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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021**

#### **HIGHLIGHTS**

- During FY2021, the Group recorded revenue of approximately RMB426.9 million mainly attributable to the delivery of residential units of apartment and commercial units of Sino Harbour • Wu Lin Hui in Hangzhou, the PRC (FY2020: RMB448.4 million).
- The Group recorded a profit after tax of approximately RMB50.9 million for FY2021 (FY2020: RMB55.9 million).
- Basic earnings per Share for FY2021 was approximately RMB2.34 cents (FY2020: RMB2.31 cents).
- Cash and bank balances as at 31 March 2021 were approximately RMB299.4 million (31 March 2020: approximately RMB367.3 million).
- The Group had bank and other loans of approximately RMB592.0 million as at 31 March 2021 (31 March 2020: approximately RMB523.4 million).
- The Board has resolved to recommend the payment of the Final Dividend of HK1 cent per Share for FY2021 (FY2020: HK1 cent).

## 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 2021 (“**FY2021**”) with comparative figures for the year ended 31 March 2020 (“**FY2020**”) as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	<i>Notes</i>	<b>2021</b> <b>RMB’000</b>	<b>2020</b> <b>RMB’000</b> (Restated)
<b>Revenue</b>	<b>4</b>	<b>426,884</b>	448,420
Cost of sales		<u>(257,459)</u>	<u>(255,443)</u>
<b>Gross profit</b>		<b>169,425</b>	192,977
Other income and other gains and losses	<b>5</b>	<b>21,893</b>	27,426
Selling and distribution expenses		<b>(17,423)</b>	(22,236)
Administrative expenses		<u><b>(52,535)</b></u>	<u>(52,289)</u>
<b>Operating profit</b>		<b>121,360</b>	145,878
Finance costs		<b>(4,008)</b>	(5,180)
Share of result of an associate		<u>–</u>	<u>(7)</u>
<b>Profit before income tax</b>	<b>6</b>	<b>117,352</b>	140,691
Income tax expense	<b>7</b>	<u><b>(66,468)</b></u>	<u>(84,749)</u>
<b>Profit for the year</b>		<b>50,884</b>	55,942
<b>Other comprehensive income (net of tax)</b>			
<b><i>Item that will not be reclassified to profit or loss</i></b>			
Changes in fair value of equity instruments at fair value through other comprehensive income		<b>2,632</b>	(25,757)
<b><i>Item that may be reclassified subsequently to profit or loss</i></b>			
Exchange differences on translation of financial statements of foreign operations		<u><b>691</b></u>	<u>(12,518)</u>
<b>Other comprehensive income for the year</b>		<u><b>3,323</b></u>	<u>(38,275)</u>
<b>Total comprehensive income for the year</b>		<u><b>54,207</b></u>	<u>17,667</u>

	<i>Note</i>	<b>2021</b> <b><i>RMB'000</i></b>	2020 <i>RMB'000</i> (Restated)
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the Company		<b>57,544</b>	56,958
Non-controlling interests		<u><b>(6,660)</b></u>	<u>(1,016)</u>
		<u><b>50,884</b></u>	<u>55,942</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b>60,867</b>	18,683
Non-controlling interests		<u><b>(6,660)</b></u>	<u>(1,016)</u>
		<u><b>54,207</b></u>	<u>17,667</u>
<b>Earnings per share for profit attributable to owners of the Company during the year</b>			
<b>(in RMB cents)</b>			
– Basic and diluted	9	<u><b>2.34</b></u>	<u>2.31</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2021**

	<i>Notes</i>	<b>2021 RMB'000</b>	<b>2020 RMB'000 (Restated)</b>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>79,281</b>	67,343
Investment properties		<b>1,127,324</b>	849,218
Right-of-use assets		<b>15,155</b>	–
Intangibles		<b>4,592</b>	5,058
Interest in a joint venture		–	–
Financial assets at fair value through other comprehensive income		<b>10,297</b>	7,665
Pledged deposits		<b>5,500</b>	5,500
Deferred tax assets		<b>11,538</b>	12,348
		<b>1,253,687</b>	947,132
<b>Current assets</b>			
Properties held under development		<b>1,903,272</b>	1,458,670
Properties held for sale		<b>542,785</b>	1,064,645
Prepayments and other receivables		<b>1,081,562</b>	199,812
Tax recoverable		<b>44,297</b>	28,230
Contract cost assets		<b>10,509</b>	5,570
Pledged deposits		<b>34,574</b>	224,093
Cash and bank balances		<b>299,378</b>	367,253
		<b>3,916,377</b>	3,348,273
<b>Current liabilities</b>			
Accounts payable	10	<b>33,182</b>	35,154
Accruals and other payables	10	<b>667,014</b>	373,545
Contract liabilities	10	<b>2,000,323</b>	1,513,538
Provisions for tax		<b>108,954</b>	139,475
Bank and other loans	11	<b>240,690</b>	273,834
Lease liabilities		<b>2,465</b>	–
		<b>3,052,628</b>	2,335,546
<b>Net current assets</b>		<b>863,749</b>	1,012,727
<b>Total assets less current liabilities</b>		<b>2,117,436</b>	1,959,859

	<i>Note</i>	<b>2021</b> <b><i>RMB'000</i></b>	2020 <i>RMB'000</i>
<b>Non-current liabilities</b>			
Bank loans	<i>11</i>	<b>351,350</b>	249,550
Lease liabilities		<b>12,808</b>	–
Deferred tax liabilities		<b>96,863</b>	90,960
		<b>461,021</b>	340,510
<b>Net assets</b>		<b>1,656,415</b>	1,619,349
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>20,735</b>	20,735
Reserves		<b>1,386,795</b>	1,348,459
		<b>1,407,530</b>	1,369,194
<b>Non-controlling interests</b>		<b>248,885</b>	250,155
<b>Total equity</b>		<b>1,656,415</b>	1,619,349

# 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 FY2021 (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.

Certain comparative figures have been reclassified to conform with current year’s presentation.

## 2. PRINCIPAL ACCOUNTING POLICIES

The Consolidated Financial Statements have been prepared under the historical cost basis except for investment properties and financial assets at fair value through other comprehensive income (“**FVOCI**”), 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 FY2020 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 2020.

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

None of these new HKFRSs has a material impact on the Group’s results and financial position for the current or prior year.

The Group has not early applied any new HKFRSs that is not yet effective for the current accounting period.

#### 4. SEGMENT INFORMATION AND REVENUE

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's executive Directors in order to allocate resources and assess performance of the segment. For the years presented, executive Directors considered the segment from a business perspective, including sale and leasing of self-constructed properties (“**Property Development**”) and other businesses (mainly including investment and operation in chemistry, manufacturing and control process and medical service sector) (“**Others**”). The Group's executive Directors assess the performance of the operating segments based on the measure of segment result.

Reconciliations of segment revenue, profit or loss, assets and liabilities:

	Property Development		Others		Total	
	2021	2020	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)		(Restated)		(Restated)
Revenue from external customers	<u>420,003</u>	<u>443,251</u>	<u>6,881</u>	<u>5,169</u>	<u>426,884</u>	<u>448,420</u>
Segment profit/(loss) from operating activities	<u>149,923</u>	<u>169,902</u>	<u>(9,329)</u>	<u>(14,111)</u>	<u>140,594</u>	<u>155,791</u>
Unallocated expenses*					<u>(23,242)</u>	<u>(15,100)</u>
Profit before income tax					117,352	140,691
Income tax expense					<u>(66,468)</u>	<u>(84,749)</u>
Profit for the year					<u>50,884</u>	<u>55,942</u>
Segment assets	5,088,586	4,252,595	73,516	35,550	5,162,102	4,288,145
Other corporate assets					<u>7,962</u>	<u>7,260</u>
Total assets					<u>5,170,064</u>	<u>4,295,405</u>
Segment liabilities	3,492,017	2,670,811	21,568	5,050	3,513,585	2,675,861
Other corporate liabilities					<u>64</u>	<u>195</u>
Total liabilities					<u>3,513,649</u>	<u>2,676,056</u>

\* The unallocated expenses mainly consist of staff costs, Directors' emoluments and exchange difference.

Other segment information:

	Property Development		Others		Total	
	2021	2020	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)		(Restated)		(Restated)
Amortisation of intangibles	-	-	(466)	(1,311)	(466)	(1,311)
Depreciation of property, plant and equipment	(3,745)	(4,448)	(3,224)	(479)	(6,969)	(4,927)
Depreciation of right-of-use assets	-	-	(1,341)	-	(1,341)	-
Impairment loss on intangibles	-	-	-	(9,336)	-	(9,336)
Interest income	5,471	12,078	1,988	49	7,459	12,127
Interest expenses	(2,934)	(3,792)	(1,074)	(1,388)	(4,008)	(5,180)
Loss allowance of other receivables	(1,951)	(3,455)	(57)	(1)	(2,008)	(3,456)
Net fair value gain on investment properties	23,610	24,753	-	-	23,610	24,753
Capital expenditure	(9,249)	(550)	(10,190)	(1,516)	(19,439)	(2,066)
Addition of right-of-use assets	-	-	16,496	-	16,496	-

The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation. In the opinion of the Directors, the majority of the Group's operation and centre of management are sourced from its subsidiaries in the People's Republic of China (the "PRC" or "China"), which considered that the operation base of the Group is domiciled in the PRC, as there is only one geographical location, and therefore, no analysis of geographical information is presented.

The total revenue from external customers is mainly sourced from the PRC.

There is no single customer that contributed to 10% or more of the Group's revenue for the years ended 31 March 2021 and 2020.

## 5. OTHER INCOME AND OTHER GAINS AND LOSSES

	2021 RMB'000	2020 RMB'000 (Restated)
<b>Other income and other gains and losses</b>		
Exchange loss, net	(7,119)	(893)
Government grants*	62	1,124
Gain on disposal of an associate	–	51
Gain on disposal of property, plant and equipment	23	10
Interest income		
– from bank deposits	7,459	12,127
Impairment loss on intangibles	–	(9,336)
Loss on deregistration of subsidiaries	(3,008)	(4,151)
Net fair value gain on investment properties	23,610	24,753
Sundry income	866	3,741
	<b>21,893</b>	<b>27,426</b>

\* The Group received unconditional discretionary grants from the relevant government authorities in the PRC support of enterprise operating in specified industry.

## 6. PROFIT BEFORE INCOME TAX

	2021 RMB'000	2020 RMB'000
<b>Profit before income tax is arrived at charging/(crediting):</b>		
Auditor's remuneration	909	959
Cost of properties held for sale recognised as expense	245,387	245,536
Amortisation of intangibles	466	1,311
Depreciation of property, plant and equipment	6,969	4,927
Depreciation of right-of-use assets	1,341	–
Impairment loss on intangibles	–	9,336
Loss allowance on other receivables	2,008	3,456
Short-term lease expenses	949	630
Outgoings in respect of investment properties that generated rental income during the year	425	127
Employee costs, including Directors' emoluments		
– Wages and salaries	34,345	32,761
– Retirement benefit scheme contributions		
– defined contribution plans	2,880	5,416
Less: amount capitalised in properties held under development	(4,935)	(9,698)
	<b>32,290</b>	<b>28,479</b>

## 7. INCOME TAX EXPENSE

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Current tax – the PRC</b>		
Current year		
– Enterprise income tax (“EIT”)	24,509	32,804
– Land appreciation tax (“LAT”)	35,246	45,554
	<u>59,755</u>	<u>78,358</u>
<b>Deferred income tax</b>	<u>6,713</u>	<u>6,391</u>
<b>Total income tax expense</b>	<u><u>66,468</u></u>	<u><u>84,749</u></u>

EIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (FY2020: 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% (FY2020: 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 Hong Kong dollars (“HK\$”) 2 million of the estimated assessable profits and at 16.5% on the estimated assessable profit above HK\$2 million (FY2020: 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.

## 8. 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) (FY2020: HK1 cent per Share), amounting to HK\$24.6 million (FY2020: HK\$24.6 million) (equivalent to approximately RMB20.8 million (FY2020: RMB22.5 million)) for FY2021 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, 20 August 2021.

## 9. EARNINGS PER SHARE

	2021	2020
<b>Profit attributable to owners of the Company for the year ended 31 March</b> <i>(in RMB thousand dollars)</i>	<u>57,544</u>	<u>56,958</u>
<b>Weighted average number of Shares for the purposes of calculating basic earnings per Share for the year ended 31 March</b> <i>(Shares in thousands)</i>	<u>2,464,000</u>	<u>2,464,000</u>
<b>Basic earnings per Share for the year ended 31 March</b> <i>(in RMB cents)</i>	<u>2.34</u>	<u>2.31</u>

The Company did not have dilutive potential Shares outstanding for FY2021 and FY2020. Accordingly, the diluted earnings per Share is the same as the basic earnings per Share for both FY2021 and FY2020.

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Accounts payable</b>	<u>33,182</u>	<u>35,154</u>
<b>Accruals and other payables</b>	<u>667,014</u>	<u>373,545</u>
<b>Contract liabilities</b>	<u>2,000,323</u>	<u>1,513,538</u>

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Less than 3 months	15,082	1,741
3 to 6 months	59	15,713
More than 6 months to 1 year	250	1,550
More than 1 year	<u>17,791</u>	<u>16,150</u>
	<u>33,182</u>	<u>35,154</u>

**11. BANK AND OTHER LOANS**

	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
<b>Current</b>		
Portion of bank and other loans due for repayment within one year or on demand	<b>240,690</b>	273,834
<b>Non-current</b>		
Portion of bank loans due for repayment after one year	<u><b>351,350</b></u>	<u>249,550</u>
<b>Total borrowings</b>	<u><b>592,040</b></u>	<u>523,384</u>

**12. CAPITAL EXPENDITURE**

For FY2021, there were additions to property, plant and equipment amounting to approximately RMB19,439,000 (FY2020: approximately RMB2,066,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF FINANCIAL RESULTS FOR FY2021 COMPARED TO FY2020

#### Revenue

In FY2021, the Group recorded revenue of approximately RMB426.9 million, representing a decrease of 4.8% from approximately RMB448.4 million in FY2020.

#### Revenue from sales of properties held for sale

Revenue from sales of properties held for sale in FY2021 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, the PRC. In FY2020, revenue was mainly attributable to the delivery of residential units of apartment and commercial units of Sino Harbour • Wu Lin Hui and residential units of town house in Nanchang Sino Harbour Kaixuan City (南昌漢港凱旋城) Zone 2.

Chemistry, Manufacturing and Control (“CMC”) is an important section in drug development process. Revenue from CMC related services in FY2021 and FY2020 mainly included small molecule chemical drugs quality research and control, synthesis process R&D and preparation R&D services provided to pharmaceutical companies.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
<b>Revenue from contracts with customers under HKFRS 15</b>		
Sales of properties held for sale	385,059	416,462
CMC related service income	5,730	4,040
Consultancy service income	1,151	1,129
	<u>391,940</u>	<u>421,631</u>
<b>Revenue from other source</b>		
Rental income	<u>34,944</u>	<u>26,789</u>
	<u>426,884</u>	<u>448,420</u>

The following table sets out an analysis of the revenue for (i) residential properties, (ii) commercial properties, and (iii) car parking spaces during FY2021:

	2021	2020	Percentage change
(i) Residential			
– Gross floor area (“GFA”) sold ( <i>in sq.m.</i> )	<b>13,944</b>	12,743	9.4%
– Average selling price (“ASP”) ( <i>RMB per sq.m.</i> )	<b>26,135</b>	25,531	2.4%
– Revenue ( <i>approximately RMB’000</i> )	<b>364,425</b>	325,337	12.0%
(ii) Commercial			
– GFA sold ( <i>in sq.m.</i> )	<b>733</b>	3,417	(78.5)%
– ASP ( <i>RMB per sq.m.</i> )	<b>27,464</b>	26,498	3.6%
– Revenue ( <i>approximately RMB’000</i> )	<b>20,131</b>	90,543	(77.8)%
(iii) Car parking spaces			
– Revenue ( <i>approximately RMB’000</i> )	<b>503</b>	582	(13.6)%
Revenue from sales of properties held for sale ( <i>approximately RMB’000</i> )	<b><u>385,059</u></b>	<b><u>416,462</u></b>	(7.5)%

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

### Cost of Sales and Gross Profit Margin

Cost of sales increased from approximately RMB255.4 million in FY2020 to approximately RMB257.5 million in FY2021. Gross profit margin decreased from 43.0% in FY2020 to 39.7% in FY2021. In respect of gross profit margin from sales of properties held for sale, as a lower portion of the revenue of the Group was attributable to the delivery of commercial units in FY2021 as compared with FY2020, which had higher gross profit margin compared with residential units.

### Other Income and Other Gains and Losses

Other income and other gains and losses decreased from approximately RMB27.4 million in FY2020 to approximately RMB21.9 million in FY2021, which was mainly attributable to the net effect of the increase of exchange loss and the decrease in interest income from bank deposits.

## **Selling and Distribution Expenses**

Selling and distribution expenses decreased from approximately RMB22.2 million in FY2020 to approximately RMB17.4 million in FY2021. The lower selling and distribution expenses in FY2021 were mainly due to a decrease in the marketing expenses incurred for Sino Harbour • Wu Lin Hui.

## **Administrative Expenses**

Administrative expenses increased to approximately RMB52.5 million in FY2021 from approximately RMB52.3 million in FY2020. The increase was mainly attributable to net effect of increase in depreciation and the absence of impairment loss on intangibles asset in FY2021.

## **Finance Costs**

The Group recorded approximately RMB4.0 million non-capitalised finance costs in FY2021, which had decreased from approximately RMB5.2 million in FY2020. The decrease was mainly attributable to the decreases of the average bank and other loans balances in FY2021 compared to those in FY2020.

## **Profit before Income Tax**

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB117.4 million in FY2021, compared to approximately RMB140.7 million in FY2020, representing a decrease of approximately RMB23.3 million.

## **Income Tax Expenses**

Income tax expenses decreased to approximately RMB66.5 million in FY2021 from approximately RMB84.7 million in FY2020. The decrease was mainly attributable to the decreases in profit before income tax for FY2021.

As a result, the Group had recorded a profit after tax of approximately RMB50.9 million in FY2021, compared to approximately RMB55.9 million in FY2020.

## **REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2021**

### **Property, Plant and Equipment**

As at 31 March 2021, the Group had property, plant and equipment of approximately RMB79.3 million, compared to approximately RMB67.3 million as at 31 March 2020. The increase was mainly attributable to addition of equipment during FY2021.

## **Investment Properties**

As at 31 March 2021, the Group had investment properties at fair value of approximately RMB1,127.3 million, compared to approximately RMB849.2 million as at 31 March 2020. The increase was mainly attributable to the transfer from properties held for sale.

## **Intangibles**

Intangible assets represented copyright and customer relationships, amounting to approximately RMB4.6 million as at 31 March 2021, compared to approximately RMB5.1 million as at 31 March 2020. The decrease was mainly attributable to the amortisation.

## **Financial Assets at FVOCI**

It represented equity interests in a number of entities incorporated in the PRC and Jiangxi Longyu Medicine Co., Limited, on which the Group does not have control nor significant influence. It increased from approximately RMB7.7 million as at 31 March 2020 to approximately RMB10.3 million as at 31 March 2021 which was mainly attributable to the fair value changes on equity interests.

## **Pledged Deposits**

Long-term and short-term pledged deposits decreased from approximately RMB229.6 million as at 31 March 2020 to approximately RMB40.1 million as at 31 March 2021. The decrease was mainly due to a decrease in deposits pledged for bank loans.

## **Properties Held under Development**

As at 31 March 2021, the Group's properties held under development increased to approximately RMB1,903.3 million from approximately RMB1,458.7 million as at 31 March 2020. The increase was due to the construction-in-progress of Sino Harbour • Guanlan (漢港 • 觀瀾).

## **Properties Held for Sale**

Properties held for sale decreased from approximately RMB1,064.6 million as at 31 March 2020 to approximately RMB542.8 million as at 31 March 2021, which was mainly due to handover of completed property units and transfer to investment properties for Sino Harbour • Wu Lin Hui.

## **Prepayments and Other Receivables**

The Group's prepayments and other receivables amounted to approximately RMB1,081.6 million as at 31 March 2021, compared to approximately RMB199.8 million as at 31 March 2020.

Prepayments and other receivables increased, which was mainly due to the deposit paid for land use rights of four land parcels located in Leping City, Jiangxi Province, the PRC.

## **Tax Recoverable**

Tax recoverable increased to approximately RMB44.3 million as at 31 March 2021 from approximately RMB28.2 million as at 31 March 2020, which was mainly attributable to an increase in prepayments of income tax during FY2021.

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

Accounts payable decreased to approximately RMB33.2 million as at 31 March 2021 from approximately RMB35.2 million as at 31 March 2020 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 increased to approximately RMB667.0 million as at 31 March 2021 from approximately RMB373.5 million as at 31 March 2020, which was due to an increase in accrued construction cost for Sino Harbour • Guanlan and the other payable due to receipt of land resumption consideration of RMB222.8 million from Leping City Natural Resources and Planning Bureau in FY2021.

Contract liabilities which comprises sales deposits and installments received from customers increased from approximately RMB1,513.5 million as at 31 March 2020 to approximately RMB2,000.3 million as at 31 March 2021. 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 RMB91.0 million as at 31 March 2020 to approximately RMB96.9 million as at 31 March 2021, 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 FY2021, the Group had recorded a net cash outflow of approximately RMB318.7 million from operating activities, mainly attributable to an increase in prepayments and other receivables.

Net cash inflow from investing activities in FY2021 was approximately RMB170.2 million, which was mainly due to a decrease in pledged deposit.

Net cash inflow from financing activities in FY2021 was approximately RMB23.6 million, which was mainly attributable to receipts from new loans, which were partially offset by repayments of loan principals and interests.

As at 31 March 2021, the Group had cash and bank balances of approximately RMB299.4 million (31 March 2020: RMB367.3 million), which consisted of cash and cash equivalents of approximately RMB92.2 million (31 March 2020: RMB216.3 million) and bank balances restricted for construction work of approximately RMB207.2 million (31 March 2020: RMB151.0 million), and were mostly denominated in RMB.

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

As at 31 March 2021, the Group had total borrowings of approximately RMB592.0 million, compared to approximately RMB523.4 million as at 31 March 2020. The Group's bank and other loans were denominated in RMB (31 March 2020: RMB and HK\$). In FY2021, the effective interest rates of the bank and other loans were ranging from 7.5% to 9.5% (FY2020: 2.72% to 9.35% per annum).

#### **Gearing Ratio**

Gearing ratio is measured by borrowings (total amount of bank and other loans) less related deposit collateral over total equity and then multiplied by 100%. As at 31 March 2021, the Group's gearing ratio was 35.4% (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 loans. 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 loans 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 and other payables 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**

On 26 March 2021, Leping City Fenghuang Jincheng Industry Co., Ltd ("**Fenghuang Jincheng**"), an indirect non-wholly-owned subsidiary of the Company, entered into a land resumption agreement with Leping City Natural Resources and Planning Bureau (the "**Local Authority**") which Fenghuang Jincheng shall surrender its land parcel located at the Hushan Meiyan Reclamation Farm, Leping City, Jingdezhen City, Jiangxi Province, the PRC to the Local Authority at a consideration by way of cash compensation of RMB222,760,000 (the "**Land Resumption**") (details of which are disclosed in the announcement of the Company dated 26 March 2021 and the circular of the Company dated 30 April 2021).

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Land Resumption exceed 75%, the Land Resumption constitutes a very substantial disposal transaction for the Company and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **EVENT AFTER THE END OF FY2021**

On 21 May 2021, the approval, confirmation and ratification of the abovementioned Land Resumption agreement were duly passed as an ordinary resolution of the Company by the Shareholders in a special general meeting.

## **SIGNIFICANT INVESTMENT**

The Group did not hold any significant investment in FY2021 (FY2020: nil).

## **CONTINGENT LIABILITIES**

As at 31 March 2021, the Group had no significant contingent liabilities (31 March 2020: nil).

## **EMPLOYEE AND REMUNERATION POLICY**

There were 240 employees in the Group as at 31 March 2021 (31 March 2020: 250). 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 RMB37.2 million in FY2021 (FY2020: approximately RMB38.1 million).

## COMPANY UPDATE

### Property Pre-sales

The cumulative results for the pre-sale and delivery of properties under each project up to 22 June 2021 are summarised as follows:

	<b>Yichun Sino Harbour • Guanlan – Phase 1 (宜春漢港 • 觀瀾一期)</b>	<b>Yichun Sino Harbour • Guanlan – Phase 2 (宜春漢港 • 觀瀾二期)</b>
<b>Residential Units</b>		
Estimated total GFA released for sale (total units)	285,219 sq.m. (2,512 units)	102,015 sq.m. (872 units)
Estimated total GFA pre-sold (total units)	284,387 sq.m. (2,504 units)	77,823 sq.m. (664 units)
Percentage of pre-sale	99%	76%
Pre-sale GFA (units pre-sold) not handed over to buyers as at 31 March 2021 <sup>^</sup>	283,636 sq.m. (2,500 units)	38,047 sq.m. (316 units)
Pre-sale value not handed over to buyers as at 31 March 2021 <sup>^</sup>	RMB1,810.0 million	RMB318.2 million
ASP per sq.m.*	RMB6,381	RMB8,363
Expected completion date	CY2021Q2	CY2022Q2

\*: 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: Pre-sales at the beginning of FY2021 plus new pre-sales during FY2021 less those handed over to buyers during FY2021, which was recognised as sales during FY2021.

## FUTURE OUTLOOK

Looking ahead into the second half of 2021, the global economy is expected to stabilise and rebound. As people around the world begin to receive vaccinations under the impact of novel coronavirus disease 2019 (“**COVID-19**”), the pandemic is getting contained gradually, leading to a limited resumption of global economic activities. Moreover, the outbreak in China was brought under control earlier than the rest of the world. Thanks to the tight preventive and control measures of the Chinese government, its domestic economic activities are generally recovered and the real estate market is rising steadily. According to the statistics, the real estate sector in China experienced a V-shaped turnaround throughout 2020, with both recovery and divergence occurring in the market. The real estate sales grew sharply from the second quarter onwards, but with the gradual tightening of credit policies in the second half of 2020, there was a gradual weakening of the market in September. As “housing is for living in, not for speculation” remained the main tone of the Central Government of China, the “Three Red Lines” of mortgage management continued to be in force, resulting in tighter lines of credit and longer loan origination cycles. Despite the tighter policies all over the country, the buying sentiment in the market has further recovered and even surpassed the pre-COVID-19 level. However, the Group still needs to strive for stability and take a wait-and-see approach.

In the first quarter of 2021, the commercial residential sector in first- to fourth-tier cities outperformed slightly in tandem. Looking ahead into the second half of 2021, the government’s tightening policies to stabilise land prices, housing prices and expectations are the real estate regulatory objectives for the next five years. In the first-tier cities, the market was very active due to the effect of “Stay Put During Spring Festival”, with price inflation at its highest point in the past four years, up 0.78% cumulatively. In the second-tier cities, prices were generally stabilised, with an accumulative increase of 0.76% in the first quarter, as policy regulation continued to deepen and the market became less heated. However, the highest amount of land sales in China was in Hangzhou and reached RMB117.8 billion, raising expectations for the future of its real estate market. In the third and fourth tier cities, the market was hotter and boosted sales in other cities, with prices turning from a decline to a rise in the first quarter, up 0.76% cumulatively. The Group is confident in the future of real estate market and believes that real estate as its main business will bring stable and substantial return to its investors.

In addition, Zhejiang IPS Pharmaceutical Technology Company Limited (浙江美測醫藥科技有限公司) (“**Zhejiang IPS**”), a non-wholly owned subsidiary of the Company, obtained certification from China Metrology Accreditation by the Zhejiang Administration for Market Regulation of PRC and laboratory accreditation certificate from the China National Accreditation Service for Conformity Assessment, respectively in the first quarter of 2021 for its pharmaceutical inspection business. Furthermore, Zhejiang IPS was included in the list of high-tech enterprises in Zhejiang Province, the PRC in 2020. In recent years, the Company has been developing its business in pharmaceutical technology and winning the recognition and acknowledgement of Zhejiang government for Zhejiang IPS. Looking ahead, the Group believes that the pharmaceutical inspection business can create synergy with the Group’s other business, and can make progress while keeping stable together with the real estate business in the current year. Above all, the Board will remain duly cautious in the ever-changing environment.

## **PROPOSED FINAL DIVIDEND**

The Board has resolved to recommend the payment of the Final Dividend of HK1 cent per Share (equivalent to 0.173 in Singapore Dollars (“**SGD**”) cent per Share at the exchange rate of HK\$1:SGD0.173) for FY2021 (FY2020: HK1 cent per Share).

Subject to Shareholders’ approval at the AGM to be held on Friday, 20 August 2021, the proposed Final Dividend will be paid on Wednesday, 20 October 2021 to Shareholders whose names will appear on the register of members of the Company (the “**Register of Members**”) on Tuesday, 31 August 2021.

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 the Monetary Authority of Singapore on Friday, 25 June 2021 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) that will be despatched to their registered address on Friday, 3 September 2021 and return it to 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, not later than 4:30 p.m. on Friday, 24 September 2021. **If no dividend election is made by a Shareholder, such Shareholder will receive the Final Dividend in HK\$.**

## **AGM**

It is proposed that the forthcoming AGM will be held at Lever 25, Sino Harbour Kaixuan Center, Nanchang Honggu Kaixuan, No. 1568 Honggu Avenue, Honggu Tan Central District, Nanchang City, Jiangxi Province, the PRC at 10:00 a.m. on Friday, 20 August 2021. 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, 17 August 2021 to Friday, 20 August 2021, 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, 20 August 2021, 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, 16 August 2021.

For determining the Shareholders' entitlement to the proposed Final Dividend, the Register of Members will be closed from Thursday, 26 August 2021 to Tuesday, 31 August 2021, 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, 25 August 2021.

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

The figures in respect of the preliminary announcement of the Group's results for FY2021 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 Board (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 of the Company the annual results for FY2021 and the Consolidated Financial Statements.

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

During FY2021, 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 FY2021 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 FY2021.

## **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 2020/21 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, 25 June 2021

*As at the date of this announcement, the Board comprises eight Directors, including four executive Directors, 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, Mr. CHAN Kin Sang; and three INEDs, namely Mr. XIE Gang, Mr. HE Dingding and Mr. WONG Ping Kuen.*