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漢港控股
SINO HARBOUR HOLDINGS

Sino Harbour Holdings Group Limited
漢港控股集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1663)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

HIGHLIGHTS

– During FY2020, the Group recorded revenue of approximately RMB416.5 million mainly attributable to the delivery of residential units of apartment and commercial units of Sino Harbour • Wu Lin Hui in Hangzhou and residential units of town house in Nanchang Sino Harbour Kaixuan City Zone 2 (FY2019: RMB384.3 million).

– The Group recorded a profit after tax of approximately RMB55.9 million for FY2020 (FY2019: RMB32.6 million).

– Basic earnings per share for FY2020 was approximately RMB2.31 cents (FY2019: RMB0.84 cent).

– Cash and bank balances as at 31 March 2020 were approximately RMB367.3 million (31 March 2019: approximately RMB279.8 million).

– The Group had bank and other loans of approximately RMB523.4 million as at 31 March 2020 (31 March 2019: approximately RMB1,165.2 million).

– The Board has resolved to recommend the payment of the Final Dividend of HK1 cent per Share for FY2020 (FY2019: Nil).

ANNUAL RESULTS

The board of directors of Sino Harbour Holdings Group Limited (the "**Company**", the "**Directors**" and the "**Board**", respectively) announces the unaudited annual consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2020 ("**FY2020**") with comparative figures for the year ended 31 March 2019 ("**FY2019**") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	**2020** *RMB'000*	2019 *RMB'000*
Revenue	*4*	**416,462**	384,282
Cost of sales		**(248,847)**	(315,395)
Gross profit		**167,615**	68,887
Other income and other gains and losses	*4*	**52,788**	63,682
Selling and distribution expenses		**(22,236)**	(15,030)
Administrative expenses		**(52,289)**	(43,537)
Operating profit		**145,878**	74,002
Finance costs		**(5,180)**	(5,320)
Share of results of joint ventures		**–**	(1,193)
Share of result of an associate		**(7)**	439
Profit before income tax	*5*	**140,691**	67,928
Income tax expense	*6*	**(84,749)**	(35,292)
Profit for the year		**55,942**	32,636
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		**(25,757)**	491
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of financial statements of foreign operations		**(12,518)**	(16,064)
Other comprehensive income for the year		**(38,275)**	(15,573)
Total comprehensive income for the year		**17,667**	17,063

	Note	**2020**	2019
		RMB'000	*RMB'000*
Profit/(loss) for the year attributable to:			
Owners of the Company		**56,958**	20,730
Non-controlling interests		**(1,016)**	11,906
		55,942	32,636
Total comprehensive income attributable to:			
Owners of the Company		**18,683**	5,157
Non-controlling interests		**(1,016)**	11,906
		17,667	17,063
Earnings per share for profit attributable to the owners of the Company during the year *(in RMB cents)*			
– Basic and diluted	*8*	**2.31**	0.84

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Notes	**2020** *RMB'000*	2019 *RMB'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**67,343**	70,846
Investment properties		**849,218**	547,379
Intangibles		**5,058**	15,705
Interest in joint ventures		**–**	–
Interest in an associate		**–**	4,797
Financial assets at fair value through other comprehensive income		**7,665**	33,422
Pledged deposits		**5,500**	5,500
Deferred tax assets		**12,348**	12,552
		947,132	690,201
Current assets			
Properties held under development		**1,458,670**	2,183,059
Properties held for sale		**1,064,645**	248,582
Financial assets at fair value through profit or loss		**–**	12,655
Prepayments and other receivables		**199,812**	180,499
Contract cost assets		**5,570**	–
Tax recoverable		**28,230**	20,346
Pledged deposits		**224,093**	210,899
Cash and bank balances		**367,253**	279,841
		3,348,273	3,135,881
Current liabilities			
Accounts payable	*9*	**35,154**	38,485
Accruals and other payables	*9*	**373,545**	384,136
Contract liabilities	*9*	**1,513,538**	424,475
Current tax liabilities		**139,475**	126,798
Bank and other loans	*10*	**273,834**	688,733
		2,335,546	1,662,627
Net current assets		**1,012,727**	1,473,254
Total assets less current liabilities		**1,959,859**	2,163,455

	Note	2020 RMB'000	2019 RMB'000
Non-current liabilities			
Bank loans	*10*	**249,550**	476,500
Deferred tax liabilities		**90,960**	84,773
		340,510	561,273
Net assets		**1,619,349**	1,602,182
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**20,735**	20,735
Reserves		**1,348,459**	1,329,776
		1,369,194	1,350,511
Non-controlling interests		**250,155**	251,671
Total equity		**1,619,349**	1,602,182

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 FY2020 (the "**Consolidated Financial Statements**") have been prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**") (including all applicable HKFRSs, 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 ("**FVTPL**"), 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 FY2019 with the addition of certain new and revised standards, amendments and interpretations (the "**new HKFRSs**") issued by the HKICPA and effective in the current year as described below.

3. ADOPTION OF NEW AND REVISED HKFRSs

In current year, the Group has adopted, for the first time, the following new HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for its consolidated financial statements for the annual period beginning on 1 April 2019.

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	Annual Improvements to HKFRSs 2015–2017 Cycle

HKFRS 16 – Leases

The impact of the adoption of HKFRS 16 Leases ("**HKFRS 16**") have been summarised below. The other new or amended HKFRSs that were effective from 1 April 2019 did not have any significant impact on the Group's accounting policies.

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("**HKAS 17**"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC) – Int 15 Operating Leases-Incentives and HK(SIC) – Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (v) of this note.

The Group adopted HKFRS 16 using the modified retrospective method of adoption at the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

The adoption of HKFRS 16 has no material impact on the Group's consolidated financial statements.

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee applies the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

(iii) ***Accounting as a lessee***

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lies with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the consolidated statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases; and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of less than 12 months. The lease payments associated with those leases have been expensed on a straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. The Group also has leased a number of properties under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of assets apart from the land and buildings which are held for own use. As a result, the right-of-use assets arising from the properties under tenancy agreements are carried at depreciated cost. Under the cost model, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Applying HKFRS 16 results in immaterial lease liabilities as at 1 April 2019 and 31 March 2020.

(iv) Accounting as a lessor

The Group has leased out its investment property to a number of tenants. As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have a significant impact on these consolidated financial statements.

(v) Transition

As mentioned above, the Group adopted HKFRS 16 using the modified retrospective method of adoption at the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The comparative information presented in FY2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has elected to recognise all the right-of-use assets at 1 April 2019 for leases previously classified as operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying assets in a similar economic environment);

(ii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 March 2019 as an alternative to performing an impairment review; and

(iii) when measuring the right-of-use assets and lease liabilities at the date of initial application of HKFRS 16, the Group applied the exemption of not to recognise those for lease term that will end within 12 months of the date of initial adoption (1 April 2019) and accounted for those leases as short-term leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) − Int 4 Determining whether an Arrangement contains a Lease; and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC) − Int 4.

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:

	2020	2019
	RMB'000	*RMB'000*
Revenue		
Sales of properties held for sale	**416,462**	384,282
Other income and other gains and losses		
Exchange (loss)/gain, net	**(893)**	188
Government grants*	**1,124**	1,146
Gain on disposal of an associate	**51**	–
Gain on disposal of property, plant and equipment	**10**	–
Loss on deregistration of subsidiaries	**(4,151)**	–
Net fair value gain on investment properties and properties held for sale upon transfer to investment properties	**24,753**	17,861
Net fair value gain on financial assets at FVTPL	**–**	4,965
Impairment loss on intangibles	**(9,336)**	–
Interest income		
– from bank deposits	**12,127**	11,171
Rental income	**26,789**	23,847
Sundry income	**2,314**	4,504
	52,788	63,682

* The Group received unconditional discretionary grants from the relevant government authorities in the People's Republic of China (the "**PRC**" or "**China**") in support of enterprise operating in specified industry.

5. PROFIT BEFORE INCOME TAX

	2020 *RMB'000*	2019 *RMB'000*
Profit before income tax is arrived at charging/(crediting):		
Auditor's remuneration	**959**	907
Cost of properties held for sale recognised as expense	**245,536**	308,730
Amortisation of intangibles	**1,311**	800
Depreciation of property, plant and equipment	**4,927**	2,517
Operating lease charge in respect of land and buildings	**–**	334
Short-term lease expenses	**630**	–
Outgoings in respect of investment properties that generated rental income during the years	**127**	128
Loss allowance of other receivables	**3,456**	260
Employee costs, including Directors' emoluments		
– Wages and salaries	**32,761**	26,228
– Retirement benefit scheme contributions – defined contribution plans	**5,416**	3,690
Less: amount capitalised in properties held under development	**(9,698)**	(3,579)
	28,479	26,339

6. INCOME TAX EXPENSE

	2020 *RMB'000*	2019 *RMB'000*
Current tax – the PRC		
Current year		
– Enterprise income tax ("**EIT**")	**32,804**	19,752
– Land appreciation tax ("**LAT**")	**45,554**	15,423
	78,358	35,175
Deferred income tax	**6,391**	117
Total income tax expense	**84,749**	35,292

EIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (FY2019: 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% (FY2019: 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 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profit above HK$2 million (FY2019: 8.25% on the first HK$2 million and 16.5% on profit above HK$2 million). No Hong Kong profits tax has been provided as the Group had no estimated assessable profits arising in or derived from Hong Kong for both years.

7. DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of HK1 cent per ordinary share of the Company (the "**Share**" and the "**Final Dividend**", respectively), amounting to HK$24.6 million (equivalent to approximately RMB22.5 million) for FY2020 (FY2019: Nil) and the payment of the proposed Final Dividend will be subject to the approval by the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting of the Company (the "**AGM**") to be held on Friday, 21 August 2020.

8. EARNINGS PER SHARE

	2020	2019
Profit attributable to the owners of the Company for the year ended 31 March *(in RMB thousand dollars)*	**56,958**	20,730
Weighted average number of Shares for the purposes of calculating basic earnings per Share for the year ended 31 March *(Shares in thousands)*	**2,464,000**	2,464,000
Basic earnings per Share for the year ended 31 March *(in RMB cents)*	**2.31**	0.84

The Company did not have dilutive potential Shares outstanding for FY2020 and FY2019. Accordingly, the diluted earnings per Share is the same as the basic earnings per Share for both FY2020 and FY2019.

9. ACCOUNTS PAYABLE, ACCRUALS AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2020	2019
	RMB'000	*RMB'000*
Accounts payable	**35,154**	38,485
Accruals and other payables	**373,545**	384,136
Contract liabilities	**1,513,538**	424,475

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

	2020	2019
	RMB'000	*RMB'000*
Less than 3 months	**1,741**	15,030
3 to 6 months	**15,713**	2,277
More than 6 months to 1 year	**1,550**	813
More than 1 year	**16,150**	20,365
	35,154	38,485

10. BANK AND OTHER LOANS

	2020	2019
	RMB'000	*RMB'000*
Current		
Portion of bank and other loans due for repayment within one year or on demand	**273,834**	688,733
Non-current		
Portion of bank loans due for repayment after one year	**249,550**	476,500
Total borrowings	**523,384**	1,165,233

11. CAPITAL EXPENDITURE

For FY2020, there were additions to property, plant and equipment amounting to approximately RMB2,066,000 (FY2019: approximately RMB6,851,000).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL RESULTS FOR FY2020 COMPARED TO FY2019

Revenue

In FY2020, the Group recorded revenue of approximately RMB416.5 million, representing an increase of 8.4% from approximately RMB384.3 million in FY2019.

Revenue in FY2020 was primarily derived from the delivery of residential units of apartment and commercial units of Sino Harbour • Wu Lin Hui (漢港 • 武林匯) in Hangzhou and residential units of town house in Nanchang Sino Harbour Kaixuan City (南昌漢港凱旋城) Zone 2. In FY2019, revenue was mainly attributable to the delivery of residential units in Nanchang Sino Harbour Kaixuan City and Yichun Royal Lake City (宜春御湖城) 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 FY2020:

		2020	2019	Percentage change
(i)	Residential			
	– Gross floor area ("**GFA**") sold *(in sq.m.)*	**12,743**	30,419	(58.1%)
	– Average selling price ("**ASP**") *(RMB per sq.m.)*	**25,531**	12,465	104.8%
	– Revenue *(approximately RMB'000)*	**325,337**	379,162	(14.2%)
(ii)	Commercial			
	– GFA sold *(in sq.m.)*	**3,417**	268	1,175.0%
	– ASP *(RMB per sq.m.)*	**26,498**	10,220	159.3%
	– Revenue *(approximately RMB'000)*	**90,543**	2,739	3,205.7%
(iii)	Car parking spaces			
	– Revenue *(approximately RMB'000)*	**582**	2,381	(75.6%)
Total revenue *(approximately RMB'000)*		**416,462**	384,282	8.4%

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

Cost of Sales and Gross Profit Margin

Cost of sales decreased from approximately RMB315.4 million in FY2019 to approximately RMB248.8 million in FY2020. As a higher portion of the revenue of the Group was attributable to the delivery of residential units of apartment in FY2020 as compared with FY2019, which had higher gross profit margin compared with residential units of town house delivered in FY2019, gross profit margin increased from 17.9% in FY2019 to 40.2% in FY2020.

Other Income and Other Gains and Losses

Other income and other gains and losses decreased from approximately RMB63.7 million in FY2019 to approximately RMB52.8 million in FY2020, which was mainly attributable to the net effect of increase of net fair value gain on investment properties, impairment loss on intangibles and loss on deregistration of subsidiaries.

Selling and Distribution Expenses

Selling and distribution expenses increased from approximately RMB15.0 million in FY2019 to approximately RMB22.2 million in FY2020. The higher selling and distribution expenses in FY2020 were mainly due to an increase in the marketing expenses incurred for the launch of Sino Harbour • Guanlan (漢港 • 觀瀾) located in Yichun City in Jiangxi Province and Sino Harbour • Wu Lin Hui (漢港 • 武林匯) located in Hangzhou City in Zhejiang Province.

Administrative Expenses

Administrative expenses increased to approximately RMB52.3 million in FY2020 from approximately RMB43.5 million in FY2019. The increase was mainly attributable to increases in staff costs as well as depreciation and amortisation.

Finance Costs

The Group recorded approximately RMB5.2 million non-capitalised finance costs in FY2020, which had decreased from approximately RMB5.3 million in FY2019. The decrease was mainly attributable to the decreases of bank and other loans and the effective interest rate during FY2020.

Profit for the Year

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB140.7 million in FY2020, compared to approximately RMB67.9 million in FY2019, representing an increase of approximately RMB72.8 million.

Income tax expenses

Income tax expenses increased to approximately RMB84.7 million in FY2020 from approximately RMB35.3 million in FY2019. The increase was mainly attributable to the increases in EIT and LAT.

As a result, the Group had recorded a profit after tax of approximately RMB55.9 million in FY2020, compared to approximately RMB32.6 million in FY2019.

REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2020

Property, Plant and Equipment

As at 31 March 2020, the Group had property, plant and equipment of approximately RMB67.3 million, compared to approximately RMB70.8 million as at 31 March 2019. The decrease was mainly attributable to depreciation of equipment during FY2020.

Investment Properties

As at 31 March 2020, the Group had investment properties at fair value of approximately RMB849.2 million, compared to approximately RMB547.4 million as at 31 March 2019. The increase comprised mainly the net effect of transfer from properties held for sale and the net fair value loss of the Group's investment properties.

Intangibles

Intangible assets represented copyright and customer relationships, amounting to approximately RMB5.1 million as at 31 March 2020, compared to approximately RMB15.7 million as at 31 March 2019. The decrease was mainly attributable to the impairment loss due to a downturn of market expectations.

Interest in an Associate and Financial Asset at FVTPL

As at 31 March 2019, interest in an associate represented a 30% equity interest in Zhejiang Davi Pharmaceutical Co., Ltd. ("**Davi**") amounting to RMB4.8 million and the financial asset at FVTPL represented the fair values of the put option in relation to the equity interest in Davi as well as the profit guarantees in Davi and Jiangxi Longyu Medicine Co., Limited ("**Longyu**") amounting to RMB2.8 million, RMB8.8 million and RMB1.1 million respectively.

During FY2020, the Group had fully received the profit guarantees in Davi and Longyu of RMB8.8 million and RMB1.1 million, respectively. The Group had further injected RMB9.1 million in Davi's capital and disposed of all 30% equity interest as well as the put option to an independent third party at a total consideration of approximately RMB16.7 million respectively, and part of the consideration of RMB11.6 million was fully received by the Group before year ended 31 March 2020. The remaining consideration of RMB5.1 million was fully received by the Group after year ended 31 March 2020.

Financial Assets at FVOCI

It represented equity interests in a number of entities incorporated in the PRC and Longyu, on which the Group does not have control nor significant influence. It decreased from approximately RMB33.4 million as at 31 March 2019 to approximately RMB7.7 million as at 31 March 2020 which was mainly attributable to the fair value loss on equity interests.

Pledged Deposits

Long-term and short-term pledged deposits increased from approximately RMB216.4 million as at 31 March 2019 to approximately RMB229.6 million as at 31 March 2020. The increase was mainly due to an increase in deposits pledged for bank loans and banking facilities granted to the mortgages.

Properties Held under Development

As at 31 March 2020, the Group's properties held under development decreased to approximately RMB1,458.7 million from approximately RMB2,183.1 million as at 31 March 2019. The decrease was due to the net effect of completion of Sino Harbour • Wu Lin Hui and the construction-in-progress of Sino Harbour • Guanlan (漢港 • 觀瀾).

Properties Held for Sale

Properties held for sale increased from approximately RMB248.6 million as at 31 March 2019 to approximately RMB1,064.6 million as at 31 March 2020, which was mainly due to the transfer of completed property units from properties held under development for Sino Harbour • Wu Lin Hui.

Prepayments and Other Receivables

The Group's prepayments and other receivables amounted to approximately RMB199.8 million as at 31 March 2020, compared to approximately RMB180.5 million as at 31 March 2019.

Prepayments and other receivables increased, which was mainly due to the prepayments paid to the contractors for the construction of the Group's projects.

Tax Recoverable

Tax recoverable increased to approximately RMB28.2 million as at 31 March 2020 from approximately RMB20.3 million as at 31 March 2019, which was mainly attributable to an increase in prepayments of income tax during FY2020.

Accounts Payable, Accruals and Other Payables and Contract Liabilities

Accounts payable decreased to approximately RMB35.2 million as at 31 March 2020 from approximately RMB38.5 million as at 31 March 2019 due to a decrease in amounts payable to the contractors for construction costs incurred in respect of Sino Harbour • Wu Lin Hui and Sino Harbour • Guanlan.

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 decreased to approximately RMB373.5 million as at 31 March 2020 from approximately RMB384.1 million as at 31 March 2019, which was due to a decrease in accrued construction cost for Sino Harbour • Wu Lin Hui and Sino Harbour • Guanlan in FY2020.

Sales deposits and installments received from customers increased from approximately RMB424.5 million as at 31 March 2019 to approximately RMB1,513.5 million as at 31 March 2020. The increase was mainly due to an increase in pre-sale proceeds from the launch of Sino Harbour • Guanlan.

Deferred Tax Liabilities

Deferred tax liabilities increased from approximately RMB84.8 million as at 31 March 2019 to approximately RMB91.0 million as at 31 March 2020, 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 FY2020, the Group had recorded a net cash inflow of approximately RMB693.5 million from operating activities, mainly attributable to an increase in accruals, other payables and contract liabilities.

Net cash outflow from investing activities in FY2020 was approximately RMB2.9 million, which was mainly due to an increase in pledged deposit and purchase of equipment.

Net cash outflow from financing activities in FY2020 was approximately RMB690.4 million, which was mainly attributable to the repayments of loan principals and interests, which were partially offset by the receipts from new loans.

As at 31 March 2020, the Group had cash and bank balances of approximately RMB367.3 million (31 March 2019: RMB279.8 million), which consisted of cash and cash equivalents of approximately RMB216.3 million (31 March 2019: RMB215.3 million) and bank balances restricted for construction work of approximately RMB151.0 million (31 March 2019: RMB64.5 million), and were mostly denominated in RMB and Hong Kong dollars ("**HK$**").

Bank and Other Loans

As at 31 March 2020, the Group had total borrowings of approximately RMB523.4 million, compared to approximately RMB1,165.2 million as at 31 March 2019. The Group's bank and other loans were denominated in RMB and HK$. In FY2020, the effective interest rates of the bank and other loans were ranging from 2.72% to 9.35% (FY2019: 2.20% to 10.55% per annum).

Gearing Ratio

Gearing ratio is measured by borrowings (total amount of bank loans) less related deposit collateral over total equity and then multiplied by 100%. As at 31 March 2020, the Group's gearing ratio was 20.4% (31 March 2019: 61.7%). 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, other receivables, other payables and bank loans, which are denominated in HK$ and United States dollars. 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, associates and joint venture companies during FY2020 (FY2019: nil).

EVENT AFTER THE END OF FY2020

After the outbreak of the coronavirus disease 2019 (the "**COVID-19 Outbreak**") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country/region. The Group has been evaluating its impact on the financial position and operating results according to the development of the COVID-19 Outbreak.

As at the date of this announcement, the Group was not aware of any material adverse effects on its consolidated financial statements as a result of the COVID-19 Outbreak.

SIGNIFICANT INVESTMENT

The Group did not hold any significant investment in FY2020 (FY2019: nil).

CONTINGENT LIABILITIES

As at 31 March 2020, the Group had no significant contingent liabilities (31 March 2019: nil).

EMPLOYEE AND REMUNERATION POLICY

There were 250 employees in the Group as at 31 March 2020 (31 March 2019: 275). Staff's 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 of discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group. Employee costs, including Directors' emoluments, amounted to approximately RMB38.1 million in FY2020 (FY2019: approximately RMB29.9 million).

COMPANY UPDATE

Property Pre-sales

The cumulative results for the pre-sale and delivery of properties under each project up to 19 June 2020 are summarised as follows:

Residential Units	**Yichun Sino Harbour • Guanlan – Phase 1 宜春漢港 • 觀瀾一期**
Estimated total GFA released for sale (total units)	285,219 sq.m. (2,512 units)
Estimated total GFA pre-sold (total units)	268,385 sq.m. (2,371 units)
Percentage of pre-sale	94%
Pre-sale GFA (units pre-sold) not handed over to buyers as at 31 March 2020^	230,192 sq.m. (2,023 units)
Pre-sale value not handed over to buyers as at 31 March 2020^	RMB1,458.5 million
ASP per sq.m.*	RMB6,336
Expected completion date	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: Pre-sales at the beginning of FY2020 plus new pre-sales during FY2020 less those handed over to buyers during FY2020, which was recognised as sales during FY2020.

FUTURE OUTLOOK

Looking into the second-half 2020, the global economy is expected to continue to grow slowly or even face considerable downward pressure, mainly due to the ongoing trade friction between China and the United States, and the signs of continuing spread of the novel coronavirus disease (COVID-19) across the world. Amid uncertainties of the global economy, the real estate market in China will remain in a correction mode, while "One City One Policy" will remain to be the general tone of the Chinese government for establishing a long-term and effective mechanism for stable and healthy development of the real estate market. Currently, in order to ensure the stable real estate supply, the Chinese government continues to unwaveringly adhere to the principle that "houses are for living in, not for speculation" and hence, real estate will not be used as a means of short-term economic stimulus. As the epidemic in China is basically contained, and each city is still preparing for the resumption of economic activities, the Chinese government continues to step up counter-cyclical adjustments to boost economic recovery and growth. Moving forward, the Chinese government will optimize the austerity measures in more regions to stabilize market expectations. It is expected that the demand for housing previously suppressed by the epidemic will gradually be unleased in the second-half of 2020 and the real estate market will gradually recover from its 10-year's record low in terms of transaction size in the first quarter. Among which, market recovery in some popular cities is relatively faster, with a significant structural growth in the accommodation value of transacted land parcels for residential use. It is believed that there are signs of the recovery in real estate transactions.

The transactions of new commodity housing in the first-tier to fourth-tier cities during the first quarter of 2020 showed mixed performance. It is expected that transactions in the first-tier and second-tier cities will see a stable recovery in the second-half of 2020, whereas transactions in the third-tier and fourth-tier cities will continue to decline in varying degrees. As to the first-tier cities, the area transacted for commodity housing was approximately 3.63 million sq.m., down by 36% year-on-year. Due to the influx of demand accumulated from the end of last year, buyers with rigid demand continue to take a wait-and-see attitude. As to the second-tier cities, the area transacted for commodity housing was approximately 27.56 million sq.m., down by 34% year-on-year, representing the smallest decline compared to that in the first-tier, third-tier and fourth-tier cities. Among which, weekly transaction size in cities including Hangzhou and Chengdu outperformed that in the same period of last year, along with the gradual recovery of the market. Area transacted for commodity housing in the representative third-tier and fourth-tier cities was approximately 10.90 million sq.m., down by 37% year-on-year. Despite the great pressure of market correction in the third-tier and fourth-tier cities, local governments will continue to implement policies according to local conditions more flexibly, thus pushing ahead further recovery of market sentiments.

The Group's pharmaceutical inspection business has made remarkable progress. Therefore, we will continue to develop Zhejiang IPS Pharmaceutical Technology Co., Ltd. ("**Zhejiang IPS**"). On 31 December 2019, Zhejiang IPS assisted a subsidiary of Shanxi C&Y Pharmaceutical Group Co., Ltd. in making its product, Tamsulosin Hydrochloride Sustained Release Capsules, pass the generic drug consistency evaluation. The capsules are the first-line, main medication for the treatment of prostatic hyperplasia, and are included under the National Reimbursement Drug List and National Essential Drug List. Looking ahead, the Group will continue to spare no effort in 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. In addition, Ganghua Dentistry, a member of the Group, is expected to commence operation in 2021. According to the research, in the past five years, China's dentistry market achieved a compound growth of 16.22% annually, with a current market size exceeding RMB80 billion, and is expected to exceed RMB100 billion in 2020. Therefore, we believe that the dentistry business will become another promising healthcare business. Overall, the Group's healthcare business will grow stably and become one of our main sources of income in the future. Moving ahead, we shall constantly seek and explore new investment opportunities in relation to the healthcare business to create synergies with the Group. However, the Board will remain cautious in the rapidly changing environment.

PROPOSED FINAL DIVIDEND

The Board has resolved to recommend the payment of the Final Dividend of HK1 cent per Share (equivalent to 0.1799 in Singapore Dollars ("**SGD**") cent per Share at the exchange rate of HK$1:SGD0.1799) for FY2020 (FY2019: Nil).

Subject to Shareholders' approval at the AGM to be held on Friday, 21 August 2020, the proposed Final Dividend will be paid on Tuesday, 13 October 2020 to Shareholders whose names will appear on the register of members of the Company (the "**Register of Members**") on Tuesday, 1 September 2020.

If the proposed Final Dividend is approved by the Shareholders at the forthcoming AGM, it will be payable in cash in HK$ or SGD, at the exchange rate of HK$ to SGD as published by Monetary Authority to Singapore on Monday, 29 June 2020 and Shareholders will be given the option of electing to receive the Final Dividend in either HK$ or SGD.

To make the dividend election, Shareholders should complete the Dividend Election Form (if applicable) and return it to the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, not later than 4:30 p.m. on Friday, 18 September 2020. **If no dividend election is made by a Shareholder, such Shareholder will receive the Final Dividend in HK$.**

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, 21 August 2020. 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 in the manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders' entitlement to attend and vote at the forthcoming AGM, the Register of Members will be closed from Tuesday, 18 August 2020 to Friday, 21 August 2020, 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, 21 August 2020, non-registered Shareholders must lodge all duly completed and stamped 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, 17 August 2020.

For determining the Shareholders' entitlement to the proposed Final Dividend, the Register of Members will be closed from Thursday, 27 August 2020 to Tuesday, 1 September 2020, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the Final Dividend, non-registered Shareholders must lodge all duly completed and stamped 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 Wednesday, 26 August 2020.

SCOPE OF WORK OF BDO LIMITED ("BDO")

The figures in respect of the preliminary announcement of the Group's results for FY2020 have been agreed by BDO, the Group's independent auditor, to the amounts set out in the draft Consolidated Financial Statements. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by BDO on the preliminary announcement.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The audit committee of the Company (the "**Audit Committee**") comprises three members, namely Mr. WONG Ping Kuen ("**Mr. Ricky Wong**") (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 FY2020 and the Consolidated Financial Statements.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

During FY2020, 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 (the "**CG Code**") throughout FY2020 save for the deviations from code provisions A.2.1 and A.5.1 of the CG Code as follows:

Under code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual.

In view of the present composition of the Board as well as the in-depth knowledge and experience of Mr. Wong Lam Ping ("**Mr. Wong**"), the chairman of the Board (the "**Chairman**") as well as the Company's chief executive officer (the "**Chief Executive Officer**") and general manager, in relation to the operation and business of the Group and in the industry, the Board is of the opinion that it is appropriate and in the best interest of the Company at the present stage to vest the roles of the Chairman and the Chief Executive Officer in the same person as it helps to facilitate the execution of the Group's business strategies and maximize the effectiveness of its operation. In addition, Mr. Shi Feng, the deputy Chairman and an executive Director, will be a balance of power and authority for Mr. Wong as both the Chairman and the Chief Executive Officer.

Under code provision A.5.1 of the CG Code, a listed company has to establish a nomination committee with a majority of the independent non-executive directors.

Mr. LEE Man To ("**Mr. Lee**") resigned as an INED and ceased to be a member of each of the Audit Committee as well as the Board's remuneration committee (the "**Remuneration Committee**") and nomination committee (the "**Nomination Committee**"), all with effect from 22 May 2020. Following Mr. Lee's resignation, the Company fails to meet the requirement under code provision A.5.1 of the CG Code.

With effect from 1 June 2020, Mr. Ricky Wong has been appointed as an INED and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. Following Mr. Ricky Wong's appointment, the Company meets the requirement of establishing a Nomination Committee comprising a majority of INEDs under code provision A.5.1 of the CG Code.

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 FY2020.

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 2019/20 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.

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
WONG Lam Ping
Chairman, Chief Executive Officer,
Executive Director and General Manager

Hong Kong, 29 June 2020

As at the date of this announcement, the Board comprises eight Directors, including four executive Directors, namely Mr. WONG Lam Ping (Chairman and Chief Executive Officer and General Manager), Mr. SHI Feng (Deputy Chairman), Mr. WONG Lui and Ms. GAO Lan; one non-executive Director, Mr. CHAN Kin Sang; and three INEDs, namely Mr. XIE Gang, Mr. HE Dingding and Mr. WONG Ping Kuen.