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**Sino Harbour Holdings Group Limited**

**漢港控股集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1663)**

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

**HIGHLIGHTS**

- During 1H 2020/21, the Group recorded revenue of approximately RMB291.4 million, mainly attributable to the delivery of residential units and commercial units of Hangzhou Sino Harbour • Wu Lin Hui in the PRC.
- Gross profit margin in 1H 2020/21 was approximately 34.7%.
- Profit in 1H 2020/21 attributable to owners of the Company amounted to approximately RMB38.3 million.
- As at 30 September 2020, cash and bank balances were approximately RMB373.5 million and the Group’s net gearing ratio decreased to approximately 18.6% from approximately 20.4% as at 31 March 2020.

The board of directors (the “**Directors**” and the “**Board**”, respectively) of Sino Harbour Holdings Group Limited (the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2020 (the “**1H 2020/21**”) with the comparative figures for the six months ended 30 September 2019 (the “**1H 2019/20**”) as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 September 2020*

		Six months ended 30 September 2020 <i>RMB'000</i> (Unaudited)	Six months ended 30 September 2019 <i>RMB'000</i> (Unaudited)
	Notes		
<b>Revenue</b>	4	<b>291,445</b>	229,899
Cost of sales		<u>(190,449)</u>	<u>(147,944)</u>
<b>Gross profit</b>		<b>100,996</b>	81,955
Other income	4	<b>24,119</b>	19,879
Selling and distribution expenses		<b>(11,857)</b>	(14,398)
Administrative expenses		<u><b>(28,369)</b></u>	<u>(18,572)</u>
<b>Operating profit</b>		<b>84,889</b>	68,864
Finance costs	5	<u><b>(1,769)</b></u>	<u>(2,990)</u>
<b>Profit before income tax</b>	5	<b>83,120</b>	65,874
Income tax expense	6	<u><b>(47,812)</b></u>	<u>(35,971)</u>
<b>Profit for the period</b>		<b>35,308</b>	29,903
<b>Other comprehensive income (net of tax)</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		<u><b>2,119</b></u>	<u>(11,592)</u>
<b>Other comprehensive income for the period</b>		<u><b>2,119</b></u>	<u>(11,592)</u>
<b>Total comprehensive income for the period</b>		<u><u><b>37,427</b></u></u>	<u><u>18,311</u></u>

	<b>Six months ended 30 September 2020</b>	Six months ended 30 September 2019
<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit/(loss) for the period attributable to:</b>		
Owners of the Company	<b>38,342</b>	29,539
Non-controlling interests	<u><b>(3,034)</b></u>	<u>364</u>
	<u><b>35,308</b></u>	<u>29,903</u>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	<b>40,461</b>	17,947
Non-controlling interests	<u><b>(3,034)</b></u>	<u>364</u>
	<u><b>37,427</b></u>	<u>18,311</u>
<b>Earnings per share for profit attributable to owners of the Company during the period (in Renminbi (“<b>RMB</b>”) cents)</b>		
Basic and diluted	<i>8</i> <u><b>1.56</b></u>	<u>1.20</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

		As at 30 September 2020	As at 31 March 2020
	Notes	RMB'000 (Unaudited)	RMB'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	71,235	67,343
Investment properties		849,218	849,218
Intangibles		4,403	5,058
Financial assets at fair value through other comprehensive income		7,665	7,665
Pledged deposits		5,500	5,500
Deferred tax assets		12,348	12,348
		<u>950,369</u>	<u>947,132</u>
<b>Current assets</b>			
Properties held under development		1,660,701	1,458,670
Properties held for sale		879,422	1,064,645
Prepayments and other receivables		542,691	199,812
Tax recoverable		24,840	28,230
Contract cost assets		5,570	5,570
Pledged deposits		28,519	224,093
Cash and bank balances		373,496	367,253
		<u>3,515,239</u>	<u>3,348,273</u>
<b>Current liabilities</b>			
Accounts payable	10	40,206	35,154
Accruals and other payables	10	504,684	373,545
Contract liabilities	10	1,807,987	1,513,538
Provision for tax		79,446	139,475
Bank and other loans	11	72,150	273,834
		<u>2,504,473</u>	<u>2,335,546</u>
<b>Net current assets</b>		<u>1,010,766</u>	<u>1,012,727</u>
<b>Total assets less current liabilities</b>		<u>1,961,135</u>	<u>1,959,859</u>

		As at 30 September 2020 <i>RMB'000</i> (Unaudited)	As at 31 March 2020 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Bank loans	11	232,500	249,550
Deferred tax liabilities		<u>90,960</u>	<u>90,960</u>
		<u>323,460</u>	<u>340,510</u>
<b>Net assets</b>		<u><b>1,637,675</b></u>	<u><b>1,619,349</b></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	12	20,735	20,735
Reserves		<u>1,366,389</u>	<u>1,348,459</u>
		<u>1,387,124</u>	<u>1,369,194</u>
<b>Non-controlling interests</b>		<u><b>250,551</b></u>	<u><b>250,155</b></u>
<b>Total equity</b>		<u><b>1,637,675</b></u>	<u><b>1,619,349</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Unaudited								
	Equity attributable to owners of the Company								
	Share capital	Share premium	Statutory reserve	Fair value through other comprehensive income reserve	Exchange reserve	Retained profits	Total	Non-controlling interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 April 2020 (Audited)	20,735	565,212	91,509	(21,192)	(14,000)	726,930	1,369,194	250,155	1,619,349
Profit/(loss) for the period	-	-	-	-	-	38,342	38,342	(3,034)	35,308
Other comprehensive income									
Exchange differences on translation of financial statements of foreign operation	-	-	-	-	2,119	-	2,119	-	2,119
Total comprehensive income for the period	-	-	-	-	2,119	38,342	40,461	(3,034)	37,427
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	3,430	3,430
2020 final dividend declared	-	-	-	-	-	(22,531)	(22,531)	-	(22,531)
As at 30 September 2020 (Unaudited)	20,735	565,212	91,509	(21,192)	(11,881)	742,741	1,387,124	250,551	1,637,675

	Unaudited								
	Equity attributable to owners of the Company								
	Share capital	Share premium	Statutory reserve	Fair value through other comprehensive income reserve	Exchange reserve	Retained profits	Total	Non-controlling interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 April 2019 (Audited)	20,735	565,212	83,091	4,565	(1,482)	678,390	1,350,511	251,671	1,602,182
Profit for the period	–	–	–	–	–	29,539	29,539	364	29,903
Other comprehensive income									
Exchange differences on translation of financial statements of foreign operation	–	–	–	–	(11,592)	–	(11,592)	–	(11,592)
Total comprehensive income for the period	–	–	–	–	(11,592)	29,539	17,947	364	18,311
As at 30 September 2019 (Unaudited)	20,735	565,212	83,091	4,565	(13,074)	707,929	1,368,458	252,035	1,620,493

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months ended 30 September 2020*

	<b>Six months ended 30 September 2020 <i>RMB'000</i> (Unaudited)</b>	<b>Six months ended 30 September 2019 <i>RMB'000</i> (Unaudited)</b>
<b>Net cash generated from operating activities</b>	<b>42,674</b>	560,826
<b>Net cash generated from/(used in) investing activities</b>	<b>190,481</b>	(25,526)
<b>Net cash used in financing activities</b>	<b><u>(230,816)</u></b>	<b><u>(545,884)</u></b>
Net increase/(decrease) in cash and cash equivalents	<b>2,339</b>	(10,584)
Effect of foreign exchange rates, net	<b>3,904</b>	(208)
Cash and cash equivalents at beginning of the period	<b><u>367,253</u></b>	<u>279,841</u>
Cash and cash equivalents at end of the period	<b><u><u>373,496</u></u></b>	<u><u>269,049</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company was incorporated in Bermuda on 5 January 2011 as an exempted company with limited liability under the Companies Act 1981 of Bermuda.

The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company in Hong Kong is located at Room 1215, Tower B, Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Hunghom, Kowloon, Hong Kong.

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

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated interim results of the Group for 1H 2020/21 (the "Unaudited Results") have been prepared in accordance with accounting principles generally accepted in Hong Kong, Hong Kong Accounting Standards ("HKASs") and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). They have been prepared under the historical cost basis except for investment properties and financial assets at fair value through other comprehensive income, which are stated at fair value. The Unaudited Results do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 March 2020 (the "Year 2019/20").

The accounting policies used in the preparation of the Unaudited Results are consistent with those used in the annual financial statements for the Year 2019/20, except for the adoption of the standards, amendments and interpretations issued by the HKICPA mandatory for annual periods beginning on or after 1 April 2020.

The Group has initially adopted the following new and revised HKFRSs for the financial period beginning on or after 1 April 2020:

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The effect of the adoption of these standards, amendments and interpretations was not material to the Group's results of operations or financial position.



### 3. SEGMENT REPORTING

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more focused on the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance on property development. Resources are allocated based on what is beneficial for the Group in enhancing its property development activities rather than any specific service. Performance assessment is based on the results of the Group as a whole. Therefore, management considers that there is only one operating segment under the requirement of HKFRS 8 Operating Segments.

No geographical information is presented as the revenue and profit from operations are substantially derived from activities in the PRC.

### 4. REVENUE AND OTHER INCOME

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

	<b>Six months ended 30 September 2020 RMB'000 (Unaudited)</b>	<b>Six months ended 30 September 2019 RMB'000 (Unaudited)</b>
<b>Revenue</b>		
Sale of properties held for sale	<b>291,445</b>	<b>229,899</b>
<b>Other income</b>		
Government grant	<b>66</b>	984
Interest income	<b>3,869</b>	5,952
Rental income	<b>19,207</b>	11,510
Others	<b>977</b>	1,433
	<b>24,119</b>	<b>19,879</b>

## 5. PROFIT BEFORE INCOME TAX

	Six months ended 30 September 2020 RMB'000 (Unaudited)	Six months ended 30 September 2019 RMB'000 (Unaudited)
Profit before income tax is arrived at after charging/(crediting):		
Finance costs		
– Interest on bank and other loans wholly repayable within five years	13,727	38,075
Less: amount capitalised in properties held under development	(11,958)	(35,085)
	1,769	2,990
Cost of properties held for sale recognised as expense	184,147	137,286
Depreciation	1,201	810
Staff costs, including Directors' emoluments		
– Wages and salaries	18,507	13,409
– Retirement benefit scheme contributions		
– defined contribution plans	1,309	2,139
Less: amount capitalised in properties held under development	(4,040)	(1,712)
	<u>15,776</u>	<u>13,836</u>

## 6. INCOME TAX EXPENSE

	Six months ended 30 September 2020 RMB'000 (Unaudited)	Six months ended 30 September 2019 RMB'000 (Unaudited)
<b>Current tax – the PRC</b>		
Enterprise Income Tax (“EIT”)	25,767	14,569
Land Appreciation Tax (“LAT”)	<u>22,045</u>	<u>21,402</u>
<b>Total income tax expense</b>	<u>47,812</u>	<u>35,971</u>

EIT has been provided on the estimated profits of subsidiaries operating in the PRC at 25% (1H 2019/20: 25%).

Under the law of the PRC on EIT, corporate withholding income tax is levied on the foreign investor for the dividends distributed out of the profits generated by the foreign investment enterprises. The Group's applicable withholding income tax rate is at 5% (1H 2019/20: 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 profits above HK\$2 million (1H 2019/20: 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits 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 periods.

## 7. DIVIDENDS

The Board has resolved not to declare the payment of an interim dividend to the shareholders of the Company (the "Shareholders") for 1H 2020/21 (1H 2019/20: nil).

## 8. EARNINGS PER SHARE

	Six months ended 30 September 2020 (Unaudited)	Six months ended 30 September 2019 (Unaudited)
<b>Profit attributable to owners of the Company</b> <i>(in RMB thousands dollars)</i>	<b>38,342</b>	29,539
<b>Weighted average number of ordinary shares for the purposes</b> <b>of calculating basic earnings per share <i>(shares in thousands)</i></b>	<b>2,464,000</b>	2,464,000
<b>Basic earnings per share <i>(in RMB cents)</i></b>	<b>1.56</b>	1.20

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

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group acquired items of property, plant and equipment at a total cost of approximately RMB5,093,000 (1H 2019/20: RMB772,000).

## 10. ACCOUNTS PAYABLE, ACCRUALS AND OTHER PAYABLES, AND CONTRACT LIABILITIES

	30 September 2020 <i>RMB'000</i> (Unaudited)	31 March 2020 <i>RMB'000</i> (Audited)
Accounts payable	<u>40,206</u>	<u>35,154</u>
Accruals and other payables	<u>504,684</u>	<u>373,545</u>
Contract liabilities	<u>1,807,987</u>	<u>1,513,538</u>

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

	30 September 2020 <i>RMB'000</i> (Unaudited)	31 March 2020 <i>RMB'000</i> (Audited)
Less than 3 months	2,010	1,741
3 months–6 months	18,093	15,713
More than 6 months–1 year	1,608	1,550
More than 1 year	<u>18,495</u>	<u>16,150</u>
	<u>40,206</u>	<u>35,154</u>

# 11. BANK AND OTHER LOANS

	30 September 2020 <i>RMB'000</i> (Unaudited)	31 March 2020 <i>RMB'000</i> (Audited)
<b>Current:</b>		
– Portion of bank and other loans due for repayment within one year or on demand	72,150	273,834
<b>Non-current:</b>		
– Portion of bank and other loans due for repayment after one year	<u>232,500</u>	<u>249,550</u>
<b>Total borrowings</b>	<u><b>304,650</b></u>	<u><b>523,384</b></u>

# 12. SHARE CAPITAL

	<i>Number of shares</i>	<i>RMB'000</i>
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each		
As at 1 April 2019, 30 September 2019, 1 April 2020 and 30 September 2020	<u>4,500,000,000</u>	<u>37,401</u>
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.01 each		
As at 1 April 2019, 30 September 2019, 1 April 2020 and 30 September 2020	<u><u>2,464,000,000</u></u>	<u><u>20,735</u></u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF FINANCIAL RESULTS IN 1H 2020/21 COMPARED TO 1H 2019/20

#### Revenue

	Six months ended 30 September 2020 RMB'000 (Unaudited)	Six months ended 30 September 2019 RMB'000 (Unaudited)
Residential	280,610	161,209
Commercial and others	<u>10,834</u>	<u>68,690</u>
	<u><b>291,445</b></u>	<u><b>229,899</b></u>

Revenue in 1H 2020/21 was approximately RMB291.4 million compared to approximately RMB229.9 million in 1H 2019/20, an increase of 26.8%.

Revenue in 1H 2020/21 was primarily derived from the delivery of residential units and commercial units of Sino Harbour • Wu Lin Hui (漢港 • 武林匯) in Hangzhou, China. In 1H 2019/20, revenue was mainly attributable to the delivery of the residential units of Sino Harbour • Wu Lin Hui (漢港 • 武林匯) in Hangzhou as well as Nanchang Sino Harbour Kaixuan City (南昌漢港凱旋城) Zone 2, China.

As the Group is primarily engaged in property development business, revenue recognition is dependent on the launch of new projects and completion of handover of properties that are sold. Consequently, revenue and profit for the Group looking across the quarters will appear irregular.

#### Cost of Sales and Gross Profit Margin

In line with an increase in revenue, cost of sales increased to approximately RMB190.4 million in 1H 2020/21 from approximately RMB147.9 million in 1H 2019/20. Gross profit margin decreased from 35.6% in 1H 2019/20 to 34.7% in 1H 2020/21.

#### Other Income

Other income increased from approximately RMB19.9 million in 1H 2019/20 to approximately RMB24.1 million in 1H 2020/21. The increase was mainly attributable to the net effect of an increase of rental income and a decrease of interest income.

## **Selling and Distribution Expenses**

Selling and distribution expenses decreased from approximately RMB14.4 million in 1H 2019/20 to approximately RMB11.9 million in 1H 2020/21. The decrease of selling expenses in 1H 2020/21 were mainly due to net effect of an increment in marketing expenses incurred for the launch of Sino Harbour • Guanlan (漢港 • 觀瀾) located in Yichun, China and a decrease of marketing expenses for Sino Harbour • Wu Lin Hui located in Hangzhou.

## **Administrative Expenses**

Administrative expenses increased to approximately RMB28.4 million in the 1H 2020/21 from approximately RMB18.6 million in 1H 2019/20. It was mainly due to an increase of staff cost.

## **Profit for 1H 2020/21**

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB83.1 million in 1H 2020/21, compared to approximately RMB65.9 million in 1H 2019/20.

Income tax expense increased from approximately RMB36.0 million in 1H 2019/20 to approximately RMB47.8 million in 1H 2020/21, which was mainly attributable to an increase in the land appreciation tax and EIT provision in line with an increase in profit in 1H 2020/21.

As a result, profit after income tax was approximately RMB35.3 million in 1H 2020/21, an increase of 18.1% from approximately RMB29.9 million in 1H 2019/20.

## **REVIEW OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020**

### **Properties Held Under Development**

As at 30 September 2020, the Group's properties held under development increased to approximately RMB1,660.7 million from approximately RMB1,458.7 million as at 31 March 2020. The increase was in tandem with the construction progress of Sino Harbour • Guanlan located in Yichun.

### **Properties Held For Sale**

Properties held for sale decreased to approximately RMB879.4 million as at 30 September 2020 from approximately RMB1,064.6 million as at 31 March 2020. The decrease was mainly due to the handover of property units of Sino Harbour • Wu Lin Hui located in Hangzhou.

## **Prepayments and Other Receivables**

As at 30 September 2020, the Group's prepayments and other receivables amounted to approximately RMB542.7 million compared to approximately RMB199.8 million as at 31 March 2020. The increase was mainly due to an increase of prepayment and the bidding deposit in relation of the land acquisition in Leping City in Jiangxi Province, China.

## **Tax Recoverable**

Tax recoverable decreased from approximately RMB28.2 million as at 31 March 2020 to approximately RMB24.8 million as at 30 September 2020, which was mainly attributable to a decrease in prepayment of EIT during 1H 2020/21.

## **Accounts Payable, Accruals and Other Payables and Contract Liabilities**

Accounts payable increased from approximately RMB35.2 million as at 31 March 2020 to approximately RMB40.2 million as at 30 September 2020, mainly due to increase of construction costs payable in 1H 2020/21.

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

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

Accruals and other payables increased from approximately RMB373.5 million as at 31 March 2020 to approximately RMB504.7 million as at 30 September 2020. The increase was mainly due to the payable to non-controlling interest shareholder in relation to land acquisition in Leping City.

Contract liabilities increased from approximately RMB1,513.5 million as at 31 March 2020 to approximately RMB1,808.0 million as at 30 September 2020. The increase was mainly due to the net effect of the handover of completed properties of Sino Harbour • Wu Lin Hui and the increase of pre-sale proceeds from Sino Harbour • Guanlan.

## **LIQUIDITY AND FINANCIAL RESOURCES**

### **Cash Position**

#### ***Cash and Bank Balances***

In 1H 2020/21, the Group had recorded a net cash inflow of approximately RMB42.7 million from operating activities, mainly attributable to net effect of an increase in contract liabilities arising from the pre-sales of properties and the increase of the prepayments and other receivables.



Net cash inflow from investing activities in 1H 2020/21 was approximately RMB190.5 million, which was mainly due to a decrease in pledged deposit.

Net cash outflow from financing activities in 1H 2020/21 was approximately RMB230.8 million, which was mainly attributable to the repayment of borrowings and finance cost.

As at 30 September 2020, the Group had cash and bank balances of approximately RMB373.5 million (31 March 2020: RMB367.3 million), which consisted of cash and cash equivalents of approximately RMB203.2 million (31 March 2020: RMB216.3 million) and bank balances restricted for construction work of approximately RMB170.3 million (31 March 2020: RMB151.0 million), of which most of them were denominated in RMB and Hong Kong dollars (“**HK\$**”).

### ***Bank and Other Loans***

As at 30 September 2020, the Group had total borrowings of approximately RMB304.7 million, decreased from approximately RMB523.4 million as at 31 March 2020. The decrease mainly represented the repayment of borrowings in 1H 2020/21. The Group’s bank and other loans were denominated in RMB.

### **Gearing Ratio**

Gearing ratio is measured by dividing total equity by borrowings (total amount of bank and other loans) less related deposit collateral at the respective end of the period/year multiplied by 100%. As at 30 September 2020, the Group’s gearing ratio was 18.6% (31 March 2020: 20.4%). The Group has implemented certain loan management policies which include close monitoring of the gearing ratio and any changes in interest rates.

### **Funding and Treasury Policies**

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

## **FOREIGN CURRENCY RISK**

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

## **MATERIAL ACQUISITION AND DISPOSAL**

During 1H 2020/21, the Group has made a successful bidding through the listing-for-sale for the land use right of a land parcel with code no. DHC 2020054 located in Leping City (the "**Land Parcels**"), for a total consideration of approximately RMB230.8 million (the "**Acquisitions**") (1H 2019/20: nil).

The Group is principally engaged in the property development in the second and third tier cities in China. The property projects of the Group include residential properties, detached housing, apartments, retails as well as commercial properties.

In view of the location and the designated use of the Land Parcels, the Board considers that the Acquisitions are in line with the business development strategy and plan of the Group. The Board further considers that the Acquisitions are transactions of revenue nature and are carried out in the ordinary and usual course of business of the Company and are on normal commercial terms which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **SIGNIFICANT INVESTMENT**

The Group did not hold any significant investment in 1H 2020/21 (1H 2019/20: nil).

## **CONTINGENT LIABILITIES**

As at 30 September 2020, the Group had no significant contingent liabilities (31 March 2020: nil).

## **EMPLOYEE AND REMUNERATION POLICY**

There were 241 employees in the Group as at 30 September 2020 (31 March 2020: 250). Staff remuneration packages are determined, taking the market conditions and the performance of the individuals concerned into consideration, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance and discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group. Employee costs, including Directors' emoluments, amounted to approximately RMB19.8 million in 1H 2020/21 (1H 2019/20: RMB15.5 million).

## COMPANY UPDATE

### Property Pre-sales

The results of property pre-sale launches (as at 25 November 2020) are summarised in the table below:

#### *Residential Units*

**Yichun  
Sino Harbour •  
Guanlan  
Phase 1  
(宜春漢港 •  
觀瀾一期)**

Estimated total gross floor area (“GFA”) released for sale (total units)	285,219 sq.m. (2,512 units)
Estimated total GFA pre-sold (total units)	278,842 sq.m. (2,458 units)
Percentage of pre-sale	98%
Pre-sale GFA (units pre-sold) not handed over to buyers as at 30 September 2020 <sup>^</sup>	276,086 sq.m. (2,434 units)
Pre-sale value not handed over to buyers as at 30 September 2020 <sup>^</sup>	RMB1,757 million
Average selling price (“ASP”) per square metre*	RMB6,364
Expected completion date	<u>CY2021Q2</u>

\*: 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.

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

## **FUTURE OUTLOOK**

Looking into the second half of the financial year 2020/21 (the “**Year**”), the global economy will remain affected by the epidemic and it is expected that the economic growth will continue to slow down. As the epidemic in mainland China is generally under control, most economic activities have resumed and real estate transactions have gradually stabilized. In the second half of 2020, the central government will continue to focus on the general tone of “houses are for living in, not for speculation” and implement policies according to local conditions to ensure the stable and healthy development of the real estate market. According to the statistics, the residential market performed remarkably in the second quarter of 2020 and reached the level in the same period of last year. In addition, as the demand for physical property visits increased significantly, market transactions saw a rapid rebound. During the period from January to August 2020, sales of commodity housing amounted to RMB9,694.3 billion and sales of residential housing increased by 4.1%, indicating that there is still demand for real estate in China. Demand in second-tier cities is expected to rise steadily. Among which, the area transacted in five cities such as Zhengzhou and Hangzhou recorded a year-on-year increase of 8% from January to August 2020. It is expected that the real estate market will achieve small but stable growth in the second half of the Year, and the new policies will also regulate various regions to cool down the market centering on the theme of maintaining stability.

The Group’s pharmaceutical inspection business made steady progress in the first half of the Year. Zhejiang IPS Pharmaceutical Technology Co., Ltd. (“**Zhejiang IPS**”), a non-wholly owned subsidiary, has been recognised by Hangzhou government as an innovative vouchers application platform in Qiantang New District, Hangzhou. This is a major recognition of the Company by Hangzhou government, which allows the Company to approve the application for innovative vouchers by small and medium-sized enterprises and is conducive to the development of the two-way ecological environment of pharmaceutical inspection in Hangzhou, the PRC.

In addition, Jiangxi Ganghua Medical Management Co., Limited, an indirect subsidiary of the Company, is expected to commence operation at the end of 2021. According to the research, in the past five years, China’s dentistry market achieved a compound annual growth rate of 16.22%, with a current market size exceeding RMB80 billion, and is expected to exceed RMB100 billion in 2020. The Board believes that the dentistry business is able to create synergies with the Group. In the future, the Group will continue to spare no effort and focus on the development of the existing pharmaceutical inspection and dentistry businesses to grow steadily in sync with the real estate business of the Group amid the epidemic. However, the Board will remain cautious in the rapidly changing environment.

## **DIVIDEND**

The Board has resolved not to declare the payment of an interim dividend in respect of 1H 2020/21 (1H 2019/20: nil).

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

The Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell such securities in 1H 2020/21 (1H 2019/20: nil).

## CORPORATE GOVERNANCE COMPLIANCE

The Company focuses on maintaining a high standard of corporate governance in order to achieve sustainable development and enhance corporate performance especially in the areas of internal control, fair disclosure and accountability to all Shareholders.

Save as disclosed below, the Company has applied the principles and complied with all the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the “**CG Code**”) during 1H 2020/21.

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**”), an executive Director (the “**ED**”) 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 maximise the effectiveness of its operation. In addition, Mr. SHI Feng, the deputy Chairman and an ED, 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 (the “**INEDs**”).

Mr. LEE Man To (“**Mr. LEE**”) resigned as an INED and ceased to be the chairman of the Board's audit committee (the “**Audit Committee**”) as well as a member of each of the remuneration committee (the “**Remuneration Committee**”) and the 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. WONG Ping Kuen (“**Mr. Ricky WONG**”) has been appointed as an INED, the chairman of the Audit Committee as well as a member of each of 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.

## SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions (the “**Own Code of Conduct**”) on terms no less exacting from the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. In response to a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the required standard set out in the Model Code and its Own Code of Conduct throughout 1H 2020/21.

## AUDIT COMMITTEE AND REVIEW OF RESULTS

The Audit Committee consists of three INEDs, namely Mr. Ricky WONG (*Chairman*), Mr. XIE Gang and Mr. HE Dingding. The Group's unaudited condensed consolidated interim results for 1H 2020/21 were reviewed by the members of the Audit Committee before submission to the Board for approval.

## CAUTION STATEMENT

The Board wishes to remind investors that the above unaudited interim results and operational statistics for 1H 2020/21 and 1H 2019/20 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**  
**WONG Lam Ping**  
*Chairman, Chief Executive Officer,*  
*Executive Director and General Manager*

Hong Kong, 27 November 2020

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