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漢港控股

SINO HARBOUR HOLDINGS

SINO HARBOUR HOLDINGS GROUP LIMITED

漢 港 控 股 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 2017

HIGHLIGHTS

— During the first half of FY2018, the Group recorded revenue of approximately RMB80.0 million, mainly attributable to the delivery of residential units of Fuzhou Hua Cui Ting Yuan Phase 2 as well as Yichun Royal Lake City Phase 2.

— Gross profit margin in the first half of FY2018 was approximately 19.1%.

— Profit in the first half of FY2018 attributable to owners of the Company amounted to approximately RMB2.6 million.

— Cash and bank balances as at 30 September 2017 were approximately RMB365.3 million and the Group's gearing ratio was 59.8% as at 30 September 2017.

The board of directors (the "**Directors**" and the "**Board**", respectively) of Sino Harbour Holdings Group Limited (the "**Company**") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 September 2017 (the "**first half of FY2018**") with the comparative figures for the six months ended 30 September 2016 (the "**first half of FY2017**") as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**Six months ended 30 September 2017** *RMB'000* **(Unaudited)**	Six months ended 30 September 2016 *RMB'000* (Unaudited)
Revenue	*4*	**79,998**	506,457
Cost of sales		**(64,743)**	(399,279)
Gross profit		**15,255**	107,178
Other income	*4*	**19,724**	12,194
Selling and distribution expenses		**(5,398)**	(6,696)
Administrative expenses		**(20,268)**	(18,940)
Operating profit		**9,313**	93,736
Finance costs	*5*	**(324)**	–
Profit before income tax	*5*	**8,989**	93,736
Income tax expense	*6*	**(7,855)**	(19,767)
Profit for the period		**1,134**	73,969
Other comprehensive income (net of tax)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**286**	92
Other comprehensive income for the period		**286**	92
Total comprehensive income for the period		**1,420**	74,061
Profit/(loss) for the period attributable to:			
Owners of the Company		**2,611**	47,209
Non-controlling interests		**(1,477)**	26,760
		1,134	73,969
Total comprehensive income attributable to:			
Owners of the Company		**2,897**	47,301
Non-controlling interests		**(1,477)**	26,760
		1,420	74,061
Earnings per share for profit attributable to owners of the Company during the period *(in RMB cents)*			
Basic and diluted	*8*	**0.11**	1.92

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 September 2017 RMB'000 (Unaudited)**	31 March 2017 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**56,922**	56,163
Investment properties		**536,754**	536,754
Interests in joint ventures		**184,764**	184,764
Interest in an associate		**5,673**	5,673
Other financial assets		**7,127**	8,627
Financial assets at fair value through profit or loss		**7,070**	7,070
Pledged deposits		**5,500**	5,500
Deferred tax assets		**12,658**	12,658
		816,468	817,209
Current assets			
Properties held under development		**1,515,477**	1,379,470
Properties held for sale		**306,626**	360,016
Accounts receivable	*9*	**1,837**	1,524
Prepayments and other receivables		**117,248**	106,664
Tax recoverable		**31,076**	20,813
Structured bank balances		**–**	1,500
Pledged deposits		**210,434**	216,058
Cash and bank balances		**365,274**	264,392
		2,547,972	2,350,437
Current liabilities			
Accounts payable	*10*	**67,201**	79,897
Accruals, receipts in advance and other payables	*10*	**429,839**	466,773
Provision for tax		**112,048**	110,863
Bank and other loans	*11*	**289,897**	228,258
		898,985	885,791
Net current assets		**1,648,987**	1,464,646
Total assets less current liabilities		**2,465,455**	2,281,855
Non-current liabilities			
Bank and other loans	*11*	**808,593**	604,565
Deferred tax liabilities		**80,036**	80,036
		888,629	684,601
Net assets		**1,576,826**	1,597,254
EQUITY			
Equity attributable to the Company's owners			
Share capital	*12*	**20,735**	20,735
Reserves		**1,330,108**	1,349,059
		1,350,843	1,369,794
Non-controlling interests		**225,983**	227,460
Total equity		**1,576,826**	1,597,254

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited							
	Equity attributable to the owners of the Company							
	Share capital *RMB'000*	**Share premium** *RMB'000*	**Statutory reserve** *RMB'000*	**Exchange reserve** *RMB'000*	**Retained profits** *RMB'000*	**Total** *RMB'000*	**Non-controlling interest** *RMB'000*	**Total equity** *RMB'000*
At 1 April 2017 (Audited)	**20,735**	**565,212**	**76,232**	**1,070**	**706,545**	**1,369,794**	**227,460**	**1,597,254**
Profit/(loss) for the period	**–**	**–**	**–**	**–**	**2,611**	**2,611**	**(1,477)**	**1,134**
Other comprehensive income								
Exchange differences on translation of financial statements of foreign operation	**–**	**–**	**–**	**286**	**–**	**286**	**–**	**286**
Total comprehensive income for the period	**–**	**–**	**–**	**286**	**2,611**	**2,897**	**(1,477)**	**1,420**
Dividend paid	**–**	**–**	**–**	**–**	**(21,848)**	**(21,848)**	**–**	**(21,848)**
At 30 September 2017 (Unaudited)	**20,735**	**565,212**	**76,232**	**1,356**	**687,308**	**1,350,843**	**225,983**	**1,576,826**

	Unaudited							
	Equity attributable to the owners of the Company							
	Share capital *RMB'000*	Share premium *RMB'000*	Statutory reserve *RMB'000*	Exchange reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interest *RMB'000*	Total equity *RMB'000*
At 1 April 2016 (Audited)	10,193	575,754	70,386	1,636	660,027	1,317,996	205,750	1,523,746
Profit for the period	–	–	–	–	47,209	47,209	26,760	73,969
Other comprehensive income								
Exchange differences on translation of financial statements of foreign operation	–	–	–	92	–	92	–	92
Total comprehensive income for the period	–	–	–	92	47,209	47,301	26,760	74,061
Bonus issue	10,542	(10,542)	–	–	–	–	–	–
At 30 September 2016 (Unaudited)	20,735	565,212	70,386	1,728	707,236	1,365,297	232,510	1,597,807

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September 2017 *RMB'000* **(Unaudited)**	Six months ended 30 September 2016 *RMB'000* (Unaudited)
Net cash (used in)/generated from operating activities	**(121,199)**	68,432
Net cash generated from/(used in) investing activities	**7,252**	(25,160)
Net cash generated from/(used in) financing activities	**214,530**	(33,243)
Net increase in cash and cash equivalents	**100,583**	10,029
Effect of foreign exchange rates, net	**299**	88
Cash and cash equivalents at beginning of the period	**264,392**	119,526
Cash and cash equivalents at end of the period	**365,274**	129,643

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 Company acts as an investment holding company and its subsidiaries are principally engaged in property development in the People's Republic of China (the "**PRC**").

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated interim results of the Group for the first half of FY2018 (the "**Unaudited Results**") have been prepared in accordance with accounting principles generally accepted in Hong Kong, Hong Kong Accounting Standards ("**HKAS**") 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 (the "**Listing Rules**"). They have been prepared under the historical cost basis except for investment properties and financial assets at fair value through profit or loss, 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 consolidated financial statements of the Company for the year ended 31 March 2017 (the "**Year 2017**").

The accounting policies and method of computation used in preparing the Unaudited Results are consistent with those used in the audited consolidated financial statements for the Year 2017 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 2017:

HKFRSs (Amendments)	Annual Improvements 2014–2016 Cycle
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS12	Recognition of Deferred Tax Assets for Unrealised Losses

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. 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 that there is 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:

	Six months ended 30 September 2017 *RMB'000* (Unaudited)	Six months ended 30 September 2016 *RMB'000* (Unaudited)
Revenue		
Sale of properties held for sale	**79,998**	506,457
Other income		
Exchange gain, net	**261**	–
Government grant	**3,674**	401
Interest income	**4,516**	2,052
Rental income	**9,574**	9,418
Others	**1,699**	323
	19,724	12,194

5. PROFIT BEFORE INCOME TAX

	Six months ended 30 September 2017 *RMB'000* (Unaudited)	Six months ended 30 September 2016 *RMB'000* (Unaudited)
Profit before income tax is arrived at after charging/(crediting):		
Finance costs		
— Interest on bank and other loans wholly repayable within five years	**29,290**	21,438
Less: amount capitalised in properties held under development	**(28,966)**	(21,438)
	324	–
Cost of properties held for sale recognised as expense	**61,261**	373,143
Depreciation	**496**	1,219
Staff costs, including Directors' emoluments		
— Wages and salaries	**10,702**	9,880
— Retirement benefit scheme contributions — defined contribution plans	**700**	587
Less: amount capitalised in properties held under development	**(1,993)**	(2,597)
	9,409	7,870

6. INCOME TAX EXPENSE

	Six months ended 30 September 2017 *RMB'000* **(Unaudited)**	Six months ended 30 September 2016 *RMB'000* (Unaudited)
Current tax — PRC		
Enterprise Income Tax ("**EIT**")	**4,812**	18,443
Land Appreciation Tax ("**LAT**")	**3,043**	1,324
Total income tax expense	**7,855**	19,767

EIT has been provided on the estimated profits of subsidiaries operating in the PRC at 25% (first half of FY2017: 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 5% (first half of FY2017: 5%).

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 of 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% (first half of FY2017: 16.5%) on the estimated assessable profits for the first half of FY2018. 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 Board does not declare the payment of any dividend for the first half of FY2018 (first half of FY2017: nil).

8. EARNINGS PER SHARE

	Six months ended 30 September 2017 (Unaudited)	Six months ended 30 September 2016 (Unaudited)
Profit attributable to owners of the Company (in RMB thousands dollars)	**2,611**	47,209
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share (shares in thousands)	**2,464,000**	2,464,000
Basic earnings per share (in RMB cents)	**0.11**	1.92

The Company did not have dilutive potential ordinary shares outstanding during both the current and prior periods. Accordingly, the diluted earnings per share was the same as the basic earnings per share for both the current and prior periods.

9. ACCOUNTS RECEIVABLE

The aging analysis of accounts receivable that were past due but neither individually nor collectively considered to be impaired is as follows:

	30 September 2017 ***RMB'000*** **(Unaudited)**	31 March 2017 *RMB'000* (Audited)
Less than 3 months	**896**	1,524
3 months – 6 months	**928**	–
More than 6 months – 1 year	**13**	–
	1,837	1,524

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 is required as there has not been a significant change in credit quality and the balances are considered fully recoverable.

10. ACCOUNTS PAYABLE, ACCRUALS, RECEIPTS IN ADVANCE AND OTHER PAYABLES

	30 September 2017 *RMB'000* (Unaudited)	31 March 2017 *RMB'000* (Audited)
Accounts payable	**67,201**	79,897
Accruals, receipts in advance and other payables		
Receipts in advance	**307,034**	267,839
Accruals and other payables	**122,805**	198,934
	429,839	466,773

The aging analysis of accounts payable, based on invoice date, is as follows:

	30 September 2017 *RMB'000* (Unaudited)	31 March 2017 *RMB'000* (Audited)
Less than 3 months	**9,785**	1,687
3 months – 6 months	**26,765**	1,363
More than 6 months – 1 year	**2,014**	50,263
More than 1 year	**28,637**	26,584
	67,201	79,897

11. BANK AND OTHER LOANS

	30 September 2017 *RMB'000* (Unaudited)	31 March 2017 *RMB'000* (Audited)
Current:		
— Portion of bank loans due for repayment within one year or on demand	**289,897**	228,258
Non-current:		
— Portion of bank loans due for repayment after one year	**808,593**	604,565
Total borrowings	**1,098,490**	832,823

12. SHARE CAPITAL

	Number of shares	*RMB'000*
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2016, 30 September 2016, 31 March 2017 and 30 September 2017	**4,500,000,000**	37,401
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2016	**1,232,000,000**	10,193
Bonus issue	**1,232,000,000**	10,542
At 30 September 2016, 31 March 2017 and 30 September 2017	**2,464,000,000**	20,735

Note:

After the ordinary resolution had been approved by the shareholders of the Company (the "**Shareholders**") at the annual general meeting held on 26 July 2016, a total of 1,232,000,000 new ordinary shares were allotted and issued pursuant to the bonus issue on 11 August 2016. The issued share capital was increased by way of a bonus issue by applying HK$12,320,000 (equivalent to approximately RMB10,542,000) charged to the share premium account respectively as payment in full for 1,232,000,000 ordinary share at par of HK$0.01 each. These shares rank pari passu with the ordinary shares then in all respects.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL RESULTS IN THE FIRST HALF OF FY2018 COMPARED TO THE FIRST HALF OF FY2017

Revenue

	Six months ended 30 September 2017	Six months ended 30 September 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Residential	**62,071**	496,132
Commercial and others	**17,927**	10,325
	79,998	506,457

Revenue in the first half of FY2018 was approximately RMB80.0 million compared to approximately RMB506.5 million in the first half of FY2017, a decrease of 84.2%.

Revenue in the first half of FY2018 was primarily derived from the delivery of residential units of Fuzhou Hua Cui Ting Yuan （撫州華萃庭院） Phase 2 as well as Yichun Royal Lake City （宜春御湖城） Phase 2. In the first half of FY2017, revenue was mainly attributable to the delivery of the residential units of Nanchang Sino Harbour Kaixuan City （南昌漢港凱旋城） Zone 3 as well as Fuzhou Hua Cui Ting Yuan Phase 3.

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 the quarters will appear irregular.

Cost of Sales and Gross Profit Margin

In line with a decrease in revenue, cost of sales decreased to approximately RMB64.7 million in the first half of FY2018 from approximately RMB399.3 million in the first half of FY2017. Gross profit margin decreased from 21.2% in the first half of FY2017 to 19.1% in the first half of FY2018.

Other Income

Other income increased from approximately RMB12.2 million in the first half of FY2017 to approximately RMB19.7 million in the first half of FY2018. The increase was mainly attributable to an increase in interest income as well as government grant.

Selling and Distribution Expenses

Selling and distribution expenses decreased from approximately RMB6.7 million in the first half of FY2017 to approximately RMB5.4 million in the first half of FY2018. The lower selling expenses in the first half of FY2018 were mainly due to a decrease in marketing expenses incurred in Yichun Royal Lake City.

Administrative Expenses

Administrative expenses increased to approximately RMB20.3 million in the first half of FY2018 from approximately RMB18.9 million in the first half of FY2017. The increase was mainly attributable to an increase in the staff cost.

Profit for the first half of FY2018

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB9.3 million in the first half of FY2018, compared to approximately RMB93.7 million in the first half of FY2017.

Income tax expense decreased from approximately RMB19.8 million in the first half of FY2017 to approximately RMB7.9 million in the first half of FY2018 mainly attributable to the decrease in the corporate income tax provision in line with a decrease in profit in the first half of FY2018.

As a result, profit after income tax expense was approximately RMB1.1 million in the first half of FY2018, a significant decline of 98.5% from approximately RMB74.0 million in the first half of FY2017.

REVIEW OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

Properties Held Under Development

As at 30 September 2017, the Group's properties held under development increased to approximately RMB1,515.5 million from approximately RMB1,379.5 million as at 31 March 2017. The increase was mainly attributable to the construction progress of Han Zhi Yun Commercial Centre （漢之昀商業中心）.

Properties Held for Sale

Properties held for sale decreased to approximately RMB306.6 million as at 30 September 2017 from approximately RMB360.0 million as at 31 March 2017. The decrease was mainly due to the handover of property units of Fuzhou Hua Cui Ting Yuan as well as Yichun Royal Lake City to the buyers in the first half of FY2018.

Accounts Receivable

As at 30 September 2017, the Group's accounts receivable amounted to approximately RMB1.8 million, compared to approximately RMB1.5 million as at 31 March 2017. The increase was mainly due to the receivable for the disposal of residential units in Yichun Royal Lake City.

Prepayments and Other Receivables

As at 30 September 2017, the Group's prepayments and other receivables amounted to approximately RMB117.2 million, compared to approximately RMB106.7 million as at 31 March 2017. The increase was mainly due to an increase in the prepayments to the contractors for the construction of the Group's projects.

Tax Recoverable

Tax recoverable increased from approximately RMB20.8 million as at 31 March 2017 to approximately RMB31.1 million as at 30 September 2017 mainly attributable to an increase in prepayment of EIT during the first half of FY2018.

Accounts Payable, Accruals, Receipts in Advance and Other Payables

Accounts payable decreased from approximately RMB79.9 million as at 31 March 2017 to approximately RMB67.2 million as at 30 September 2017, mainly due to repayment of construction cost in the first half of FY2018.

Accruals, receipts in advance and other payables mainly comprised the advance receipts from customers in respect of the deposits and prepayments for the Group's property pre-sales, the accrued construction costs and project-related expenses that are based on the progress of project development but are not due for payment.

Accruals, receipts in advance and other payables decreased from approximately RMB466.8 million as at 31 March 2017 to approximately RMB429.8 million as at 30 September 2017. The decrease mainly represented a decrease in the provision of the construction cost and project-related expenses.

LIQUIDITY AND FINANCIAL RESOURCES

Cash Position

Cash and Bank Balances

In the first half of FY2018, the Group had recorded a net cash outflow of approximately RMB121.2 million from operating activities, mainly attributable to an increase in properties held under development.

Net cash inflow from investing activities in the first half of FY2018 was approximately RMB7.3 million, which was mainly due to a decrease in pledged deposits.

Net cash inflow from financing activities in the first half of FY2018 was approximately RMB214.5 million mainly attributable to the addition of borrowings.

As at 30 September 2017, the Group had cash and bank balances of approximately RMB365.3 million, of which mostly were denominated in RMB and Hong Kong dollars ("**HK$**") (31 March 2017: RMB264.4 million).

Bank and Other Loans

As at 30 September 2017, the Group had total borrowings of approximately RMB1,098.5 million, increased from approximately RMB832.8 million as at 31 March 2017. The increase mainly represented the addition of borrowings in the first half of FY2018. The Group's bank and other loans were denominated in RMB and United States dollars ("**US$**").

Gearing Ratio

Gearing ratio is measured by dividing total equity by borrowings (total amount of bank and other loans) less related deposit collateral. As at 30 September 2017, the Group's gearing ratio was 59.8% (31 March 2017: 42.4%). The Group has implemented certain loan management policies which include close monitoring of the gearing ratio and any changes in interest rates.

Funding and Treasury Policies

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. Historically, we have met our capital expenditures, working capital and other liquidity requirements principally from cash generated from our operations and bank and other borrowings. Going forward, we expect to fund our working capital, capital expenditures and other capital requirements with a combination of various sources, including but not limited to cash generated from our operations, bank and other borrowings as well as other external equity and debt financing. The Group's objectives are to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain contingency plan for funding to ensure that the Group maintains sufficient cash to meet its liquidity requirements.

FOREIGN CURRENCY RISK

Most of the Group's transactions are carried out in RMB which is the functional currency of the Company and most of its operating subsidiaries. Exposures to currency exchange rates arise from certain of the Group's cash and bank balances which are denominated in HK$ and US$. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and believes that there is no significant exposure on its foreign exchange risk.

MATERIAL ACQUISITION AND DISPOSAL

During the first half of FY2018, the Company had no material acquisition or disposal of assets, subsidiaries and affiliated companies (first half of FY2017: nil).

SIGNIFICANT INVESTMENT

The Group did not hold any significant investment in the first half of FY2018 (first half of FY2017: nil).

CONTINGENT LIABILITIES

As at 30 September 2017, the Group had no significant contingent liabilities (31 March 2017: nil).

EMPLOYEE AND REMUNERATION POLICY

There were 295 employees in the Group as at 30 September 2017 (31 March 2017: 242). 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. Employee costs, including Directors' emoluments, amounted to approximately RMB10.7 million for in first half of FY2018 (first half of FY2017: RMB9.9 million).

COMPANY UPDATE

Property Pre-sales

The results of property pre-sale launches (as at 1 November 2017) are summarised in the tables below:

Residential Units

	Nanchang Sino Harbour Kaixuan City — Zone 2, Part B (南昌漢港凱旋城二組團B標段)	**Fuzhou Hua Cui Ting Yuan Phase 3 (撫州華萃庭院三期)**	**Yichun Royal Lake City Phase 2 (宜春御湖城二期)**
Estimated total Gross Floor Area ("**GFA**") released for sale (total units)	27,885 sq.m. (156 units)	117,177 sq.m. (1,127 units)	104,739 sq.m. (1,097 units)
Estimated total GFA pre-sold (total units)	16,300 sq.m. (94 units)	117,065 sq.m. (1,126 units)	102,317 sq.m. (1,071 units)
Percentage of pre-sale	58%	99%	98%
Pre-sale GFA (units pre-sold) not handed to buyers as at 30 September 2017^	16,300 sq.m. (94 units)	3,137 sq.m. (29 units)	6,655 sq.m. (63 units)
Pre-sale value not handed over to buyers as at 30 September 2017^	RMB219.94 million	RMB15.20 million	RMB28.5 million
Average Selling Price ("**ASP**") per sq. m.*	RMB13,493	RMB4,845	RMB4,282
Expected completion date	CY2018 Q2	Completed	Completed

*: ASP of the projects is computed as follows: Pre-sale value not handed over to buyers divided by Pre-sale GFA not handed over to buyers.

^: Pre-sale value not handed over to buyers is computed as follows: Beginning period pre-sales plus New pre-sales during the period less those handed over to buyers during the period (Recognised as sales during the period).

FUTURE OUTLOOK

In the first half of 2017, the global economy continued to recover, and the PRC maintained its lead in economic growth. However, the global economic recovery was imbalanced. Strong structural growth has yet to be seen, and the PRC still faces many uncertainties. In the first half of 2017, the PRC maintained its stable economic development momentum, its GDP increased by 6.9%, and the economy operated within a reasonable range. However, the future of the real estate market is not clear. The central government insists that housing is for people to live in. The local governments continue to exploit targeted policies, hence controlling housing price, preventing the formation of bubbles and cutting excess real estate inventories at the same time. The Group anticipates that the operating environment will continue to be challenging in the second half of 2017. Although the real estate market is under the influence of such policy headwinds, the Group believes that the impact on the entire industry is inevitable in the short term, but is positive to the PRC's real estate industry from a long-term macro perspective.

Besides property development being the Group's current principal business, the Group has gradually entered into the stem cell and pharmaceutical inspection industries since 2016.

According to the data from research carried out by international research institutes, the global stem cells market size reached US$50.0 billion in 2014, and is expected to exceed US$100.0 billion in 2018. In the PRC, the domestic stem cell market size has shown an impressive compound annual growth rate of over 50% in recent years. Experts predict that the PRC stem cell market size will grow to US$30.0 billion (approximately HK$234.0 billion) in the next 5 years. In addition, the PRC government implemented the universal two-child policy in 2016. This policy will not only increase the birth rate in the PRC, but also largely increase the stem cell market size. In view of the rapid development of stem cells industry and a huge market demand, the Group has begun its stem cell business in Guangxi Zhuang Autonomous Region where the penetration rate of stem cell business is relatively low, since early 2017. The Group provides stem cell storage consultation and referral services via its subsidiary Guangxi Gangrun Bio Technology Limited, by setting up perinatal stem cell storage information desks in hospital compounds of The Maternal and Child Health Hospital of Guangxi Zhuang Autonomous Region.

In order to improve the quality of generic drugs produced in the PRC, the PRC government launched the quality consistency evaluation for generic drugs in 2016, as an effort to urge and guide pharmaceutical manufacturers on improving their quality of pharmaceutical research. According to the market estimate, the market value of the quality consistency evaluation will be approximately RMB17.0 billion (approximately HKD20.0 billion) in 2018. In view of the market potential, the Group set up Zhejiang IPS Pharmaceutical Technology Co. Ltd ("**Zhejiang IPS**") in 2017, which is one of the very few third-party laboratories in the PRC that is directly invested and managed by a member of the United States Pharmacopeia Advisory Panel and an advisor of the U.S. Food and Drug Administration. With the advanced equipment and international standard technologies in its laboratories, Zhejiang IPS is capable and ready to capture the rapidly growing market of quality consistency evaluation for generic drugs.

The Board expects to expand the Group's revenue base and grasp new opportunities to enhance its profitability. Looking ahead, the Group is planning to further diversify its business and expand further into the healthcare sector while maintaining its core business operation.

DIVIDEND

The Board has resolved not to declare the payment of an interim dividend in the first half of FY2018 (first half of FY2017: nil).

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

The Company did not redeem any of its shares listed on the Main Board of the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such shares in the first half of FY2018 (first half of FY2017: nil).

CORPORATE GOVERNANCE COMPLIANCE

The Company focuses on maintaining a 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.

During the first half of FY2018, the Company has applied the principles and complied with all of the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct governing securities transactions by the Directors. Following the specific enquiries made by the Company on them, all Directors confirmed that they had complied with the required standards set out in the Model Code and its code of conduct during the first half of FY2018.

AUDIT COMMITTEE AND REVIEW OF RESULTS

The audit committee of the Company (the "**Audit Committee**") consists of three independent non-executive Directors, namely Mr. LEE Man To (Chairman), Mr. XIE Gang and Ms. ZHANG Juan. The Group's unaudited condensed consolidated interim results in the first half of FY2018 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 results and operational statistics in the first half of FY2018 and the first half of FY2017 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 are 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 Holdings Group Limited
SHI Feng
Deputy Chairman and Executive Director

Hong Kong, 13 November 2017

As at the date of this announcement, the Board comprises seven Directors, including three executive Directors, namely Mr. SHI Feng (Deputy Chairman and Chief Executive Officer), Mr. WONG Lui and Ms. GAO Lan; one non-executive Director, namely Ms. CHAN Heung Ling (Chairlady); and three independent non-executive Directors, namely Mr. XIE Gang, Mr. LEE Man To and Ms. ZHANG Juan.