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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

## HIGHLIGHTS

– During the year ended 31 March 2018, the Group recorded revenue of approximately RMB134.1 million mainly attributable to the delivery of residential units of Fuzhou Hua Cui Ting Yuan Phase 2 and Yichun Royal Lake City Phase 2 as well as commercial units of Fuzhou Hua Cui Ting Yuan.

– The Group had recorded a profit after tax of approximately RMB1.2 million for the year ended 31 March 2018.

– Basic earnings per share for the year ended 31 March 2018 was approximately RMB0.2 cents.

– Cash and bank balances as at 31 March 2018 were approximately RMB222.1 million (31 March 2017: approximately RMB264.4 million).

– The Group had bank loans of approximately RMB1,143.1 million as at 31 March 2018 (31 March 2017: approximately RMB832.8 million).

– The Board has resolved to recommend the payment of the Final Dividend of HK1.0 cent per Share for the year ended 31 March 2018 (For the year ended 31 March 2017: HK1.0 cent per Share).

## ANNUAL RESULTS

The board of directors (the "**Directors**" and the "**Board**", respectively) of Sino Harbour Holdings Group Limited (the "**Company**") announces the annual consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2018 ("**FY2018**") with comparative figures for the year ended 31 March 2017 ("**FY2017**") as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

| | *Notes* | **2018** *RMB'000* | 2017 *RMB'000* |
|---|---|---|---|
| **Revenue** | *4* | **134,082** | 693,512 |
| Cost of sales | | **(89,321)** | (559,414) |
| **Gross profit** | | **44,761** | 134,098 |
| Other income and other gains and losses | *4* | **62,996** | 53,929 |
| Selling and distribution expenses | | **(10,776)** | (17,920) |
| Administrative expenses | | **(48,750)** | (40,341) |
| **Operating profit** | | **48,231** | 129,766 |
| Finance costs | | **(5,113)** | (5,888) |
| Share of results of joint ventures | | **(501)** | (500) |
| Share of results of an associate | | **(1,315)** | (414) |
| **Profit before income tax** | *5* | **41,302** | 122,964 |
| Income tax expense | *6* | **(40,114)** | (49,290) |
| **Profit for the year** | | **1,188** | 73,674 |
| **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 | | **13,512** | (566) |
| **Other comprehensive income for the year** | | **13,512** | (566) |
| **Total comprehensive income for the year** | | **14,700** | 73,108 |

| | Notes | **2018** | 2017 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| **Profit/(loss) for the year attributable to:** | | | |
| Owners of the Company | | **4,883** | 52,364 |
| Non-controlling interests | | **(3,695)** | 21,310 |
| | | **1,188** | 73,674 |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | **18,395** | 51,798 |
| Non-controlling interests | | **(3,695)** | 21,310 |
| | | **14,700** | 73,108 |
| **Earnings per share for profit attributable to the owners of the Company during the year *(in RMB cents)*** | | | |
| **– Basic and diluted** | *8* | **0.20** | 2.13 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AS AT 31 MARCH 2018**

| | Notes | 2018 RMB'000 | 2017 RMB'000 |
|---|---|---|---|
| **ASSETS AND LIABILITIES** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **67,697** | 56,163 |
| Investment properties | | **552,984** | 536,754 |
| Intangibles | | **11,400** | – |
| Interests in joint ventures | | **184,265** | 184,764 |
| Interest in an associate | | **4,358** | 5,673 |
| Other financial assets | | **28,357** | 8,627 |
| Financial assets at fair value through profit or loss | | **7,690** | 7,070 |
| Pledged deposits | | **5,500** | 5,500 |
| Deferred tax assets | | **11,514** | 12,658 |
| | | **873,765** | 817,209 |
| **Current assets** | | | |
| Properties held under development | | **1,664,440** | 1,379,470 |
| Properties held for sale | | **243,761** | 360,016 |
| Accounts receivable | *9* | **321** | 1,524 |
| Prepayments and other receivables | | **268,271** | 106,664 |
| Tax recoverable | | **17,557** | 20,813 |
| Structured bank balances | | **–** | 1,500 |
| Pledged deposits | | **224,882** | 216,058 |
| Cash and bank balances | | **222,147** | 264,392 |
| | | **2,641,379** | 2,350,437 |
| **Current liabilities** | | | |
| Accounts payable | *10* | **52,115** | 79,897 |
| Accruals, receipts in advance and other payables | | **510,689** | 466,773 |
| Current tax liabilities | | **123,565** | 110,863 |
| Bank loans | *11* | **458,884** | 228,258 |
| | | **1,145,253** | 885,791 |
| **Net current assets** | | **1,496,126** | 1,464,646 |
| **Total assets less current liabilities** | | **2,369,891** | 2,281,855 |

| | Notes | **2018** **RMB'000** | 2017 RMB'000 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Bank loans | *11* | **684,167** | 604,565 |
| Deferred tax liabilities | | **83,618** | 80,036 |
| | | **767,785** | 684,601 |
| **Net assets** | | **1,602,106** | 1,597,254 |
| **EQUITY** | | | |
| **Equity attributable to the Company's owners** | | | |
| Share capital | | **20,735** | 20,735 |
| Reserves | | **1,345,606** | 1,349,059 |
| | | **1,366,341** | 1,369,794 |
| **Non-controlling interests** | | **235,765** | 227,460 |
| **Total equity** | | **1,602,106** | 1,597,254 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

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. The principal place of business of the Company in Hong Kong is located at Room 1215, Tower B, Hunghom Commercial Centre, 37–39 Ma Tau Wai Road, Hunghom, Kowloon, Hong Kong.

The consolidated financial statements of the Group for FY2018 (the "**Consolidated Financial Statements**") have been prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**") (including all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (the "**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). In addition, the Consolidated Financial Statements include the applicable disclosures required by the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The Consolidated Financial Statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

## 2. PRINCIPAL ACCOUNTING POLICIES

The Consolidated Financial Statements 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 values.

The accounting policies used in preparing the Consolidated Financial Statements are consistent with those used in the consolidated financial statements of the Group for FY2017 with the addition of certain new and revised standards, amendments and interpretations (the "**new HKFRSs**") issued by the HKICPA and effective in the current year as described below.

## 3. ADOPTION OF NEW AND REVISED HKFRSs

In current year, the Group has adopted, for the first time, the following new HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for its consolidated financial statements for the annual period beginning on 1 April 2017:

| | |
|---|---|
| Amendments to HKAS 7 | Disclosure Initiative |
| Amendments to HKAS 12 | Recognition of Deferred Tax Assets for Unrealised Losses |
| Annual Improvements to HKFRSs 2014-2016 Cycle | Amendments to HKFRS 12, Disclosure of Interests in Other Entities |

Other than as noted below, the adoption of the amendments has no material impact on the Consolidated Financial Statements.

**Amendments to HKAS7**

The adoption of the amendment to HKAS7 has led to the additional disclosure presented in the notes to the Consolidated Financial Statements.

The following new and amended HKFRSs which are potentially relevant to the Group's financial statements have been issued but are not yet effective and have not been early adopted by the Group:

| | |
|---|---|
| Amendments to HKFRS 2 | Classification and Measurement of Share-based Payment Transactions[1] |
| Amendments to HKFRS 4 | Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1] |
| HKFRS 9 | Financial Instruments[1] |
| Amendments to HKFRS 9 | Prepayment Features with Negative Compensation[2] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4] |
| HKFRS 15 | Revenue from Contracts with Customers[1] |
| Amendment to HKFRS 15 | Revenue from Contracts with Customers (Clarifications of HKFRS 15)[1] |
| HKFRS 16 | Leases[2] |
| HKFRS 17 | Insurance Contracts[3] |
| Amendments to HKAS 28 | Investments in Associates and Joint Ventures[2] |
| Amendment to HKAS 40 | Transfers of Investment Property[1] |
| HK(IFRIC)-Int 22 | Foreign Currency Transactions and Advance Consideration[1] |
| HK(IFRIC)-Int 23 | Uncertainty Over Income Tax Treatments[2] |
| Annual Improvements to HKFRSs 2014-2016 Cycle | Amendments to HKFRS 1 and HKAS 28[1] |
| Annual Improvements to HKFRSs 2015-2017 Cycle | Amendments to:<br>HKFRS 3 Business Combinations[2]<br>HKFRS 11 Joint Arrangements[2]<br>HKAS 12 Income Taxes[2]<br>HKAS 23 Borrowing Costs[2] |

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments of the amendments continues to be permitted.

## 4. REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES

Revenue, which is also the Group's turnover, other income and other gains and losses recognised during the year are as follows:

| | **2018** | 2017 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Revenue** | | |
| Sale of properties held for sale | **134,082** | 693,512 |
| **Other income and other gains and losses** | | |
| Exchange gain/(loss), net | **4,479** | (10,869) |
| Government grants | **7,791** | 4,187 |
| Net fair value gain on investment properties and properties held for sale upon transfer to investment properties | **14,327** | 30,542 |
| Net fair value gain on financial assets at fair value through profit or loss | **620** | 2,292 |
| Interest income | | |
| – from bank deposits | **9,089** | 4,876 |
| – from structured bank balances | **111** | 80 |
| | **9,200** | 4,956 |
| Rental income | **22,515** | 21,374 |
| Sundry income | **4,064** | 1,447 |
| | **62,996** | 53,929 |

## 5. PROFIT BEFORE INCOME TAX

| | 2018 | 2017 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| **Profit before income tax has been arrived at charging/(crediting):** | | |
| Auditor's remuneration | **841** | 805 |
| Cost of properties held for sale recognised as expense | **86,330** | 526,658 |
| Amortisation of intangibles | **600** | – |
| Loss on disposal of property, plant and equipment | **91** | – |
| Impairment loss on other financial assets | **360** | – |
| Depreciation | **2,855** | 3,053 |
| Operating lease charge in respect of land and buildings | **2,537** | 393 |
| Outgoings in respect of investment properties that generated rental income during the year | **329** | 278 |
| Employee costs, including directors' emoluments | | |
| – Wages and salaries | **28,596** | 27,028 |
| – Retirement benefit scheme contributions – defined contribution plans | **3,086** | 3,076 |
| Less: Amount capitalised in properties held under development | **(5,296)** | (7,129) |
| | **26,386** | 22,975 |

## 6. INCOME TAX EXPENSE

| | 2018 | 2017 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| **Current tax – the People's Republic of China (the "PRC" or "China")** | | |
| Current year | | |
| – Enterprise income tax ("**EIT**") | **4,550** | 34,234 |
| – Land appreciation tax ("**LAT**") | **30,838** | 6,815 |
| Over provision in prior years | | |
| – LAT | **–** | (1,749) |
| | **35,388** | 39,300 |
| **Deferred income tax** | **4,726** | 9,990 |
| **Total income tax expense** | **40,114** | 49,290 |

EIT has been provided on the estimated profits of subsidiaries operating in the PRC at 25% (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% (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% (FY2017: 16.5%) on the estimated assessable profits for 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 years.

## 7. DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of HK1.0 cent per ordinary share of the Company (the "**Share**" and the "**Final Dividend**", respectively), amounting to HK$24,640,000 (equivalent to approximately RMB19,712,000) for FY2018 (FY2017: HK1.0 cent per Share) and the payment of the proposed Final Dividend is subject to the approval by the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting to be held on Monday, 30 July 2018 (the "**AGM**").

## 8. EARNINGS PER SHARE

| | **2018** | 2017 |
|---|---|---|
| **Profit attributable to the owners of the Company for the year ended 31 March (in RMB thousand dollars)** | **4,883** | 52,364 |
| **Weighted average number of Shares for the purposes of calculating basic earnings per share for the year ended 31 March (Shares in thousands)** | **2,464,000** | 2,464,000 |
| **Basic earnings per share for the year ended 31 March (in RMB cents)** | **0.20** | 2.13 |

The Company did not have dilutive potential Shares outstanding for FY2018 and FY2017. Accordingly, the diluted earnings per share is the same as the basic earnings per share for both FY2018 and FY2017.

## 9. ACCOUNTS RECEIVABLE

The aging analysis of accounts receivable, based on invoice date that neither individually nor collectively considered to be impaired is as follows:

| | **2018** | 2017 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Less than 3 months | **321** | 1,524 |

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

## 10. ACCOUNTS PAYABLE

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

| | **2018** | 2017 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Less than 3 months | **3,455** | 1,687 |
| 3 to 6 months | **2,512** | 1,363 |
| More than 6 months to 1 year | **23,227** | 50,263 |
| More than 1 year | **22,921** | 26,584 |
| | **52,115** | 79,897 |

## 11. BANK LOANS

| | **2018** | 2017 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Current** | | |
| Portion of bank loans due for repayment within one year or on demand | **458,884** | 228,258 |
| **Non-current** | | |
| Portion of bank loans due for repayment after one year | **684,167** | 604,565 |
| **Total borrowings** | **1,143,051** | 832,823 |

## 12. CAPITAL EXPENDITURE

For FY2018, there were additions to property, plant and equipment amounting to approximately RMB14,773,000 (FY2017: approximately RMB695,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

## REVIEW OF FINANCIAL RESULTS FOR FY2018 COMPARED TO FY2017

### Revenue

In FY2018, the Group recorded revenue of approximately RMB134.1 million, representing a decrease of 80.7% from approximately RMB693.5 million in FY2017.

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

The following table sets out an analysis of the revenue for (i) residential properties, (ii) commercial properties, and (iii) car parking spaces during FY2018:

| | **2018** | 2017 | Percentage change |
|---|---|---|---|
| (i) Residential | | | |
| – Gross floor area ("**GFA**") sold (in sq.m.) | **18,384** | 131,273 | (86.0%) |
| – Average selling price ("**ASP**") (RMB per sq.m.) | **5,284** | 5,121 | 3.2% |
| – Revenue (approximately RMB'000) | **97,145** | 672,227 | (85.5%) |
| (ii) Commercial | | | |
| – GFA sold (in sq.m.) | **2,698** | 1,376 | 96.1% |
| – ASP (RMB per sq.m.) | **11,915** | 12,300 | (3.1%) |
| – Revenue (approximately RMB'000) | **32,146** | 16,925 | 89.9% |
| (iii) Car parking spaces | | | |
| – Revenue (approximately RMB'000) | **4,791** | 4,360 | 9.9% |
| Total revenue (approximately RMB'000) | **134,082** | 693,512 | (80.7%) |

**Cost of Sales and Gross Profit Margin**

Cost of sales decreased from approximately RMB559.4 million in FY2017 to approximately RMB89.3 million in FY2018. As a higher portion of the revenue of the Group was attributable to the delivery of commercial units in FY2018 as compared with FY2017, which had a higher gross profit margin compared with residential units delivered, gross profit margin increased from 19.3% in FY2017 to 33.4% in FY2018.

**Other Income and Other Gains and Losses**

Other income and other gains and losses increased from approximately RMB53.9 million in FY2017 to approximately RMB63.0 million in FY2018 mainly attributable to the increases in exchange gain as well as interest income from bank deposit.

**Selling and Distribution Expenses**

Selling and distribution expenses decreased from approximately RMB17.9 million in FY2017 to approximately RMB10.8 million in FY2018. The lower selling and distribution expenses in FY2018 were mainly due to a decrease in the marketing expenses incurred for Nanchang Sino Harbour Kaixuan City as well as Yichun Royal Lake City.

**Administrative Expenses**

Administrative expenses increased by 20.8% to approximately RMB48.8 million in FY2018 from approximately RMB40.3 million in FY2017. The increase was mainly attributable to an increase in staff cost as well as rental expenses.

**Finance Costs**

The Group recorded approximately RMB5.1 million non-capitalised finance costs in FY2018, decreased from approximately RMB5.9 million in FY2017.

**Profit for the Year**

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB41.3 million in FY2018, compared to approximately RMB123.0 million in FY2017.

Income tax expenses decreased to approximately RMB40.1 million in FY2018 from approximately RMB49.3 million in FY2017. The decrease was mainly attributable to the decrease in EIT in line with the decrease in taxable profits partially offset by provision of LAT.

As a result, the Group had recorded a profit after tax of approximately RMB1.2 million in FY2018, representing a decrease of 98.4% from FY2017.

## REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2018

### Property, Plant and Equipment

As at 31 March 2018, the Group had property, plant and equipment of approximately RMB67.7 million, compared to approximately RMB56.2 million as at 31 March 2017. The increase was mainly attributable to acquisition of equipment during FY2018.

### Investment Properties

As at 31 March 2018, the Group had investment properties at fair value of approximately RMB553.0 million, compared to approximately RMB536.8 million as at 31 March 2017. The increase comprised mainly the net fair value gain of the Group's investment properties.

### Intangibles

Intangible assets represented copyright in relation to the capital injection to a subsidiary of the Company by a non-controlling interest.

### Interest in an Associate

The Group had interest in an associate of approximately RMB4.4 million as at 31 March 2018, compared to approximately RMB5.7 million as at 31 March 2017, which represented a 30% equity interest in Zhejiang Davi Pharmaceutical Co., Ltd. ("**Davi Pharmaceutical**") as at 31 March 2018 and the share of results of an associate in FY2018.

### Other Financial Assets

Other financial assets represented equity interests in a number of entities incorporated in the PRC on which the Group does not have control nor significant influence. Other financial assets increased from approximately RMB8.6 million as at 31 March 2017 to approximately RMB28.4 million as at 31 March 2018 mainly attributable to the Group's subscription for 1,170,000 ordinary shares of Jiangxi LongYu Medicine Co., Ltd. in FY2018.

### Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss increased from approximately RMB7.1 million as at 31 March 2017 to approximately RMB7.7 million as at 31 March 2018, mainly due to an increase in the fair value of the profit guarantee as well as the put option as at 31 March 2018 in relation to the Group's acquisition of a 30% equity interest in Davi Pharmaceutical.

**Pledged Deposits**

Long-term and short-term pledged deposits increased from approximately RMB221.6 million as at 31 March 2017 to approximately RMB230.4 million as at 31 March 2018. The increase was mainly due to an increase in deposits pledged against and secured for the bank loans to the Group.

**Properties Held under Development**

As at 31 March 2018, the Group's properties held under development increased to approximately RMB1,664.4 million from approximately RMB1,379.5 million as at 31 March 2017. The increase was in tandem with the construction progress of Han Zhi Yun Commercial Centre (漢之昀商業中心) located in Zhejiang Province, the PRC.

**Properties Held for Sale**

Properties held for sale decreased from approximately RMB360.0 million as at 31 March 2017 to approximately RMB243.8 million as at 31 March 2018, mainly due to the handover of property units of Fuzhou Hua Cui Ting Yuan as well as Yichun Royal Lake City to the buyers.

**Accounts Receivable**

As at 31 March 2018, the Group's accounts receivable amounted to approximately RMB0.3 million compared to approximately RMB1.5 million as at 31 March 2017. The decrease was mainly due to the recovery of accounts receivable in FY2018. Since the balances were considered fully recoverable, no impairment provision was required.

**Prepayments and Other Receivables**

The Group's prepayments and other receivables amounted to approximately RMB268.3 million as at 31 March 2018, compared to approximately RMB106.7 million as at 31 March 2017.

On 30 March 2018, the Group and its joint venture partner entered into a designated operating agreement (the "**Agreement**"), pursuant to which subject to the fulfilment of certain conditions, its joint venture partner will designate all the rights and responsibilities of the management, operation and financing of the undeveloped project of Yichun Royal Lake City to the Group.

Prepayments and other receivables increased, mainly due to the deposit paid in relation to the Agreement as well as the prepayments to the contractors for the construction of the Group's project.

**Tax Recoverable**

Tax recoverable decreased to approximately RMB17.6 million as at 31 March 2018 from approximately RMB20.8 million as at 31 March 2017, mainly attributable to a decrease in prepayments of the EIT as well as LAT during FY2018.

**Accounts Payable, Accruals, Receipts in Advance and Other Payables**

Accounts payable decreased to approximately RMB52.1 million as at 31 March 2018 from approximately RMB79.9 million as at 31 March 2017 due to a decrease in amounts payable to the suppliers for construction costs incurred in respect of Fuzhou Hua Cui Ting Yuan and Yichun Royal Lake City.

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 were based on the progress of project development but were not due for payment.

Accruals, receipts in advance and other payables increased to approximately RMB510.7 million as at 31 March 2018 from approximately RMB466.8 million as at 31 March 2017. The increase mainly represented the advance receipts from customers for the deposits and prepayments for the Group's property pre-sales in FY2018.

**Deferred Tax Liabilities**

Deferred tax liabilities increased from approximately RMB80.0 million as at 31 March 2017 to approximately RMB83.6 million as at 31 March 2018, mainly attributable to the provision of deferred tax liabilities in respect of fair value gain on investment properties.

## LIQUIDITY AND FINANCIAL RESOURCES

**Cash Position**

***Cash and Bank Balances***

In FY2018, the Group had recorded a net cash outflow of approximately RMB238.1 million from operating activities, mainly attributable to an increase in properties held under development and properties held for sale as well as prepayments and other receivables.

Net cash outflow from investing activities in FY2018 was approximately RMB42.2 million, which was mainly due to the acquisition of property, plant and equipment as well as other financial assets.

Net cash inflow from financing activities in FY2018 was approximately RMB238.4 million, mainly attributable to the receipts from new bank loans which were partially offset by the repayments of loan principals and interests.

As at 31 March 2018, the Group had cash and bank balances of approximately RMB222.1 million, of which mostly were denominated in RMB and Hong Kong dollars ("**HK$**") (31 March 2017: approximately RMB264.4 million).

### Bank Loans

As at 31 March 2018, the Group had total borrowings of approximately RMB1,143.1 million, compared to approximately RMB832.8 million as at 31 March 2017. The Group's bank loans were denominated in RMB and HK$.

### Gearing Ratio

Gearing ratio is measured by borrowings (total amount of bank loans) less related deposit collateral over total equity. As at 31 March 2018, the Group's gearing ratio was 59.9%. 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.

## CHANGE OF IMMEDIATE CONTROLLING SHAREHOLDER

As disclosed in the Company's announcement dated 25 August 2017, Pan Hong Holdings Group Limited ("**Pan Hong**"), the then immediate controlling shareholder of the Company, proposed to distribute, by way of a one-time dividend in specie, of all the 1,800,000,000 Shares held by Pan Hong (representing approximately 73.05% of the total issued Shares) to the shareholders of Pan Hong on a pro rata basis (but without fractional entitlements) (the "**Proposed Distribution**").

As disclosed in the Company's announcement dated 29 March 2018, the Board was notified that the Proposed Distribution had been completed and the share certificates in respect of the Shares distributed by Pan Hong under the Proposed Distribution had all been despatched to the relevant shareholders of Pan Hong on 29 March 2018.

Prior to the completion of the Proposed Distribution, Extra Good Enterprises Ltd. ("**Extra Good**") (a company owned as to 48% and 52% equity interest by Ms. Chan Heung Ling ("**Ms. Chan**"), the chairlady of the Board and a non-executive Director, and Mr. Wong Lam Ping ("**Mr. Wong**"), the husband of Ms. Chan, respectively), Mr. Wong and Ms. Chan were indirectly, through Pan Hong, interested in approximately 73.05% in the issued share capital of the Company (the "**Issued Share Capital**") and, together with Pan Hong, were the then controlling shareholders (as defined under the Listing Rules) of the Company (the "**Controlling Shareholders**").

Immediately following the completion of the Proposed Distribution, Pan Hong ceased to be a Controlling Shareholder and Extra Good, Ms. Chan and Mr. Wong have received a total of 1,153,103,153 Shares from Pan Hong, representing 46.80% of the Issued Share Capital as at the date of this announcement, and remain as the Controlling Shareholders.

## 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, other receivables, other payables and bank loans which are denominated in HK$. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and will consider hedging significant foreign currency exposure should the need arise.

## MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed in this announcement, the Group did not have any material acquisition or disposal of assets, subsidiaries and affiliated companies during FY2018 (FY2017: nil).

## EVENT AFTER THE END OF FY2018

No important events affecting the Group have occurred since 31 March 2018.

## SIGNIFICANT INVESTMENT

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

## CONTINGENT LIABILITIES

As at 31 March 2018, the Group had no significant contingent liabilities (31 March 2017: nil).

## EMPLOYEE AND REMUNERATION POLICY

There were 318 employees in the Group as at 31 March 2018 (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 RMB31.7 million in FY2018 (FY2017: approximately RMB30.1 million).

## COMPANY UPDATE

### Property Pre-sales

The cumulative results for the pre-sale and delivery of properties under each project up to 18 May 2018 are summarised as follows:

| Residential Units | Nanchang Sino Harbour Kaixuan City Zone 2, Part B (南昌漢港凱旋城二組團B標段) | Yichun Royal Lake City Phase 2 (宜春御湖城二期) |
|---|---|---|
| Estimated total GFA released for sale (total units) | 27,885 sq.m. (156 units) | 104,196 sq.m. (1,091 units) |
| Estimated total GFA pre-sold (total units) | 18,863 sq.m. (108 units) | 103,898 sq.m. (1,088 units) |
| Percentage of pre-sale | 68% | 99% |
| Pre-sale GFA (units pre-sold) not handed over to buyers as at 31 March 2018^ | 18,863 sq.m. (108 units) | 5,567 sq.m. (56 units) |
| Pre-sale value not handed over to buyers as at 31 March 2018^ | RMB260.48 million | RMB26.2 million |
| ASP per sq. m.* | RMB13,809 | RMB4,706 |
| Expected completion date | 2nd quarter of 2018 | 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 of FY2018 pre-sales plus new pre-sales during FY2018 less those handed over to buyers during FY2018, which was recognised as sales during FY2018.

## FUTURE OUTLOOK

Looking forward to the rest of 2018, the Group remains optimistic in relation to the economy of China. The economic growth of China is expected to remain stable, shifting from a rapid growth stage to a high-quality steady growth stage.

To establish a long-term effective mechanism has been a keynote of the real estate policy. In the 19th National Congress of Communist Party of China, President Xi Jinping has outlined his vision for the next five years of development in China and emphasized that “houses are for living but not for speculation”. Meanwhile, the Central Economic Work Conference has pointed out the importance of “accelerating the establishment of a housing system with multi-agent supply, multi-channel protection and co-development of housing lease and sales”. The Group believes that the Chinese central government will continue the macro-control policies in controlling housing price, preventing market bubbles and destocking to the real estate industry in 2018. However, it will be positive to China’s real estate industry in terms of a long-term macro perspective.

Apart from the property development business, the Group will continue to expand diversely the pharmaceutical inspection and stem cell businesses. The Group established Zhejiang IPS Pharmaceutical Technology Co. Ltd. (“**Zhejiang IPS**”) since 2017, which aims at setting up a leading third-party laboratories and contract research organization in China. With the completion of the core team formation in early 2018, Zhejiang IPS had moved forward from ramp-up period and quickly switched its focus to medium and large scale projects. The Group will increase its investments in Zhejiang IPS continuously to support its growth and its technical level. Currently, the quality and efficacy consistency evaluation for generic drugs is the core business development direction of Zhejiang IPS. Meanwhile, the Group provides stem cell storage consultation and referral services via its subsidiary, Guangxi Gangrun Bio Technology Limited. We shall strive to enhance the professional knowledge of our team and grasp the demand of the stem cell market in Guangxi Zhuang Autonomous Region, China. We are also constantly seeking new opportunities to extend our stem cell business into upstream and downstream sectors and exploring appropriate potential investment opportunities to create synergies with our current healthcare businesses.

The Group will continue to adopt a robust financial policy and remain cautiously optimistic regarding China's real estate market in the rest of 2018. The Board believes that the business of property development can still generate strong cash inflows for the Group and continuously support its healthcare business sector in the future.

## PROPOSED FINAL DIVIDEND

The Board has resolved to recommend the payment of the Final Dividend of HK1.0 cent per Share for FY2018 (FY2017: HK1.0 cent per Share) to the Shareholders whose names appear on the register of members of the Company (the "**Register of Members**") on Friday, 10 August 2018.

The proposed Final Dividend is subject to the approval by the Shareholders at the AGM. It is expected that the Final Dividend would be paid to the Shareholders on Friday, 24 August 2018.

## AGM

It is proposed that the AGM will be held at Room 1215, Tower B, Hunghom Commercial Centre, 37–39 Ma Tau Wai Road, Hunghom, Kowloon, Hong Kong at 10:00 a.m. on Monday, 30 July 2018. The notice of the AGM will be published on the respective websites of the Stock Exchange and the Company and despatched to the Shareholders in due course.

## CLOSURE OF REGISTER OF MEMBERS

### *In relation to AGM*

The Register of Members will be closed from Wednesday, 25 July 2018 to Monday, 30 July 2018, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM to be held on Monday, 30 July 2018, non-registered Shareholders must lodge all completed transfer forms accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 24 July 2018.

### *In relation to proposed Final Dividend*

For determining the Shareholders' entitlement to the proposed Final Dividend, the Register of Members will be closed from Tuesday, 7 August 2018 to Friday, 10 August 2018, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the Final Dividend, non-registered Shareholders must lodge all transfer forms accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Monday, 6 August 2018.

## SCOPE OF WORK OF BDO LIMITED ("BDO")

The figures in respect of the preliminary announcement of the Group's results for FY2018 have been agreed by BDO, the Group's independent auditor, to the amounts set out in the draft Consolidated Financial Statements. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by BDO on the preliminary announcement.

## AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The audit committee of the Company (the "**Audit Committee**") comprises three members, namely Mr. LEE Man To (who is also the chairman thereof), Mr. XIE Gang and Ms. ZHANG Juan, all being the independent non-executive Directors (the "**INEDs**"). The Audit Committee has discussed and reviewed with the management the annual results and the Consolidated Financial Statements contained herein.

## PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

During FY2018, the Company did not redeem its listed securities nor, did the Company or any of its subsidiaries purchase or sell such securities.

## 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.

In the opinion of the Board, the Company has complied with all applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules, throughout FY2018.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct governing securities transactions by the Directors. Following a specific enquiry made by the Company with each of the Directors, all Directors have confirmed that they had complied with the required dealing standards set out in the Model Code and the Company's code of conduct throughout FY2018.

## PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT, ANNUAL REPORT AND CIRCULAR

This annual results announcement is published on the respective websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.sinoharbour.com.hk). The 2017/18 annual report and a circular containing the notice of the AGM will be despatched to the Shareholders and published on the above websites in due course.

## CAUTION STATEMENT

The Board wishes to remind investors that the above unaudited financial statements and operational statistics for FY2018 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, Chief Executive Officer*
*and Executive Director*

Hong Kong, 25 May 2018

*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 INEDs, namely Mr. XIE Gang, Mr. LEE Man To and Ms. ZHANG Juan.*