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 2018

HIGHLIGHTS

— During 1H 2018/19, the Group recorded revenue of approximately RMB334.8 million, mainly attributable to the delivery of residential units of Nanchang Sino Harbour Kaixuan City Zone 2 as well as commerical units of Yichun Royal Lake City Phase 1 in the PRC.

— Gross profit margin in 1H 2018/19 was approximately 19.3%.

— Profit in 1H 2018/19 attributable to owners of the Company amounted to approximately RMB12.9 million.

— As at 30 September 2018, cash and bank balances were approximately RMB244.5 million and the Group's gearing ratio was 59.7% .

The board of directors (the "**Directors**" and the "**Board**", respectively) of Sino Harbour Holdings Group Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 September 2018 (the "**1H 2018/19**") with the comparative figures for the six months ended 30 September 2017 (the "**1H 2017/18**") as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**Six months ended 30 September 2018** *RMB'000* **(Unaudited)**	Six months ended 30 September 2017 *RMB'000* (Unaudited)
Revenue	*4*	**334,804**	79,998
Cost of sales		**(270,109)**	(64,743)
Gross profit		**64,695**	15,255
Other income	*4*	**15,786**	19,724
Selling and distribution expenses		**(6,998)**	(5,398)
Administrative expenses		**(18,872)**	(20,268)
Operating profit		**54,611**	9,313
Finance costs	*5*	**(2,571)**	(324)
Profit before income tax	*5*	**52,040**	8,989
Income tax expense	*6*	**(31,103)**	(7,855)
Profit for the period		**20,937**	1,134
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		**(10,105)**	286
Other comprehensive income for the period		**(10,105)**	286
Total comprehensive income for the period		**10,832**	1,420
Profit/(loss) for the period attributable to:			
Owners of the Company		**12,926**	2,611
Non-controlling interests		**8,011**	(1,477)
		20,937	1,134
Total comprehensive income attributable to:			
Owners of the Company		**2,821**	2,897
Non-controlling interests		**8,011**	(1,477)
		10,832	1,420
Earnings per share for profit attributable to owners of the Company during the period *(in RMB cents)*			
Basic and diluted	*8*	**0.52**	0.11

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2018	31 March 2018
		RMB'000	*RMB'000*
		(Unaudited)	(Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**72,857**	67,697
Investment properties		**552,984**	552,984
Intangibles		**11,000**	11,400
Interests in joint ventures		**184,265**	184,265
Interest in an associate		**4,358**	4,358
Equity instruments at fair value through other comprehensive Income		**28,857**	-
Other financial assets		**-**	28,357
Financial assets at fair value through profit or loss		**7,690**	7,690
Pledged deposits		**5,500**	5,500
Deferred tax assets		**11,514**	11,514
		879,025	873,765
Current assets			
Properties held under development		**1,557,425**	1,664,440
Properties held for sale		**298,027**	243,761
Accounts receivable	*9*	**1,124**	321
Prepayments and other receivables		**358,677**	268,271
Tax recoverable		**16,273**	17,557
Pledged deposits		**235,134**	224,882
Cash and bank balances		**244,540**	222,147
		2,711,200	2,641,379
Current liabilities			
Accounts payable	*10*	**43,099**	52,115
Accruals, receipts in advance and other payables	*10*	**397,695**	510,689
Contract liabilities	*10*	**208,057**	-
Provision for tax		**132,612**	123,565
Bank and other loans	*11*	**607,265**	458,884
		1,388,728	1,145,253
Net current assets		**1,322,472**	1,496,126
Total assets less current liabilities		**2,201,497**	2,369,891
Non-current liabilities			
Bank and other loans	*11*	**526,250**	684,167
Deferred tax liabilities		**83,618**	83,618
		609,868	767,785
Net assets		**1,591,629**	1,602,106
EQUITY			
Equity attributable to the Company's owners			
Share capital	*12*	**20,735**	20,735
Reserves		**1,327,118**	1,345,606
		1,347,853	1,366,341
Non-controlling interests		**243,776**	235,765
Total equity		**1,591,629**	1,602,106

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited							
	Equity attributable to the owners of the Company							
	Share capital	**Share premium**	**Statutory reserve**	**Exchange reserve**	**Retained profits**	**Total**	**Non-controlling interest**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 April 2018 (Audited)	**20,735**	**565,212**	**77,492**	**14,582**	**688,320**	**1,366,341**	**235,765**	**1,602,106**
Profit for the period	**–**	**–**	**–**	**–**	**12,926**	**12,926**	**8,011**	**20,937**
Other comprehensive income								
Exchange differences on translation of financial statements of foreign operation	**–**	**–**	**–**	**(10,105)**	**–**	**(10,105)**	**–**	**(10,105)**
Total comprehensive income for the period	**–**	**–**	**–**	**(10,105)**	**12,926**	**2,821**	**8,011**	**10,832**
Dividend paid	**–**	**–**	**–**	**–**	**(21,309)**	**(21,309)**	**–**	**(21,309)**
As at 30 September 2018 (Unaudited)	**20,735**	**565,212**	**77,492**	**4,477**	**679,937**	**1,347,853**	**243,776**	**1,591,629**

	Unaudited							
	Equity attributable to the owners of the Company							
	Share capital	Share premium	Statutory reserve	Exchange reserve	Retained profit	Total	Non-controlling interest	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As 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)
As at 30 September 2018 (Unaudited)	20,735	565,212	76,232	1,356	687,308	1,350,843	225,983	1,576,826

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September 2018 *RMB'000* **(Unaudited)**	Six months ended 30 September 2017 *RMB'000* (Unaudited)
Net cash generated from/(used in) operating activities	**117,203**	(121,199)
Net cash (used in)/generated from investing activities	**(16,577)**	7,252
Net cash (used in)/generated from financing activities	**(78,071)**	214,530
Net increase in cash and cash equivalents	**22,555**	100,583
Effect of foreign exchange rates, net	**(162)**	299
Cash and cash equivalents at beginning of the period	**222,147**	264,392
	244,540	365,274

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 in Hong Kong 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**" or "**China**").

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated interim results of the Group for 1H 2018/19 (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 Group for the year ended 31 March 2018 (the "**Year 2017/18**").

Except as described below and changes in accounting policies which became first applicable during 1H 2018/19 and resulting from application of new and amendments (the "**new or revised HKFRSs**"), 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 Year 2017/18.

In addition, the Group has applied the following accounting policies which became first applicable during 1H 2018/19.

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 financial period beginning on 1 April 2018:

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments, which results in changes in accounting policies and amounts reported and disclosures as described below.

Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 has superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The table below illustrates the classification of contract liabilities as at the date of initial application, 1 April 2018

Summary of effects arising from initial application of HKFRS 15

	Accruals, receipts in advance and other payables	Contract Liabilities
	RMB'000	*RMB'000*
Closing balance as at 31 March 2018	335,549	-
Reclassification from Receipts in advance	(335,549)	335,549
Opening balance as at 1 April 2018	-	335,549

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recongised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply HKFRS 15 retrospectively only to contracts that are not completed as at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations

Taking into account the changes in accounting policy arising from an initial application of HKFRS 15, the Directors considered that the initial application of HKFRS 15 has no material impact on the unaudited condensed consolidated financial statements of the Group for 1H 2018/19 (the "**Condesnsed Consolidated Financial Statements**").

Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments" and the related amendments

In the current period, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit loss for financial assets and 3) general hedge accounting.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Other financial asset	Equity instruments at FVTOCI*	FVTOCI* Reserve
	RMB'000	*RMB'000*	*RMB'000*
Closing balance as at 31 March 2018 – HKAS 39	28,357	-	-
Effect arising from initial application of HKFRS 9			
Reclassification			
From other financial asset-available-for-sale investment	(28,357)	28,357	-
Remeasurement			
From cost less impairment to fair value	-	-	-
Opening balance as at 1 April 2018 – HKFRS 9	-	28,357	-

*FVTOCI means fair value through other comprehensive income

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) restrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 “Financial Instruments: Recognition and Measurement”.

As at 1 April 2018, the Directors reviewed and assessed the Group’s existing financial assets for impairment using reasonable and supportable information that was available without undue cost or effort in accordance with the requirements of HKFRS 9. The amount of the loss allowance as at 1 April 2018 and 30 September 2018 were considered as insignificant to the Condensed Consolidated Financial Statements.

Impacts and changes in accounting policies of application on Amendments to HKAS 40 “Transfers of Investment Property”

As at the date of initial application, the Group assessed the classification of certain properties based on conditions existed as at that date. There was no impact to the classification as at 1 April 2018.

Except as described above, the application of other amendments to the HKFRSs in the current interim period had no material effect on the amounts reported as set out in these Condensed Consolidated Financial Statements.

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 2018	Six months ended 30 September 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Sale of properties held for sale	**334,804**	79,998
Other income		
Exchange gain, net	**144**	261
Government grant	**-**	3,674
Interest income	**3,030**	4,516
Rental income	**11,474**	9,574
Others	**144**	1,699
	15,786	19,724

5. PROFIT BEFORE INCOME TAX

	Six months ended 30 September 2018	Six months ended 30 September 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit before income tax is arrived at after charging/(crediting):		
Finance costs		
— Interest on bank and other loans wholly repayable within five years	**37,283**	29,290
Less: amount capitalised in properties held under development	**(34,712)**	(28,966)
	2,571	324
Cost of properties held for sale recognised as expense	**258,028**	61,261
Depreciation	**665**	496
Staff costs, including Directors' emoluments		
— Wages and salaries	**10,197**	10,702
— Retirement benefit scheme contributions — defined contribution plans	**622**	700
Less: amount capitalised in properties held under development	**(4,051)**	(1,993)
	6,768	9,409

6 INCOME TAX EXPENSE

	Six months ended 30 September 2018	Six months ended 30 September 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax — the PRC		
Enterprise Income Tax ("**EIT**")	**23,452**	4,812
Land Appreciation Tax ("**LAT**")	**7,651**	3,043
Total income tax expense	**31,103**	7,855

EIT has been provided on the estimated profits of subsidiaries operating in the PRC at 25% (1H 2017/18: 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% (1H 2017/18: 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% (1H 2017/18: 16.5%) on the estimated assessable profits for 1H 2018/19. (8.25% on the first HK$2 million of the estimated assessable profits since year of assessment 2018/19). 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 has resolved not to declare the payment of an interim dividend to the shareholders of the Company (the "**Shareholders**") for 1H 2018/19 (1H 2017/18: nil).

8 EARNINGS PER SHARE

	Six months ended 30 September 2018	Six months ended 30 September 2017
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company		
(in Renminbi ("RMB") thousands dollars)	**12,926**	2,611
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)	**0.52**	0.11

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, based on invoice date, that were past due but neither individually nor collectively considered to be impaired is as follows:

	30 September 2018	31 March 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Less than 3 months	**720**	321
3 months – 6 months	**394**	-
More than 6 months – 1 year	**10**	-
	1,124	321

Receivables that were past due but not impaired relate to a number of independent buyers. Based on past experience, the Board considers 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, AND CONTRACT LIABILITIES

	30 September 2018	31 March 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Accounts payable	**43,099**	52,115
Accruals, receipts in advance and other payables		
Receipts in advance	**-**	335,549
Accruals and other payables	**397,695**	175,140
	397,695	510,689
Contract liabilities	**208,057**	-

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

	30 September 2018	31 March 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Less than 3 months	**1,148**	3,455
3 months – 6 months	**19,351**	2,512
More than 6 months – 1 year	**186**	23,227
More than 1 year	**22.414**	22,921
	43,099	52,115

11. BANK AND OTHER LOANS

	30 September 2018	31 March 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current:		
— Portion of bank loans due for repayment within one year or on demand	**607,265**	458,884
Non-current:		
— Portion of bank loans due for repayment after one year	**526,250**	684,167
Total borrowings	**1,133,515**	1,143,051

12. SHARE CAPITAL

	Number of shares	*RMB'000*
Authorised:		
Ordinary shares of HK$0.01 each		
As at 1 April 2017, 30 September 2017, 31 March 2018 and 30 September 2018	**4,500,000,000**	37,401
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
As at 1 April 2017, 30 September 2017, 31 March 2018 and 30 September 2018	**2,464,000,000**	20,735

MANAGEMENT DISSCUSSION AND ANALYSIS

REVIEW OF FINANCIAL RESULTS IN 1H 2018/19 COMPARED TO 1H 2017/18

Revenue

	Six months ended 30 September 2018	Six months ended 30 September 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Residential	**310,242**	62,071
Commercial and others	**24,562**	17,927
	334,804	79,998

Revenue in 1H 2018/19 was approximately RMB334.8 million compared to approximately RMB80.0 million in 1H 2017/18, an increase of 318.5%.

Revenue in 1H 2018/19 was primarily derived from the delivery of residential units of Nanchang Sino Harbour Kaixuan City (南昌漢港凱旋城) Zone 2, as well as commercial units of Yichun Royal Lake City （宜春御湖城） Phase 1. In 1H 2017/18, revenue was mainly attributable to the delivery of the residential units of Fuzhou Hua Cui Yuan （撫州華萃庭院) Phase 2 as well as Yichun Royal Lake City Phase 2. The above properties are located in Jiangxi province.

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 an increase in revenue, cost of sales increased to approximately RMB270.1 million in 1H 2018/19 from approximately RMB64.7 million in 1H 2017/18. Gross profit margin increased from 19.1% in 1H 2017/18 to 19.3% in 1H 2018/19.

Other Income

Other income decreased from approximately RMB19.7 million in 1H 2017/18 to approximately RMB15.8 million in 1H 2018/19. The decrease was mainly attributable to the net effect of an increase of rental income and a decrease of government grant.

Selling and Distribution Expenses

Selling and distribution expenses increased from approximately RMB5.4 million in 1H 2017/18 to approximately RMB7.0 million in 1H 2018/19. The higher selling expenses in 1H 2018/19 were mainly due to an increment in marketing expenses incurred for the launch of Sino Harhour • Wu Lin Hui (漢港 • 武林匯) located in Hangzhou.

Administrative Expenses

Administrative expenses decreased to approximately RMB18.9 million in the 1H 2018/19 from approximately RMB20.3 million in 1H 2017/18. It was mainly due to a decrease in the staff cost.

Profit for 1H 2018/19

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB54.6 million in 1H 2018/19, compared to approximately RMB9.3 million in 1H 2017/18.

Income tax expense increased from approximately RMB7.9 million in 1H 2017/18 to approximately RMB31.1 million in 1H 2018/19 mainly attributable to an increase in the corporate income tax provision in line with an increase in profit in 1H 2018/19.

As a result, profit after income tax expense was approximately RMB20.9 million in 1H 2018/19, a significant increase of 18.5 times from approximately RMB1.1 million in 1H 2017/18.

REVIEW OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

Properties Held Under Development

As at 30 September 2018, the Group's properties held under development decreased to approximately RMB1,557.4 million from approximately RMB1,664.4 million as at 31 March 2018. The decrease was mainly due to the completion of the development of property units of Nanchang Sino Harbour Kaixuan City Zone 2.

Properties Held For Sale

Properties held for sale increased to approximately RMB298.0 million as at 30 September 2018 from approximately RMB243.8 million as at 31 March 2018. The increase was mainly due to the transfer of completed property units from properties held under development for Nanchang Sino Harbour Kaixuan City Zone 2 in 1H 2018/19.

Accounts Receivable

As at 30 September 2018, the Group's accounts receivable amounted to approximately RMB1.1 million, compared to approximately RMB0.3 million as at 31 March 2018. The increase was mainly due to the receivable for the sale of residential units in Fuzhou Hua Cui Ting Yuan Phase 2.

Prepayments and Other Receivables

As at 30 September 2018, the Group's prepayments and other receivables amounted to approximately RMB358.7 million, compared to approximately RMB268.3 million as at 31 March 2018. The increase was mainly due to the deposit paid to the joint venture partner in relation to the designated operating agreement of the undeveloped project of Yichun Royal Lake City entered on 30 March 2018.

Tax Recoverable

Tax recoverable decreased from approximately RMB17.6 million as at 31 March 2018 to approximately RMB16.3 million as at 30 September 2018 mainly attributable to a decrease in prepayment of EIT during 1H 2018/19.

Accounts Payable, Accruals, Receipts in Advance and Other Payables and Contract Liabilities

Accounts payable decreased from approximately RMB52.1 million as at 31 March 2018 to approximately RMB43.1 million as at 30 September 2018, mainly due to repayment of construction costs in 1H 2018/19.

Accruals and other payables mainly comprised the accrued construction costs and project-related expenses that are based on the progress of project development but are not due for payment.

Contract liabilities were the advance receipts from customers in respect of the deposits and prepayments for pre-sales of the Group's properties.

Accruals and other payables increased from approximately RMB175.1 million as at 31 March 2018 to approximately RMB397.7 million as at 30 September 2018. The increase was mainly due to the increment of the provision of the construction costs and project-related expanses.

Contract liabilities decreased from approximately RMB335.5 million as at 31 March 2018 to approximately RMB208.1 million as at 30 September 2018. The decrease was mainly due to the handover of completed properties.

LIQUIDITY AND FINANCIAL RESOURCES

Cash Position

Cash and Bank Balances

In 1H 2018/19, the Group had recorded a net cash inflow of approximately RMB117.2 million from operating activities, mainly attributable to an increase in accruals and other payables.

Net cash outflow from investing activities in 1H 2018/19 was approximately RMB16.6 million, which was mainly due to an increase in property, plant and equipment.

Net cash outflow from financing activities in 1H 2018/19 was approximately RMB78.1 million mainly attributable to the repayment of borrowings and finance cost.

As at 30 September 2018, the Group had cash and bank balances of approximately RMB244.5 million, of which most of them were denominated in RMB and Hong Kong dollars ("**HK$**") (31 March 2018: RMB222.1 million).

Bank and Other Loans

As at 30 September 2018, the Group had total borrowings of approximately RMB1,133.5 million, decreased from approximately RMB1,143.1 million as at 31 March 2018. The decrease mainly represented the repayment of borrowings in 1H 2018/19. The Group's bank and other loans were denominated in RMB and HK$.

Gearing Ratio

Gearing ratio is measured by dividing total equity by borrowings (total amount of bank and other loans) less related deposit collateral at the respective end of the period / year multiplied by 100%. As at 30 September 2018, the Group's gearing ratio was 59.7% (31 March 2018: 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.

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$. 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 1H 2018/19, the Company had no material acquisition or disposal of assets, subsidiaries, associated companies or joint ventures (1H 2017/18: nil).

SIGNIFICANT INVESTMENT

The Group did not hold any significant investment in 1H 2018/19 (1H 2017/18: nil).

CONTINGENT LIABILITIES

As at 30 September 2018, the Group had no significant contingent liabilities (31 March 2018: nil).

EMPLOYEE AND REMUNERATION POLICY

There were 287 employees in the Group as at 30 September 2018 (31 March 2018: 318). Staff remuneration packages are determined, taking the market conditions and the performance of the individuals concerned into consideration, 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 RMB10.8 million in 1H 2018/19 (1H 2017/18: RMB11.4 million).

COMPANY UPDATE

Property Pre-sales

The results of property pre-sale launches (as at 23 November 2018) are summarised in the table below:

Residential Units

	Hangzhou Sino Harbour ● Wu Lin Hui-Building No. 3 (Service Apartment) 杭州漢港 ● 武林匯 3 號樓(酒店式公寓	Nanchang Sino Harbour Kaixuan City-Zone 2, Part B (南昌漢港凱旋城 二組團 B 標段)
Estimated total Gross Floor Area ("GFA") released for sale (total units)	14,525 sq.m. (289 units)	28,273 sq.m. (158 units)
Estimated total GFA pre-sold (total units)	5,176 sq.m. (108 units)	22,940 sq.m. (130 units)
Percentage of pre-sale	36%	81%
Pre-sale GFA (units pre-sold) not handed to buyers as at 30 September 2018^	5,176 sq.m. (108 units)	2,215 sq.m. (12 units)
Pre-sale value not handed over to buyers as at 30 September 2018^	RMB166.0 million	RMB38.7 million
Average Selling Price ("ASP") per sq. m.*	RMB32,068	RMB17,478
Expected completion date	CY2019 Q2	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

The global economy is expected to continue to grow slowly. However, the global trade tensions will pose challenges to the recovery of the global economy. Currently, the Chinese economy undergoes a period of structural adjustment, transformation and upgrading. It is anticipated that China's macroeconomy will maintain its steady growth as a whole in the remaining fourth quarter of 2018.

Based on the deepening regulation and active advancement of the long-term regulation mechanism, the overall sales of the nationwide real estate market in PRC is expected to decrease; the sales of residential properties in the cities at various tiers will diversify: the regulation guidelines in the first-tier cities will shift from controlling demand to increasing supply; the regulation in the second-tier cities will continue to tighten, with slight probability of new breakthroughs in the annual sales; the effect of destocking in the third- and fourth-tier cities is significant, the effective market demand will be reduced; and benefiting from the increment of overall supply and demand relationship, the sales prices will maintain the status quo.

The Group will continue to actively expand the pharmaceutical inspection and stem cell businesses. On 30 June 2018, Zhejiang IPS Pharmaceutical Technology Co., Ltd. ("**Zhejiang IPS**"), a subsidiary of the Company, entered into a strategic cooperation agreement with Agilent Technologies, Inc. ("**Agilent**") which is the world's leading measurement company and researcher and manufacturer of biological science measuring instrument. Such cooperation enables Zhejiang IPS to share the customer resources of Agilent, and also focus on the drug packaging materials compatibility research project, which is a key element in the generic drug consistency evaluation. The Group will spare no effort in its top priority of making Zhejiang IPS become a leading contract research organization in the PRC, while targeting the market opportunities brought by the generic drug consistency evaluation in the PRC. The Board is of the view that the stem cell storage and consultation business will remain stable. The Group will constantly seek new opportunities and explore appropriate potential investment opportunities to create synergies with our current healthcare businesses.

With a strong financial position and surplus cash on hand generated from property development, the Group will continue to assess new opportunities in healthcare sector to achieve sustainable growth and to enhance Shareholders' value. However, the Board will remain cautious in the rapidly changing environment.

DIVIDEND

The Board has resolved not to declare the payment of an interim dividend in respect of 1H 2018/19 (1H 2017/18: nil).

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

The Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell such securities in 1H 2018/19 (1H 2017/18: 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 in the areas of internal control, fair disclosure and accountability to all Shareholders.

During 1H 2018/19, the Company has applied the principles and complied with all the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions (the "**Own Code of Conduct**") on terms no less exacting from the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. In response to a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the required standard set out in the Model Code and its Own Code of Conduct throughout 1H 2018/19.

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 Mr. HE Dingding. The Group's unaudited condensed consolidated interim results for 1H 2018/19 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 for 1H 2018/19 and 1H 2017/18 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 forwardlooking 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, 29 November 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 independent non-executive Directors, namely Mr. XIE Gang, Mr. LEE Man To and Mr. HE Dingding.