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 2019

HIGHLIGHTS

– During FY2019, the Group recorded revenue of approximately RMB384.3 million mainly attributable to the delivery of residential units of townhouse in Nanchang Sino Harbour Kaixuan City Zone 2 and residential units of Yichun Royal Lake City Phase 2 (FY2018: RMB134.1 million).

– The Group recorded a profit after tax of approximately RMB32.6 million for FY2019 (FY2018: RMB1.2 million).

– Basic earnings per share for FY2019 was approximately RMB0.84 cent (FY2018: RMB0.20 cent).

– Cash and bank balances as at 31 March 2019 were approximately RMB279.8 million (31 March 2018: approximately RMB222.1 million).

– The Group had bank and other loans of approximately RMB1,165.2 million as at 31 March 2019 (31 March 2018: approximately RMB1,143.1 million).

– The Board does not recommend the payment of a final dividend for FY2019 (FY2018: a final dividend of HK1.0 cent per Share).

ANNUAL RESULTS

The board of directors of Sino Harbour Holdings Group Limited (the "**Company**", the "**Directors**" and the "**Board**", respectively) announces the annual consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2019 ("**FY2019**") with comparative figures for the year ended 31 March 2018 ("**FY2018**") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	**2019** *RMB'000*	2018 *RMB'000*
Revenue	*4*	**384,282**	134,082
Cost of sales		**(315,395)**	(89,321)
Gross profit		**68,887**	44,761
Other income and other gains and losses	*4*	**63,682**	62,996
Selling and distribution expenses		**(15,030)**	(10,776)
Administrative expenses		**(43,537)**	(48,750)
Operating profit		**74,002**	48,231
Finance costs		**(5,320)**	(5,113)
Share of results of joint ventures		**(1,193)**	(501)
Share of results of an associate		**439**	(1,315)
Profit before income tax	*5*	**67,928**	41,302
Income tax expense	*6*	**(35,292)**	(40,114)
Profit for the year		**32,636**	1,188
Other comprehensive income (net of tax)			
Item that will not be reclassified to profit or loss			
Changes in fair value of equity instruments at fair value through other comprehensive income		**491**	–
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of financial statements of foreign operations		**(16,064)**	13,512
Other comprehensive income for the year		**(15,573)**	13,512
Total comprehensive income for the year		**17,063**	14,700

	Note	2019 RMB'000	2018 RMB'000
Profit/(loss) for the year attributable to:			
Owners of the Company		**20,730**	4,883
Non-controlling interests		**11,906**	(3,695)
		32,636	1,188
Total comprehensive income attributable to:			
Owners of the Company		**5,157**	18,395
Non-controlling interests		**11,906**	(3,695)
		17,063	14,700
Earnings per share for profit attributable to the owners of the Company during the year *(in RMB cents)*			
– Basic and diluted	*8*	**0.84**	0.20

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Notes	**2019** **RMB'000**	2018 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**70,846**	67,697
Investment properties		**547,379**	552,984
Intangibles		**15,705**	11,400
Interests in joint ventures		**–**	184,265
Interest in an associate		**4,797**	4,358
Other financial assets		**–**	28,357
Financial assets at fair value through other comprehensive income		**33,422**	–
Financial assets at fair value through profit or loss		**–**	7,690
Pledged deposits		**5,500**	5,500
Deferred tax assets		**12,552**	11,514
		690,201	873,765
Current assets			
Properties held under development		**2,183,059**	1,664,440
Properties held for sale		**248,582**	243,761
Financial assets at fair value through profit or loss		**12,655**	–
Accounts receivable	*9*	**–**	321
Prepayments and other receivables		**180,499**	268,271
Tax recoverable		**20,346**	17,557
Pledged deposits		**210,899**	224,882
Cash and bank balances		**279,841**	222,147
		3,135,881	2,641,379
Current liabilities			
Accounts payable	*10*	**38,485**	52,115
Accruals, receipts in advance and other payables	*10*	**384,136**	510,689
Contract liabilities	*10*	**424,475**	–
Current tax liabilities		**126,798**	123,565
Bank and other loans	*11*	**688,733**	458,884
		1,662,627	1,145,253
Net current assets		**1,473,254**	1,496,126
Total assets less current liabilities		**2,163,455**	2,369,891

	Note	2019 RMB'000	2018 RMB'000
Non-current liabilities			
Bank and other loans	*11*	**476,500**	684,167
Deferred tax liabilities		**84,773**	83,618
		561,273	767,785
Net assets		**1,602,182**	1,602,106
EQUITY			
Equity attributable to the Company's owners			
Share capital		**20,735**	20,735
Reserves		**1,329,776**	1,345,606
		1,350,511	1,366,341
Non-controlling interests		**251,671**	235,765
Total equity		**1,602,182**	1,602,106

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 FY2019 (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, financial assets at fair value through other comprehensive income ("**FVOCI**") 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 FY2018 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 financial statements for the annual period beginning on 1 April 2018.

Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
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 HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a Venture Capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

The adoption of these amendments has no impact on these financial statements as the Group is not a venture capital organisation.

HKFRS 9 – Financial Instruments

(i) ***Classification and measurement of financial instruments***

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

The following table summarised the impact, net of tax, of transition to HKFRS 9 on the opening balance of reserves and retained profits as of 1 April 2018:

Retained profits	*RMB'000*
Retained profits as at 31 March 2018	688,320
Increase in expected credit losses ("**ECLs**") in other receivables	(3,697)
Restated retained profits as at 1 April 2018	684,623

FVOCI reserve	*RMB'000*
FVOCI reserve as at 31 March 2018	–
Reclassify investments from available-for-sale at cost to FVOCI	4,074
Restated FVOCI reserve as at 1 April 2018	4,074

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss(“**FVTPL**”), where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of pledged bank financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group’s accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group’s classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain accounts receivable (that the accounts receivable do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost (“**amortised cost**”); (ii) financial assets at FVOCI; or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the “**solely payments of principal and interest**” criterion, also known as “**SPPI criterion**”). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

– It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

– The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

– It is held within a business model whose objective is to achieve by both collecting contractual cash flows and selling financial assets; and

– The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
FVOCI (equity instruments)	Equity investments at FVOCI are measured at fair value. Dividend income is recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

As of 1 April 2018, certain unquoted equity investments were reclassified from available-for-sale financial assets to FVOCI. These unquoted equity instruments have no quoted price in an active market. The Group intends to hold the unquoted equity investments for long term strategic purposes. In addition, the Group has designated such unquoted equity instruments at the date of initial application as measured at FVOCI. As at 1 April 2018, the difference between the previous carrying amount and the fair value of RMB4,074,000 has been included in the opening FVOCI reserve.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount under HKAS 39 as at 1 April 2018** *RMB'000*	**Carrying amount under HKFRS 9 as at 1 April 2018** *RMB'000*
Derivatives	Held-for-trading	FVTPL	7,690	7,690
Unquoted equity investments	Available-for-sale	FVOCI	28,357	32,431
Accounts and other receivables	Loans and receivables	Amortised cost	27,481	23,784
Pledged deposits	Loans and receivables	Amortised cost	230,382	230,382
Cash and bank balances	Loans and receivables	Amortised cost	222,147	222,147

(ii) ***Impairment of financial assets***

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "ECLs model". HKFRS 9 requires the Group to recognise ECL for accounts receivable, financial assets at amortised costs, contract assets and debt investment at FVOCI earlier than HKAS 39. Cash and cash equivalents are subject to ECLs model but the impairment is immaterial for the current period.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for accounts receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt investment at FVOCI, the loss allowance is recognised in Other Comprehensive Income ("**OCI**"), instead of reducing the carrying amount of the assets.

Impact of ECLs

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which recognises lifetime ECLs for all accounts receivable. To measure the ECLs, accounts receivable have been grouped based on shared credit risk characteristics and the days past due. Applying the ECLs model results in immaterial impairment on 1 April 2018 and for the year ended 31 March 2019.

All of the Group's other debt investments at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months ECLs. Applying the ECLs model results in loss allowances of RMB3,697,000 on 1 April 2018. The loss allowances increased for RMB260,000 for other receivables during the year ended 31 March 2019.

(iii) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

(iv) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are, therefore, not reflected in the statement of financial position as at 31 March 2018, but are recognised in the statement of financial position as at 1 April 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained profits and reserves as at 1 April 2018. Accordingly, the information presented for FY2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "**DIA**"):

– The determination of the business model within which a financial asset is held; and

– The designation of certain investments in equity investments not held for trading as at FVOCI.

If an investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

HKFRS 15 – Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained profits at the DIA (i.e. 1 April 2018). As a result, the financial information presented for FY2018 has not been restated.

The transition to HKFRS 15 had no impact on the opening balance of retained profits.

The following table summarised the impact of adopting HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019. There was no material impact on the Group's consolidated statement of comprehensive income or consolidated statement of cash flows for the year ended 31 March 2019.

Impact on the consolidated statement of financial position as of 31 March 2019:

	HKFRS 15	**Amount prepared under previous HKFRS**	**Increase/ (decrease)**
	RMB'000	*RMB'000*	*RMB'000*
Liabilities			
Current liabilities			
Contract liabilities	424,475	–	424,475
Accruals, receipts in advance and other payables	384,136	808,611	(424,475)
Total current liabilities	1,662,627	1,662,627	–
Total Liabilities	2,223,900	2,223,900	–

Details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various goods and services are set out below:

Revenue recognition

Sales of properties

Customers obtain control of the properties when the properties are delivered to and have been accepted. Revenue is, thus, recognised when the customers accept the properties. There is no other goods or services agreed to be provided in the contract and in practice. There is generally only one performance obligation.

Contract liability

A contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue.

Prior to the adoption of HKFRS 15, the Group recognised its contract liabilities under accruals, receipts in advance and other payables as receipts in advance from customers in the consolidated statement of financial position. Upon the adoption of HKFRS 15, reclassifications have been made from accruals, receipts in advance and other payables to contract liabilities.

As of 1 April 2018, an increase in contract liabilities of approximately RMB335,549,000 and a decrease in accruals, receipts in advance and other payables of approximately RMB335,549,000 were recognised.

Amendments HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licences of intellectual property; and transition requirements.

The adoption of these amendments has no impact on these financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first year.

4. REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES

The Group's revenue from contract with customers recognised at a point in time, other income and other gains and losses recognised during the year are as follows:

	2019	2018
	RMB'000	*RMB'000*
Revenue		
Sale of properties held for sale	**384,282**	134,082
Other income and other gains and losses		
Exchange gain, net	**188**	4,479
Government grants	**1,146**	7,791
Net fair value gain on investment properties and properties held for sale upon transfer to investment properties	**17,861**	14,327
Net fair value gain on financial assets at FVTPL	**4,965**	620
Interest income		
– from bank deposits	**11,171**	9,089
– from structured bank balances	**–**	111
	11,171	9,200
Rental income	**23,847**	22,515
Sundry income	**4,504**	4,064
	63,682	62,996

5. PROFIT BEFORE INCOME TAX

	2019	2018
	RMB'000	*RMB'000*
Profit before income tax has been arrived at charging/ (crediting):		
Auditor's remuneration	**907**	841
Cost of properties held for sale recognised as expense	**308,730**	86,330
Amortisation of intangibles	**800**	600
Loss on disposal of property, plant and equipment	**–**	91
Impairment loss on other financial assets	**–**	360
Depreciation	**2,517**	2,855
Operating lease charge in respect of land and buildings	**334**	2,537
Outgoings in respect of investment properties that generated rental income during the year	**128**	329
Loss allowance of other receivables	**260**	–
Employee costs, including Directors' emoluments		
– Wages and salaries	**26,228**	28,596
– Retirement benefit scheme contributions – defined contribution plans	**3,690**	3,086
Less: Amount capitalised in properties held under development	**(3,579)**	(5,296)
	26,339	26,386

6. INCOME TAX EXPENSE

	2019	2018
	RMB'000	*RMB'000*
Current tax – the People's Republic of China (the "PRC" or "China")		
Current year		
– Enterprise income tax ("**EIT**")	**19,752**	4,550
– Land appreciation tax ("**LAT**")	**15,423**	30,838
	35,175	35,388
Deferred income tax	**117**	4,726
Total income tax expense	**35,292**	40,114

EIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (FY2018: 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% (FY2018: 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 8.5% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profit above HK$2 million (FY2018: flat rate of 16.5%). 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 does not recommend any payment of the final dividend (FY2018: HK1.0 cent per Share).

8. EARNINGS PER SHARE

	2019	2018
Profit attributable to the owners of the Company for the year ended 31 March *(in RMB thousand dollars)*	**20,730**	4,883
Weighted average number of the ordinary shares of the Company (the "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)*	**0.84**	0.20

The Company did not have dilutive potential Shares outstanding for FY2019 and FY2018. Accordingly, the diluted earnings per share is the same as the basic earnings per share for both FY2019 and FY2018.

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:

	2019	2018
	RMB'000	*RMB'000*
Less than 3 months	**–**	321

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, ACCRUALS, RECEIPTS IN ADVANCE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2019	2018
	RMB'000	*RMB'000*
Accounts payable	**38,485**	52,115
Accruals, receipts in advance and other payables		
Receipts in advance	**–**	335,549
Accruals and other payables	**384,136**	175,140
	384,136	510,689
Contract Liabilities	**424,475**	–

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

	2019	2018
	RMB'000	*RMB'000*
Less than 3 months	**15,030**	3,455
3 to 6 months	**2,277**	2,512
More than 6 months to 1 year	**813**	23,227
More than 1 year	**20,365**	22,921
	38,485	52,115

11. BANK AND OTHER LOANS

	2019	2018
	RMB'000	*RMB'000*
Current		
Portion of bank and other loans due for repayment within one year or on demand	**688,733**	458,884
Non-current		
Portion of bank and other loans due for repayment after one year	**476,500**	684,167
Total borrowings	**1,165,233**	1,143,051

12. CAPITAL EXPENDITURE

For FY2019, there were additions to property, plant and equipment amounting to approximately RMB6,851,000 (FY2018: approximately RMB14,773,000).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL RESULTS FOR FY2019 COMPARED TO FY2018

Revenue

In FY2019, the Group recorded revenue of approximately RMB384.3 million, representing an increase of 186.6% from approximately RMB134.1 million in FY2018.

Revenue in FY2019 was primarily derived from the delivery of residential units of townhouse in Nanchang Sino Harbour Kaixuan City (南昌漢港凱旋城) Zone 2 and residential units of Yichun Royal Lake City (宜春御湖城) Phase 2. In FY2018, revenue was mainly attributable to the delivery of residential units and commercial units of Fuzhou Hua Cui Ting Yuan (撫州華萃庭院) Phase 2 and residential units of 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 FY2019:

		2019	2018	Percentage change
(i)	Residential			
	– Gross floor area ("**GFA**") sold *(in sq.m.)*	**30,419**	18,384	65.5%
	– Average selling price ("**ASP**") *(RMB per sq.m.)*	**12,465**	5,284	135.9%
	– Revenue *(approximately RMB'000)*	**379,162**	97,145	290.3%
(ii)	Commercial			
	– GFA sold *(in sq.m.)*	**268**	2,698	(90.1%)
	– ASP *(RMB per sq.m.)*	**10,220**	11,915	(14.2%)
	– Revenue *(approximately RMB'000)*	**2,739**	32,146	(91.5%)
(iii)	Car parking spaces			
	– Revenue *(approximately RMB'000)*	**2,381**	4,791	(50.3%)
Total revenue *(approximately RMB'000)*		**384,282**	134,082	186.6%

Note: sq.m. means square metre(s)

Cost of Sales and Gross Profit Margin

Cost of sales increased from approximately RMB89.3 million in FY2018 to approximately RMB315.4 million in FY2019. As a higher portion of the revenue of the Group was attributable to the delivery of residential units of town houses in FY2019 as compared with FY2018, which had lower gross profit margin compared with residential units delivered in FY2018, gross profit margin decreased from 33.4% in FY2018 to 17.9% in FY2019.

Other Income and Other Gains and Losses

Other income and other gains and losses increased from approximately RMB63.0 million in FY2018 to approximately RMB63.7 million in FY2019 mainly attributable to the net effect of increase of net fair value gain on investment properties and net fair value gain on financial assets at FVTPL with a decrease of government grants.

Selling and Distribution Expenses

Selling and distribution expenses increased from approximately RMB10.8 million in FY2018 to approximately RMB15.0 million in FY2019. The higher selling and distribution expenses in FY2019 were mainly due to an increase in the marketing expenses incurred for the launch of Sino Harbour • Wu Lin Hui (漢港 • 武林匯) and Sino Harbour • Guanlan (漢港 • 觀瀾) located in Hangzhou City in Zhejiang Province and Yichun City in Jiangxi Province, respectively.

Administrative Expenses

Administrative expenses decreased to approximately RMB43.5 million in FY2019 from approximately RMB48.8 million in FY2018. The decrease was mainly attributable to a decrease in staff cost as well as rental expenses.

Finance Costs

The Group recorded approximately RMB5.3 million non-capitalised finance costs in FY2019, increased from approximately RMB5.1 million in FY2018. The increase was mainly attributable to the increase of bank and other loans and the effective interest rate during FY2019.

Profit for the Year

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB67.9 million in FY2019, compared to approximately RMB41.3 million in FY2018.

Income tax expenses

Income tax expenses decreased to approximately RMB35.3 million in FY2019 from approximately RMB40.1 million in FY2018. The decrease was mainly attributable to the decrease in deferred income tax for the deferred tax assets recognised in respect of tax losses.

As a result, the Group had recorded a profit after tax of approximately RMB32.6 million in FY2019, compared to approximately RMB1.2 million in FY2018.

REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2019

Property, Plant and Equipment

As at 31 March 2019, the Group had property, plant and equipment of approximately RMB70.8 million, compared to approximately RMB67.7 million as at 31 March 2018. The increase was mainly attributable to acquisition of equipment during FY2019.

Investment Properties

As at 31 March 2019, the Group had investment properties at fair value of approximately RMB547.4 million, compared to approximately RMB553.0 million as at 31 March 2018. The decrease comprised mainly the net effect of the disposal and the net fair value gain of the Group's investment properties.

Intangibles

Intangible assets represented copyright, and customer relationships arising from the acquisition of a subsidiary.

Interest in an Associate

The Group had interest in an associate of approximately RMB4.8 million as at 31 March 2019, compared to approximately RMB4.4 million as at 31 March 2018, which represented a 30% equity interest in Zhejiang Davi Pharmaceutical Co., Ltd. ("**Davi**") as at 31 March 2019 and the share of results of an associate in FY2019.

Other Financial Assets and Financial Assets at Fair Value Through Other Comprehensive Income

It represented equity interests in a number of entities incorporated in the PRC and 1,170,000 ordinary shares of Jiangxi Long Yu Medicine Co., Ltd. ("**Long Yu**"), on which the Group does not have control nor significant influence. It increased from approximately RMB28.4 million as at 31 March 2018 to approximately RMB33.4 million as at 31 March 2019 mainly attributable to the fair value gain on equity interests.

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss increased from approximately RMB7.7 million as at 31 March 2018 to approximately RMB12.7 million as at 31 March 2019, mainly due to increases in the fair values of the profit guarantees in Davi and Long Yu as well as the put option in relation to equity interest in Davi.

Pledged Deposits

Long-term and short-term pledged deposits decreased from approximately RMB230.4 million as at 31 March 2018 to approximately RMB216.4 million as at 31 March 2019. The decrease was mainly due to a decrease in deposits pledged for bank loans and banking facilities granted to the mortgages.

Properties Held under Development

As at 31 March 2019, the Group's properties held under development increased to approximately RMB2,183.1 million from approximately RMB1,664.4 million as at 31 March 2018. The increase was in tandem with the Group's joint venture partner which has designated all the rights and responsibility in relation to the undeveloped project in Yichun to the Group pursuant to the designated operating agreement ("**Agreement**") entered on 30 March 2018 and the construction progress of "Sino Harbour • Guanlan" and "Sino Harbour • Wu Lin Hui".

Properties Held for Sale

Properties held for sale increased from approximately RMB243.8 million as at 31 March 2018 to approximately RMB248.6 million as at 31 March 2019, mainly due to the transfer of completed property units from properties held under development for Nanchang Sino Harbour Kaixuan City Zone 2.

Accounts Receivable

As at 31 March 2019, the Group had no accounts receivable (FY2018: RMB0.3 million). The decrease was mainly due to the recovery of accounts receivable in FY2019.

Prepayments and Other Receivables

The Group's prepayments and other receivables amounted to approximately RMB180.5 million as at 31 March 2019, compared to approximately RMB268.3 million as at 31 March 2018.

Prepayments and other receivables decreased, mainly due to the transfer of deposit paid in relation to the Agreement to properties held under development as well as the prepayments paid to the contractors for the construction of the Group's projects.

Tax Recoverable

Tax recoverable increased to approximately RMB20.3 million as at 31 March 2019 from approximately RMB17.6 million as at 31 March 2018, mainly attributable to an increase in prepayments of income tax during FY2019.

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

Accounts payable decreased to approximately RMB38.5 million as at 31 March 2019 from approximately RMB52.1 million as at 31 March 2018 due to a decrease in amounts payable to the contractors for construction costs incurred in respect of Fuzhou Hua Cui Ting Yuan and Sino Harbour • Wu Lin Hui.

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

Accruals and other payables increased to approximately RMB384.1 million as at 31 March 2019 from approximately RMB175.1 million as at 31 March 2018. The increase was due to an increase of the accrued construction cost for Sino Harbour • Wu Lin Hui and Sino Harbour • Guanlan in FY2019. Upon adoption of HKFRS 15, an opening adjustment was made on 1 April 2018 to reclassify sales deposits and installments received from customers in relation to property sales from "receipts in advance" to "contract liabilities".

Sales deposits and installments received from customers increased from approximately RMB335.5 million as at 31 March 2018 to approximately RMB424.5 million as at 31 March 2019. The increase was mainly due to an increase of pre-sale proceeds from the launch of Sino Harbour • Wu Lin Hui and Sino Harbour • Guanlan.

Deferred Tax Liabilities

Deferred tax liabilities increased from approximately RMB83.6 million as at 31 March 2018 to approximately RMB84.8 million as at 31 March 2019, 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 FY2019, the Group had recorded a net cash inflow of approximately RMB46.2 million from operating activities, mainly attributable to an increase in accruals, receipts in advance and other payables.

Net cash inflow from investing activities in FY2019 was approximately RMB30.2 million, which was mainly due to the disposal of investment properties and decrease in pledged deposits.

Net cash outflow from financing activities in FY2019 was approximately RMB83.9 million, mainly attributable to the repayments of loan principals and interests, which were partially offset by the receipts from new bank loans.

As at 31 March 2019, the Group had cash and bank balances of approximately RMB279.8 million, of which consisted of cash and cash equivalents of approximately RMB215.3 million (31 March 2018: RMB222.1 million) and bank balances restricted for construction work of approximately RMB64.5 million (31 March 2018: nil), and mostly were denominated in RMB and Hong Kong dollars ("**HK$**").

Bank and Other Loans

As at 31 March 2019, the Group had total borrowings of approximately RMB1,165.2 million, compared to approximately RMB1,143.1 million as at 31 March 2018. The Group's bank and other loans were denominated in RMB and HK$. In FY2019, the effective interest rates of the bank and other loans were ranging from 2.20% to 10.55% (FY2018: 1.92% to 6.99%).

Gearing Ratio

Gearing ratio is measured by borrowings (total amount of bank loans) less related deposit collateral over total equity. As at 31 March 2019, the Group's gearing ratio was 61.7% (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 a 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, financial assets at fair value through profit or loss, other receivables, other payables and bank loans, 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 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 FY2019 (FY2018: nil).

EVENT AFTER THE END OF FY2019

No important events affecting the Group have occurred since 31 March 2019.

SIGNIFICANT INVESTMENT

The Group did not hold any significant investment in FY2019 (FY2018: nil).

CONTINGENT LIABILITIES

As at 31 March 2019, the Group had no significant contingent liabilities (31 March 2018: nil).

EMPLOYEE AND REMUNERATION POLICY

There were 275 employees in the Group as at 31 March 2019 (31 March 2018: 318). Staff remuneration packages are determined in consideration of market conditions, the Group's results as well as the experience and 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 RMB29.9 million in FY2019 (FY2018: approximately RMB31.7 million).

STATUS OF PROFIT GUARANTEE

(a) Davi

On 26 November 2015, Jiangxi Asia City Real Estate Development Co., Ltd. ("**JX Asia City**"), a wholly-owned subsidiary of the Company, entered into a subscription agreement (the "**Davi Subscription Agreement**") to subscribe for a 30% equity interest in Davi from an independent third party, Smartway Trading Limited ("**Smartway**"), at a consideration of RMB11.3 million.

Pursuant to the terms of the Davi Subscription Agreement, Smartway had irrevocably guaranteed JX Asia City that the audited net profit after income tax expense per annum of Davi should not be less than RMB7.0 million, RMB9.0 million, and RMB11.0 million for each of the three years ending 31 December 2016, 2017 and 2018 (collectively the "**Guaranteed Periods**"), respectively; or the aggregate audited net profit after income tax expense should not be less than RMB27.0 million for the Guaranteed Periods (collectively the "**Profit Guarantee**"). If Davi failed to meet the Profit Guarantee, Smartway was obliged to make the shortfall compensation (the "**Shortfall Compensation**") to JX Asia City before 31 December 2019. Also, JX Asia City was granted the right, up to 31 December 2019, to resell its entire equity interest in Davi to Smartway at a consideration equivalent to the net of investment cost paid by the Group plus a 13% premium amount per annum and net of any dividend and the Shortfall Compensation received during the Guaranteed Periods.

Davi recorded net loss of approximately RMB2.7 million and approximately RMB3.4 million and net profit of approximately RMB0.5 million for the years ended 31 December 2016, 2017 and 2018, respectively, and failed to meet the Profit Guarantee. Pursuant to the Davi Subscription Agreement and discussions with Smartway, the Shortfall Compensation was agreed as approximately RMB8.8 million on 10 June 2019 and to be due on 31 December 2019, and JX Asia City reserves its rights to execute the exiting arrangement until 31 December 2019. The Company will keep its shareholders (the "**Shareholders**") and potential investors informed of any further significant development as and when appropriate.

(b) LongYu

On 28 September 2017, Zhejiang Sino Harbour Bio Technology Limited, a wholly-owned subsidiary of the Company, ("**Zhejiang Sino Harbour**") entered into a subscription agreement to subscribe for 1,170,000 ordinary shares of LongYu at a consideration of RMB19.9 million (the "**LongYu Subscription Agreement**").

Pursuant to the terms of the LongYu Subscription Agreement, the guarantor has irrevocably and unconditionally guaranteed Zhejiang Sino Harbour that the audited net profit of LongYu for the financial year ending 31 December 2018 shall be at least RMB25.0 million and in which the non-recurring profit or loss shall not exceed RMB5.0 million. In the event that the audited profit is less than the guaranteed profit (the "**Shortfall**"), the guarantor shall return the premium portion of the valuation of LongYu (the "**Premium Portion**") to Zhejiang Sino Harbour. The Premium Portion shall be calculated as follows:

RMB19.9 million x (1 – (16 x audited net profit) ÷ RMB400 million)

In the event that the Shortfall is caused by force majeure, the guarantor shall return the Premium Portion to Zhejiang Sino Harbour at a 25% discount, subject to mutual agreement between Zhejiang Sino Harbour and the guarantor. The Premium Portion at a 25% discount shall be calculated as follows:

RMB19.9 million x (1 – (16 x audited net profit) ÷ RMB400 million) x 75%

According to the audited financial statements of LongYu published on 30 April 2019, the audited net profit of LongYu for the year ended 31 December 2018 was approximately RMB23.2 million and therefore, failed to meet the profit guarantee of RMB25.0 million to Zhejiang Sino Harbour. Based on the explanation and several discussions with LongYu's management, Zhejiang Sino Harbour and the guarantor mutually agreed that the Shortfall was caused by force majeure. As of the date of this announcement, the guarantor has made compensation in relation to the Premium Portion at a 25% discount of approximately RMB1.1 million to Zhejiang Sino Harbour in accordance with the abovementioned formula.

COMPANY UPDATE

Property Pre-sales

The cumulative results for the pre-sale and delivery of properties under each project up to 19 June 2019 are summarised as follows:

Residential Units	Hangzhou Sino Harbour • Wu Lin Hui – Building No. 3 (Service Apartment) 杭洲漢港 • 武林匯3號樓 (酒店式公寓)	Yichun Sino Harbour • Guanlan – Phase 1 宜春漢港 • 觀瀾一期
Estimated total GFA released for sale (total units)	20,049 sq.m. (399 units)	68,169 sq.m. (560 units)
Estimated total GFA pre-sold (total units)	10,209 sq.m. (213 units)	58,465 sq.m. (488 units)
Percentage of pre-sale	51%	86%
Pre-sale GFA (units pre-sold) not handed over to buyers as at 31 March 2019^	10,209 sq.m. (213 units)	58,465 sq.m. (488 units)
Pre-sale value not handed over to buyers as at 31 March 2019^	RMB328.27 million	RMB370.73 million
ASP per sq.m.*	RMB32,156	RMB6,341
Expected completion date	CY2019Q2	CY2021Q2

*: 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 FY2019 pre-sales plus new pre-sales during FY2019 less those handed over to buyers during FY2019, which was recognised as sales during FY2019.

FUTURE OUTLOOK

Looking forward into 2019, 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. "One City One Policy" will be the major direction of the China government which puts forward the setting of a city's primary responsibility for the promotion of a stable and healthy development of the market. The nature of this policy mainly refers to "acting according to circumstances and giving different guidance to different categories of cities" to genuinely stabilize land price and property price. With the deepened regulation and active development of long-term regulatory mechanism, it is expected that the overall sales amount of the real estate market across China will decrease. During the first quarter of 2019, the cumulative growth of residential price index of 100 cities across China continued to shrink as compared with the last four quarters, but the overall price was relatively stable. In terms of a single month, the price in the previous two months continued to shrink on a month-on-month basis.

The sales amount of residential properties in the first-tier to fourth-tier cities showed mixed performance: In the first-tier cities, the regulatory guidelines have shifted from managing the demand to increasing the supply. In the first quarter of 2019, commodity housing in the first-tier cities recorded a monthly average area sold of approximately 440,000 sq.m., up by 29% year-on-year. The market has picked up significantly. Single month transactions rose by approximately 50% year-on-year. In the second-tier cities, regulation will continue to tighten and there are still slight opportunities that annual sales amount will make new breakthrough. In the first quarter of 2019, commodity housing in the representative second-tier cities recorded a monthly average area sold of approximately 640,000 sq.m., down by 4.8% year-on-year, among which, Hangzhou and Nanjing both saw a year-on-year decrease but with signs of recovery. The area sold in March 2019 increased steadily year-on-year. In the third-tier and fourth-tier cities, the de-inventory effect is prominent and the actual market demand will decrease accordingly. In the first quarter of 2019, commodity housing in the representative third-tier and fourth-tier cities recorded a monthly average area sold of approximately 270,000 sq.m., down by 10.6% year-on-year, among which, more than 50% of the cities showed a decline in the area sold for such quarter year-on-year. The cooling of the market is increasingly evident. Benefiting from the increases in the overall supply and market demand, selling price is expected to remain stable.

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 non-wholly-owned subsidiary of the Company, entered into a strategic cooperation agreement with Agilent Technologies China Holding Co. Ltd. ("**Agilent**") which is the world's leading measurement company and researcher and manufacturer of biological science measuring instruments. 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 of 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 does not recommend the payment of a final dividend for FY2019 (FY2018: a final dividend of HK1.0 cent per Share).

ANNUAL GENERAL MEETING ("AGM")

It is proposed that the AGM of the Company 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 Friday, 16 August 2019. The notice of the Company's forthcoming 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

The register of members of the Company will be closed from Tuesday, 13 August 2019 to Friday, 16 August 2019, 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 Friday, 16 August 2019, 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 Monday, 12 August 2019.

SCOPE OF WORK OF BDO LIMITED ("BDO")

The figures in respect of the preliminary announcement of the Group's results for FY2019 have been agreed by BDO, the Group's independent auditor, to the amounts set out in the audited 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 Mr. HE Dingding, all being the independent non-executive Directors (the "**INEDs**"). The Audit Committee has discussed and reviewed with the management the annual results for FY2019 and the Consolidated Financial Statements contained herein.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

During FY2019, 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 FY2019.

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 FY2019.

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 2018/19 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 in the manner as required by the Listing Rules.

CAUTION STATEMENT

The Board wishes to remind investors that the above unaudited financial statements and operational statistics for FY2019 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, 26 June 2019

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 Mr. HE Dingding.