equity holders of the Company										Non - Controlling interests	Total equity	
	Share capital	Treasury shares	Share premium	Merger reserve	Statutory reserve	Capital reserve	Other reserve	Exchange reserve	Retained earnings	Proposed final dividend			Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2012	313,446	(8,280)	203,250	(2,243)	58,739	3,838	82,217	(4,199)	661,290	25,874	1,333,932	442,891	1,776,823
Dividend paid	-	-	-	-	-	-	-	-	-	(25,874)	(25,874)	-	(25,874)
Dividend paid to non-controlling interest of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(10,418)	(10,418)
Transactions with owners	-	-	-	-	-	-	-	-	-	(25,874)	(25,874)	(10,418)	(36,292)
Profit for the year	-	-	-	-	-	-	-	-	87,675	-	87,675	30,216	117,891
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Realisation of exchange reserves upon deregistration of subsidiaries	-	-	-	-	-	-	-	(589)	-	-	(589)	-	(589)
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	(3,489)	-	-	(3,489)	-	(3,489)
Total comprehensive income for the year	-	-	-	-	-	-	-	(4,078)	87,675	-	83,597	30,216	113,813
Transfer to statutory reserves	-	-	-	-	10,706	-	-	-	(10,706)	-	-	-	-
Release upon deregistration of subsidiaries	-	-	-	-	(583)	-	-	-	583	-	-	-	-
Final dividend proposed for the year	-	-	-	-	-	-	-	-	(26,033)	26,033	-	-	-
At 31 March 2013 and 1 April 2013 (audited)	313,446	(8,280)	203,250	(2,243)	68,862	3,838	82,217	(8,277)	712,809	26,033	1,391,655	462,689	1,854,344
Dividend paid	-	-	-	-	-	-	-	-	-	(26,033)	(26,033)	-	(26,033)
Dividend paid to non-controlling interest of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(9,683)	(9,683)
Repurchase of treasury shares	-	(4,537)	-	-	-	-	-	-	-	-	(4,537)	-	(4,537)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	7,444	7,444
Capital contribution by minority equity holders of subsidiary	-	-	-	-	-	-	-	-	-	-	-	14,911	14,911
Deregistration of subsidiary	-	-	-	-	-	-	-	-	-	-	-	(5,796)	(5,796)
Transactions with owners	-	(4,537)	-	-	-	-	-	-	-	(26,033)	(30,570)	6,876	(23,694)
Profit for the year	-	-	-	-	-	-	-	-	107,521	-	107,521	32,723	140,244
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	4,420	-	-	4,420	(414)	4,006
Total comprehensive income for the year	-	-	-	-	-	-	-	4,420	107,521	-	111,941	32,309	144,250
Transfer to statutory reserves	-	-	-	-	9,245	-	-	-	(9,245)	-	-	-	-
At 31 March 2014 (unaudited)	313,446	(12,817)	203,250	(2,243)	78,107	3,838	82,217	(3,857)	811,085	-	1,473,026	501,874	1,974,900

Company	Share capital	Treasury shares	Share premium	Contributed surplus	Retained earnings	Proposed final dividend	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 March 2012	313,446	(8,280)	203,250	59,579	4,494	25,874	598,363
Profit for the year	-	-	-	-	27,055	-	27,055
Dividend paid	-	-	-	-	-	(25,874)	(25,874)
Final dividend proposed for the year	-	-	-	-	(26,033)	26,033	-
At 31 March 2013 and 1 April 2013 (audited)	313,446	(8,280)	203,250	59,579	5,516	26,033	599,544
Repurchase of treasury shares	-	(4,537)	-	-	-	-	(4,537)
Profit for the year	-	-	-	-	27,222	-	27,222
Dividend paid	-	-	-	-	-	(26,033)	(26,033)
At 31 March 2014 (unaudited)	313,446	(12,817)	203,250	59,579	32,738	-	596,196

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

SHARE CAPITAL

Date	Particulars	Number of shares		Amount	
		Issued share capital	Treasury share	Share Capital RMB'000	Treasury share RMB'000
01 April 2013	Balance at beginning of the period	518,855,024	(3,460,000)	313,446	(8,280)
11 September 2013	Share buy back – held as treasury	-	(58,000)	-	(73)
13 September 2013	Share buy back – held as treasury	-	(210,000)	-	(273)
19 September 2013	Share buy back – held as treasury	-	(541,000)	-	(795)
20 September 2013	Share buy back – held as treasury	-	(91,000)	-	(137)
23 September 2013	Share buy back – held as treasury	-	(235,000)	-	(370)
24 September 2013	Share buy back – held as treasury	-	(110,000)	-	(175)
25 September 2013	Share buy back – held as treasury	-	(179,000)	-	(278)
26 September 2013	Share buy back – held as treasury	-	(247,000)	-	(376)
27 September 2013	Share buy back – held as treasury	-	(183,000)	-	(279)
01 October 2013	Share buy back – held as treasury	-	(145,000)	-	(221)
02 October 2013	Share buy back – held as treasury	-	(52,000)	-	(79)
03 October 2013	Share buy back – held as treasury	-	(30,000)	-	(45)
04 October 2013	Share buy back – held as treasury	-	(311,000)	-	(474)
07 October 2013	Share buy back – held as treasury	-	(90,000)	-	(134)
08 October 2013	Share buy back – held as treasury	-	(34,000)	-	(48)
09 October 2013	Share buy back – held as treasury	-	(98,000)	-	(140)
10 October 2013	Share buy back – held as treasury	-	(80,000)	-	(112)
16 October 2013	Share buy back – held as treasury	-	(50,000)	-	(69)
18 October 2013	Share buy back – held as treasury	-	(30,000)	-	(43)
24 October 2013	Share buy back – held as treasury	-	(310,000)	-	(416)
31 March 2014	Balance at end of the period	518,855,024	(6,544,000)	313,446	(12,817)

For the year ended 31 March 2014, the Company purchased 3,084,000 (For the year ended 31 March 2013: Nil) of its ordinary shares by way of on-market purchases at share prices ranging from S\$0.250 to S\$0.325 per share and these shares were held as treasury shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceeding year.

The total number of issued ordinary shares as at 31 March 2014 was 518,855,024 (31 March 2013: 518,855,024), of which 6,544,000 (31 March 2013: 3,460,000) were held by the Company as treasury shares.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The movement of treasury shares is as follows:

As at 01 April 2013	: 3,460,000 shares
Purchase of treasury shares	: 3,084,000 shares
As at 31 March 2014	: 6,544,000 shares

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group had applied the same accounting policies and methods of computation in the financial statements for the current reporting period as in those of the audited financial statement for the year ended 31 March 2013.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the new and revised International Financial Reporting Standards (IFRSs) which became effective for financial periods beginning on 1 April 2013. The adoption of these new and amended IFRSs did not give rise to significant change to the financial statements.

6. **Earning per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	Year ended 31 March 2014	Year ended 31 March 2013
Earnings per ordinary share (in RMB cents):	(Unaudited)	(Audited)
- Basic and Diluted	20.93	17.01

Note:

The calculation of basic earnings per share was based on the profit attributable to equity holders of the Company of approximately RMB107,521,000 (2013: RMB87,675,000) divided by weighted average of 513,839,695 ordinary shares (excluding treasury shares) (2013: the weighted average of 515,395,024) during the year.

Diluted earnings per share for the year is the same as the basic earnings per share as there is no dilutive potential share (2013: Nil).

7. **Net asset value (for the issuer and group) per ordinary share based on of the total number of issued shares excluding treasury shares of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at 31/03/2014	As at 31/03/2013	As at 31/03/2014	As at 31/03/2013
Net asset value per ordinary share (in RMB cents)	385.48	359.79	116.37	116.33

Note:

The number of ordinary shares of the Company as at 31 March 2014 was 512,311,024 (excluding treasury shares) (31 March 2013: 515,395,024).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period report on.**

(a) REVIEW OF FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014 ("FY2014") COMPARED TO THE PREVIOUS CORRESPONDING YEAR ENDED 31 MARCH 2013 ("FY2013")

Revenue

	Year ended 31 March 2014	Year ended 31 March 2013
Revenue (RMB '000)		
Residential	469,690	419,978
Commercial and others	65,387	147,565
	<u>535,077</u>	<u>567,543</u>

The Group's revenue in FY2014 was RMB535.1 million compared to RMB567.5 million in FY2013, a decrease of 5.7%.

The revenue in FY2014 comprised mainly residential units sold in Fuzhou Hua Cui Ting Yuan Phases 1 and 2 (抚洲华萃庭院一期及二期) as well as Yichun Royal Lake City Phase 1 (宜春御湖城一期). In FY2013, the revenue was mainly derived from delivery of residential units in Fuzhou Hua Cui Ting Yuan Phase 1 and Yichun Royal Lake City Phase 1 as well as commercial units in Nanchang Honggu Kaixuan (南昌红谷凯旋).

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

Cost of Sales and Gross Profit Margin

In line with the decrease in revenue, cost of sales decreased 6.0% from RMB375.6 million in FY2013 to RMB353.0 million in FY2014. Gross profit margin was stable (33.8% in FY2013, compared to 34.0% in FY2014).

Other Income and Gains

Other income and gains increased 112.6% to RMB106.0 million in FY2014 from RMB49.9 million in FY2013. The increase was due mainly an increase in net fair value gain of the Group's investment properties derived from the transfer of a new property to the Group's investment properties during the year. The Group recorded a fair value gain on investment properties of RMB83.5 million in FY2014, compared to RMB34.1 million in FY2013.

Selling and Distribution Expenses

Selling and distribution expenses increased 26.4% from RMB14.3 million in FY2013 to RMB18.1 million in FY2014. The higher selling expenses in FY2014 was due mainly to an increase in advertising costs and staff salaries in respect of Fuzhou Hua Cui Ting Yuan, Yichun Royal Lake City as well as Huzhou Run Yuan Project (湖州润源项目).

Administrative Expenses

Administrative Expenses increased 33.5% from RMB34.2 million in FY2013 to RMB45.7 million in FY2014 due mainly to the increase in handling charges for bank borrowings as well as land use tax.

Other Operating Expenses

Other operating expenses increased by 154.6% from RMB577,000 in FY2013 to RMB1.5 million in FY2014 due mainly to an increase in donation in the PRC.

Finance Costs

Finance costs decreased by 12.1% to RMB1.2 million in FY2014 from RMB1.4 million in FY2013 due to a decrease in bank and other loans in which the borrowing costs of such loans were not capitalized to properties held under development.

Profit for the Year

As a cumulative effect of the foregoing factors, the Group had recorded a profit before tax of RMB221.1 million in FY2014, an increase of 15.6% from RMB191.2 million in FY2013.

Income tax expense increased from RMB73.4 million in FY2013 to RMB80.8 million in FY2014. The higher income tax is due to the provision of deferred tax liabilities in respect of fair value gain of investment properties.

As a result of the foregoing factors, the profit after income tax in FY2014 increased by 19.0% to RMB140.2 million, compared to RMB117.9 million in FY2013.

(b) REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2014 AND CASH FLOW FOR FY2014

Property, plant and equipment

Property, plant and equipment ("PPE") increased to RMB22.1 million in FY2014 from RMB14.2 million in FY2013 due mainly to the transfer of property held for sale to PPE as the Group is utilising certain levels of Nanchang Kaixuan Centre (南昌凱旋中心) as office property.

Investment Properties

As at 31 March 2014, the Group had investment properties at fair value of RMB359.2 million, compared to investment properties at fair value and held for sale of RMB160.7 million as at 31 March 2013. The increase comprised mainly net fair value gain of the Group's investment properties derived from the transfer of a new property to the Group's investment properties during the year.

Interest in a Joint Venture

Interest in a joint venture increased from RMB174.1 million as at 31 March 2013 to RMB182.4 million as at 31 March 2014. The increase was attributable mainly to cash advance to a joint venture.

Interest in an Associate

The Group had on 19 September 2013 announced the acquisition of an additional 34% equity interest in the Group's associated company, Huzhou Delong Real Estate Co. Ltd. ("Huzhou Delong"). The Group's equity interest in the capital of Huzhou Delong had increased to 64% and Huzhou Delong had become a subsidiary of the Group.

Other Financial Assets

Other financial assets of RMB20.0 million were the purchase consideration to acquire a 10% equity interest in Zhejiang Gene Stem Cell Biotech Company Limited, which was announced via SGXNET on 10 September 2013.

Properties Held Under Development

As at 31 March 2014, the Group's properties held under development increased by RMB256.0 million from RMB1.35 billion as at 31 March 2013 to RMB1.61 billion as at 31 March 2014.

The increase was in tandem with the construction progress of the Group's property projects in FY2014 which included the construction cost of Nanchang Sino Harbour Kaixuan City Phase 1 (南昌汉港凯旋城一期) as well as Yichun Royal Lake City Phase 2.

Properties held for Sale

Properties held for sale increased to RMB461.8 million as at 31 March 2014, from RMB386.5 million as at 31 March 2013, due mainly to completed property units in Fuzhou Hua Cui Ting Yuan Phase 1 and Yichun Royal Lake City Phase 1.

Accounts Receivable

Accounts receivable increased to RMB1.6 million as at 31 March 2014, from RMB602,000 as at 31 March 2013 due mainly to the receivable for the disposal of Fuzhou Hua Cui Ting Yuan Phase 1 as well as Huzhou Hua Cui Ting Yuan Phase 1 (湖州华萃庭院一期).

Prepayments and Other Receivables

Group prepayments and other receivables increased from RMB421.6 million as at 31 March 2013 to RMB816.7 million as at 31 March 2014, out of which RMB234.4 million was attributable to the receivable from the disposal of Hailian Project classified as "Other Receivables" as well as prepaid land use rights amounting to RMB412.2 million for the acquisition of Hangzhou Ganglian Sino Africa Tower Project (杭州港联中非大厦项目). The remaining RMB170.1 million was attributable mainly to an increase in the prepayments to contractors for the construction of Fuzhou Hua Cui Ting Yuan as well as Yichun Royal Lake City.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss included listed equity securities in Hong Kong and the PRC.

Financial assets at fair value through profit or loss increased to RMB6.1 million as at 31 March 2014 from RMB533,000 as at 31 March 2013. The increase was attributable mainly to an increase in the acquisition of listed equity securities in the PRC in FY2014.

Pledged Deposits

Long-term and Short-term pledged deposits increased from RMB293.1 million as at 31 March 2013 to RMB625.2 million as at 31 March 2014. The increase was due mainly to the increase in deposits pledged against the bank and other loans to the Group.

Accounts Payable, Accruals, Receipts in Advance and Other Payables

Account payables decreased to RMB28.9 million as at 31 March 2014 from RMB35.0 million as at 31 March 2013 due to the settlement of amounts payable to suppliers for construction costs in FY2014.

Accruals, receipts in advance and other payables increased to RMB727.9 million as at 31 March 2014 from RMB525.8 million as at 31 March 2013. Accruals, receipts in advance and other payables comprised mainly the advance receipts from the customers relating to the Group's property pre-sales, accrued construction costs and project-related expenses that were based on the progress of the project development but were not due for payment as at 31 March 2014. The increase in accruals, receipts in advance and other payables was due mainly to the increase in advance receipts from the customers of Fuzhou Hua Cui Ting Yuan Phase 3.

Bank and Other Loans

As at 31 March 2014, the Group had total borrowings of RMB1.16 billion, an increase from RMB567.1 million as at 31 March 2013 due mainly to new borrowings during the year for the purpose of financing development cost for future projects.

Of these borrowings, bank and other loans of approximately RMB503.8 million were secured by a deposit of RMB527.8 million which was classified as "Pledged deposits" as at 31 March 2014.

Based on the Group's total equity of RMB1.97 billion and a deposit collateral of RMB527.8 million, the Group recorded a net gearing ratio (total borrowings less deposit collateral / total equity) of 31.8% as at 31 March 2014, compared to 16.5% as at 31 March 2013.

Deferred Tax Liabilities

Deferred Tax Liabilities increased to RMB48.5 million as at 31 March 2014 from RMB27.6 million as at 31 March 2013 due mainly to the provision of deferred tax liabilities in respect of fair value gain of investment properties.

Cash Flow Analysis

In FY2014, the Group recorded RMB440.0 million of net cash used in operating activities which was attributable mainly to the increase of prepayments in respect of prepaid land use rights for the acquisition of Hangzhou Ganglian Sino Africa Tower Project in FY2014.

Net cash used in investing activities in FY2014 amounted to RMB396.5 million, due mainly to the increase in pledged deposits against the Group's borrowings.

Net cash generated from financing activities in FY2014 amounted to RMB575.2 million due mainly to cash inflow from new borrowings.

As at 31 March 2014, the Group had cash and cash equivalents of RMB74.2 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group's performance for FY2014 is in line with the previous results announcement made.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Industry Outlook

The property market has been showing signs of cooling down as evidenced by official data. Data published by the National Bureau of Statistics ("NBS") showed that 44 out of a statistical pool of 70 major PRC cities recorded higher new home prices in April 2014, a decrease from 56 cities in March and 57 cities in February 2014. For existing homes, 35 cities had recorded price increase in April 2014, also a decrease from 42 cities in March and 46 cities in February 2014.

Company Update

Property Pre-sales

The property pre-sales activities for the Group's projects in Nanchang, Fuzhou and Yichun cities remained strong. Results of property pre-sale launches (as at 15 May 2014) are summarised in the tables below:

Residential Units

	Nanchang Honggu Kaixuan Phase 2	Fuzhou Hua Cui Ting Yuan Phase 1	Fuzhou Hua Cui Ting Yuan Phase 2	Fuzhou Hua Cui Ting Yuan Phase 3	Yichun Royal Lake City Phase 1	Yichun Royal Lake City Phase 2
Est. total GFA released for sale (total units)	116,214 sqm (1,007 units)	91,853 sqm (633 units)	79,933 sqm (550 units)	91,107 sqm (887 units)	80,241 sqm (889 units)	28,112 sqm (320 units)
Est. total GFA pre-sold (total units)	113,954 sqm (999 units)	84,526 sqm (598 units)	65,138 sqm (498 units)	73,780 sqm (725 units)	71,371 sqm (757 units)	19,569 sqm (215 units)
Percentage of pre-sold	98%	92%	81%	81%	89%	70%
Pre-sale GFA (units pre-sold) not handed over to buyers as at 31 March 2014 ^	124 sqm (1 units)	2,593 sqm (9 units)	12,628 sqm (64 units)	73,780 sqm (725 units)	4,857 sqm (65 units)	19,569 sqm (215 units)
Pre-sale value not handed over to buyers as at 31 March 2014 ^	RMB910,000	RMB18.18m	RMB86.35m	RMB375.59m	RMB19.87m	RMB90.25m
ASP per sq m*	RMB7,329	RMB7,013	RMB6,838	RMB5,091	RMB4,091	RMB4,612
Expected completion date	Completed	Completed	Completed	Q4CY2014	Completed	Q1CY2015

*: Average Sales Price ("ASP") of the projects is computed as follows: Pre-sale value not handed over to buyer divided by Pre-sale GFA not handed over to buyer.

^: Pre-sale value not handed over to buyer is computed as follows: Beginning period pre-sales plus New pre-sales during the period less those handed over to buyers as at 31 March 2014.

Company Strategies

Focusing on pre-sales and quickening its pace of property development will continue to be the key strategies of the Group. In addition, the Group will continuously look into expanding its business of property investments to provide long-term and stable returns through rental income.

The Group will seek opportunities to gradually diversify its property investments in the future. While the Group still believes in the long term potential of the PRC real estate sector which is driven by a strong domestic economy, it has begun exploring opportunities to grow its core property development business in potential overseas markets such as South Africa. The Group believes that the expansion into overseas markets would diversify its investments and broaden its revenue base.

11. Dividend

(a) Current Financial Period Reported On

NIL

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes. A first and final dividend of S\$0.01 per ordinary share (tax not applicable) had been declared for the financial year ended 31 March 2013.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared or recommended for the financial year ended 31 March 2014.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group has identified the following reportable segments:

- Northern Region, which includes the Group's business in Zhejiang, Xinjiang, Tibet, Gansu, Shaanxi, Qinghai, Inner Mongolia, Ningxia, Shanxi, Henan, Hebei, Shandong, Jiangsu, Anhui, Liaoning, Jilin, Heilongjiang, Beijing, Tianjin and Shanghai of the PRC
- Southern Region, which includes the Group's business in Jiangxi, Sichuan, Chongqing, Hubei, Fujian, Yunnan, Guangxi, Hunan, Guangdong, Guizhou and Hainan of the PRC

<u>UNAUDITED SEGMENTAL ANALYSIS</u>	Northern Region RMB'000	Southern Region RMB'000	Unallocated Expenses RMB'000	Total RMB'000
By Geographical segment				
Year ended 31 March 2014				
Revenue from external customers				
Sales of properties held for sale	58,738	476,339	-	535,077
Reportable segment revenue	58,738	476,339	-	535,077
Reportable segment profit	5,837	140,963	(6,556)	140,244
Year ended 31 March 2013				
Revenue from external customers				
Sales of properties held for sale	7,625	559,918	-	567,543
Reportable segment revenue	7,625	559,918	-	567,543
Reportable segment (loss)/profit	(3,983)	125,220	(3,346)	117,891

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Section 8.

15. A breakdown of sales.

(RMB'000)	Year ended 31 March 2014	Year ended 31 March 2013	% increase/ (decrease)
(a) Sales reported for the first half year	208,812	222,340	(6.1%)
(b) Operating profit after tax before deducting non-controlling interests reported for the first half year	38,734	57,743	(32.9%)
(c) Sales reported for the second half year	326,265	345,203	(5.5%)
(d) Operating profit after tax before deducting non-controlling interests reported for the second half year	101,510	60,148	68.8%

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Full year ended 31 March 2014	Full year ended 31 March 2013
	RMB'000	RMB'000
Ordinary	Nil	26,033
Preference	Nil	Nil
Total annual dividend	Nil	26,033

17. If the Group has obtained a general mandate from shareholders for Interested Parties Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(II). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have any general mandate from shareholders for IPTs.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement

Name	Age	Family Relationship with any director and/or CEO and/or substantial shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Chan Heung Ling	55	Spouse of Mr. Wong Lam Ping, Executive Chairman and a Substantial Shareholder of the Group.	Non-Executive Director of Sino Harbour Property Group Limited, a subsidiary of the Group since 4 July 2011, which is listed on the Stock Exchange of Hong Kong. Ms. Chan is responsible for the formulation of the overall strategy of Sino Harbour Property Group.	Nil
Wong Lui	30	Son of Mr. Wong Lam Ping, Executive Chairman and a Substantial Shareholder of the Group and Ms. Chan Heung Ling, a Substantial Shareholder of the Group.	Executive Director of Sino Harbour Property Group Limited, a subsidiary of the Group since 4 July 2011, which is listed on the Stock Exchange of Hong Kong. Mr. Wong is responsible for the operational management and development of the projects of Sino Harbour Property Group.	Nil

BY ORDER OF THE BOARD

Wong Lam Ping
Chairman
29 May 2014