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 2023

HIGHLIGHTS

– During FY2023, the Group recorded revenue of approximately RMB247.5 million mainly attributable to the delivery of residential units and car park spaces of Sino Harbour • Guanlan (漢港 • 觀瀾) Phase 1 in Yichun and apartment units of Sino Harbour • Wu Lin Hui (漢港 • 武林匯) in Hangzhou, the PRC (FY2022: RMB1,738.8 million).

– The Group recorded a profit after tax of approximately RMB11.0 million for FY2023 (FY2022: RMB316.4 million).

– Basic earnings per Share for FY2023 was approximately RMB0.75 cents (FY2022: RMB10.52 cents).

– Cash and bank balances as at 31 March 2023 were approximately RMB434.6 million (31 March 2022: approximately RMB291.7 million).

– The Group had bank loans of approximately RMB455.4 million as at 31 March 2023 (31 March 2022: approximately RMB466.0 million).

– The Board has resolved not to recommend the payment of a final dividend for FY2023 (FY2022: final dividend of HK1 cent per Share and special dividend of HK1 cent per Share).

ANNUAL RESULTS

The board of directors of Sino Harbour Holdings Group Limited (the "**Company**", the "**Directors**" and the "**Board**", respectively) announces the annual consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2023 ("**FY2023**") with comparative figures for the year ended 31 March 2022 ("**FY2022**") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Revenue	*4*	**247,460**	1,738,833
Cost of sales		**(149,927)**	(1,236,077)
Gross profit		**97,533**	502,756
Other income and other gains and losses	*5*	**27,839**	204,813
Selling and distribution expenses		**(19,040)**	(35,970)
Administrative expenses		**(72,270)**	(59,780)
Operating profit		**34,062**	611,819
Finance costs		**(762)**	(4,689)
Profit before income tax	*6*	**33,300**	607,130
Income tax expense	*7*	**(22,321)**	(290,759)
Profit for the year		**10,979**	316,371
Other comprehensive income (net of tax)			
Items that will not be reclassified to profit or loss			
Changes in fair value of equity instruments at fair value through other comprehensive income		**(4,500)**	2,703
Revaluation surplus upon transfer from property, plant and equipment to investment properties		**–**	58,500
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of financial statements of foreign operations		**2,041**	2,014
Other comprehensive income for the year		**(2,459)**	63,217
Total comprehensive income for the year		**8,520**	379,588

	Note	2023 RMB'000	2022 RMB'000
Profit/(loss) for the year attributable to:			
Owners of the Company		**18,593**	259,119
Non-controlling interests		**(7,614)**	57,252
		10,979	316,371
Total comprehensive income attributable to:			
Owners of the Company		**16,134**	322,336
Non-controlling interests		**(7,614)**	57,252
		8,520	379,588
Earnings per share for profit attributable to owners of the Company during the year *(in RMB cents)*			
– Basic and diluted	*9*	**0.75**	10.52

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**38,860**	49,328
Investment properties		**1,491,150**	1,410,742
Right-of-use assets		**22,689**	15,863
Intangibles		**2,083**	3,126
Financial assets at fair value through other comprehensive income		**8,650**	13,000
Pledged deposits		**5,500**	11,000
Deferred tax assets		**20,375**	21,415
		1,589,307	1,524,474
Current assets			
Properties held under development		**1,720,798**	1,658,666
Properties held for sale		**237,021**	392,406
Prepayments and other receivables		**761,625**	698,945
Tax recoverable		**1,909**	1,909
Contract cost assets		**25,099**	7,356
Pledged deposits		**54,930**	42,518
Cash and bank balances		**434,572**	291,705
		3,235,954	3,093,505
Current liabilities			
Accounts payable	*10*	**59,829**	30,546
Accruals and other payables	*10*	**211,149**	525,515
Contract liabilities	*10*	**1,724,458**	1,131,860
Lease liabilities		**5,334**	5,704
Provisions for tax		**237,766**	309,953
Bank loans	*11*	**66,900**	142,540
		2,305,436	2,146,118
Net current assets		**930,518**	947,387
Total assets less current liabilities		**2,519,825**	2,471,861

	Note	**2023**	2022
		RMB'000	*RMB'000*
Non-current liabilities			
Bank loans	*11*	**388,500**	323,450
Lease liabilities		**19,503**	10,537
Deferred tax liabilities		**131,474**	123,798
		539,477	457,785
Net assets		**1,980,348**	2,014,076
EQUITY			
Equity attributable to owners of the Company			
Share capital		**20,735**	20,735
Reserves		**1,662,099**	1,688,213
		1,682,834	1,708,948
Non-controlling interests		**297,514**	305,128
Total equity		**1,980,348**	2,014,076

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 FY2023 (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 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 FY2022 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 2022.

Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract

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**	
	2023	2022	**2023**	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**231,076**	1,725,236	**16,384**	13,597	**247,460**	1,738,833
Segment profit/(loss) from operating activities	**82,650**	634,505	**(41,159)**	(13,146)	**41,491**	621,359
Unallocated expenses*					**(8,191)**	(14,229)
Profit before income tax					**33,300**	607,130
Income tax expense					**(22,321)**	(290,759)
Profit for the year					**10,979**	316,371
Segment assets	**4,761,122**	4,565,164	**63,136**	51,847	**4,824,258**	4,617,011
Other corporate assets					**1,003**	968
Total assets					**4,825,261**	4,617,979
Segment liabilities	**2,817,562**	2,584,437	**27,287**	18,402	**2,844,849**	2,602,839
Other corporate liabilities					**64**	1,064
Total liabilities					**2,844,913**	2,603,903

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

Other segment information:

	Property Development		Others		Total	
	2023	2022	**2023**	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Amortisation of intangibles	**–**	–	**(466)**	(466)	**(466)**	(466)
Depreciation of property, plant and equipment	**(4,777)**	(1,729)	**(6,144)**	(10,934)	**(10,921)**	(12,663)
Depreciation of right-of-use assets	**–**	–	**(8,816)**	(2,570)	**(8,816)**	(2,570)
Impairment loss on property, plant and equipment	**–**	–	**(4,423)**	(4,000)	**(4,423)**	(4,000)
Impairment loss on intangibles	**–**	–	**(577)**	(1,000)	**(577)**	(1,000)
Impairment loss on properties held under development	**–**	(18,127)	**–**	–	**–**	(18,127)
Impairment loss on right-of-use assets	**–**	–	**(5,000)**	–	**(5,000)**	–
Net gain on land resumption	**–**	201,564	**–**	–	**–**	201,564
Interest income	**3,667**	3,549	**2**	45	**3,669**	3,594
Interest expenses	**–**	(4,315)	**(762)**	(374)	**(762)**	(4,689)
Loss allowance of other receivables	**(5,000)**	(49)	**(448)**	(2,083)	**(5,448)**	(2,132)
Net fair value gain on investment properties	**18,702**	17,742	**–**	–	**18,702**	17,742
Capital expenditure on property, plant and equipment	**(5,943)**	(13,233)	**(1,936)**	(16,451)	**(7,879)**	(29,684)
Addition of right-of-use assets	**–**	–	**20,642**	3,278	**20,642**	3,278

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 2023 and 2022.

5. OTHER INCOME AND OTHER GAINS AND LOSSES

	2023	2022
	RMB'000	*RMB'000*
Other income and other gains and losses		
Exchange gain, net	**471**	3,659
Government grants*	**950**	676
Impairment loss on property, plant and equipment	**(4,423)**	(4,000)
Impairment loss on right-of-use assets	**(5,000)**	–
Impairment loss on intangibles	**(577)**	(1,000)
Impairment loss on properties held under development	**–**	(18,127)
Interest income		
– from bank deposits	**3,669**	3,594
Gain on deemed disposal of a subsidiary	**13,551**	–
Net fair value gain on investment properties	**18,702**	17,742
Net gain on land resumption	**–**	201,564
Sundry income	**496**	705
	27,839	204,813

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

6. PROFIT BEFORE INCOME TAX

	2023	2022
	RMB'000	*RMB'000*
Profit before income tax is arrived at charging/(crediting):		
Auditor's remuneration	**997**	932
Cost of properties held for sale recognised as expense	**122,822**	1,205,543
Amortisation of intangibles	**466**	466
Depreciation of property, plant and equipment	**10,921**	12,663
Depreciation of right-of-use assets	**8,816**	2,570
Loss allowance on other receivables	**5,448**	2,132
Written off of property, plant and equipment	**73**	181
Short-term lease expenses	**134**	427
Outgoings in respect of investment properties that generated rental income during the year	**2,425**	318
Employee costs, including Directors' emoluments		
– Wages and salaries	**43,650**	39,943
– Retirement benefit scheme contributions – defined contribution plans	**4,019**	2,952
Less: amount capitalised in properties held under development	**(5,354)**	(5,085)
	42,315	37,810

7. INCOME TAX EXPENSE

	2023	2022
	RMB'000	*RMB'000*
Current tax – the PRC		
Current year		
– Enterprise income tax ("**EIT**")	**10,347**	199,544
– Land appreciation tax ("**LAT**")	**3,258**	93,657
	13,605	293,201
Deferred income tax	**8,716**	(2,442)
Total income tax expense	**22,321**	290,759

EIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (FY2022: 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% (FY2022: 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. 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 not to recommend the payment of a final dividend for FY2023 (FY2022: final dividend of HK1 cent per ordinary share of the Company (the "**Share**") and special dividend of HK1 cent per Share, amounting to HK$49.3million, equivalent to RMB42.2 million).

9. EARNINGS PER SHARE

	2023	2022
Profit attributable to owners of the Company for the year ended 31 March *(in RMB thousand dollars)*	**18,593**	259,119
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)*	**0.75**	10.52

The Company did not have dilutive potential Shares outstanding for FY2023 and FY2022. Accordingly, the diluted earnings per Share is the same as the basic earnings per Share for both FY2023 and FY2022.

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

	2023	2022
	RMB'000	*RMB'000*
Accounts payable	**59,829**	30,546
Accruals and other payables	**211,149**	525,515
Contract liabilities	**1,724,458**	1,131,860

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

	2023	2022
	RMB'000	*RMB'000*
Less than 3 months	**45,795**	20,786
3 to 6 months	**932**	145
More than 6 months to 1 year	**1,775**	1,524
More than 1 year	**11,327**	8,091
	59,829	30,546

11. BANK LOANS

	2023	2022
	RMB'000	*RMB'000*
Current		
Portion of bank loans due for repayment within one year or on demand	**66,900**	142,540
Non-current		
Portion of bank loans due for repayment after one year	**388,500**	323,450
Total borrowings	**455,400**	465,990

12. CAPITAL EXPENDITURE

For FY2023, there were additions to property, plant and equipment amounting to approximately RMB7,879,000 (FY2022: approximately RMB29,684,000).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL RESULTS FOR FY2023 COMPARED TO FY2022

Revenue

In FY2023, the Group recorded revenue of approximately RMB247.5 million, representing an decrease of 86% from approximately RMB1,738.8 million in FY2022.

Revenue from sales of properties held for sale in FY2023 was primarily derived from the delivery of residential units and car park spaces of Sino Harbour • Guanlan (漢港 • 觀瀾) Phase 1 in Yichun and apartment units of Sino Harbour • Wu Lin Hui (漢港 • 武林匯) in Hangzhou, the PRC.

Chemistry, Manufacturing and Control ("**CMC**") is an important section in drug development process. Revenue from CMC related services in FY2023 and FY2022 mainly included small molecule chemical drugs quality research and control, synthesis process R&D and preparation R&D services provided to pharmaceutical companies.

Dental service income in FY2023 mainly included general dentistry, orthodontics and implantology.

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers under HKFRS 15		
Sales of properties held for sale	**181,482**	1,667,208
CMC related service income	**9,400**	8,613
Dental service income	**6,984**	4,601
Consultancy service income	**–**	383
	197,866	1,680,805
Revenue from other source		
Rental income	**49,594**	58,028
	247,460	1,738,833

The following table sets out an analysis of the revenue for (i) residential properties, (ii) commercial properties and (iii) car parking spaces during FY2023:

		2023	2022	Percentage change
(i)	Residential			
	– Gross floor area ("**GFA**") sold *(in sq.m.)*	**14,648**	271,241	(95%)
	– Average selling price ("**ASP**") *(RMB per sq.m.)*	**8,162**	6,044	35%
	– Revenue *(approximately RMB'000)*	**119,554**	1,639,305	(93%)
(ii)	Commercial			
	– GFA sold *(in sq.m.)*	**855**	759	13%
	– ASP *(RMB per sq.m.)*	**10,226**	36,256	(72%)
	– Revenue *(approximately RMB'000)*	**8,745**	27,518	(68%)
(iii)	Car parking spaces			
	– Revenue *(approximately RMB'000)*	**53,183**	385	13,714%
Revenue from sales of properties held for sale *(approximately RMB'000)*		**181,482**	1,667,208	(89%)

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

Cost of Sales and Gross Profit Margin

Cost of sales decreased from approximately RMB1,236.1 million in FY2022 to approximately RMB149.9 million in FY2023. Gross profit margin increased from 28.9% in FY2022 to 39.4% in FY2023. In respect of gross profit margin from sales of properties held for sale, as a higher portion of the revenue of the Group was attributable to the rental income as compared with FY2022, which had higher gross profit margin compared with residential units of Sino Harbour • Guanlan phase 1.

Other Income and Other Gains and Losses

Other income and other gains and losses decreased from approximately RMB204.8 million in FY2022 to approximately RMB27.8 million in FY2023. The decrease was mainly attributable to the absence of a net gain of approximately RMB201.6 million from the land resumption in Leping City, Jiangxi Province, China in FY2022 and impairment loss of right-of-use assets amounted to RMB 5 million.

Selling and Distribution Expenses

Selling and distribution expenses decreased from approximately RMB36.0 million in FY2022 to approximately RMB19.0 million in FY2023. The lower selling and distribution expenses in FY2023 were mainly due to a decrease in the marketing expenses incurred for Sino Harbour • Guanlan and Sino Harbour • Wu Lin Hui.

Administrative Expenses

Administrative expenses increased to approximately RMB72.3 million in FY2023 from approximately RMB59.8 million in FY2022. The increase was mainly attributable to the increase in staff cost, depreciation and loss allowance on other receivables.

Finance Costs

The Group recorded approximately RMB0.8 million non-capitalised finance costs in FY2023, which had decreased from approximately RMB4.7 million in FY2022. The decrease was mainly attributable to the increase in capitalisation of interest expense incurred on construction of properties held under development in FY2023.

Profit before Income Tax

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB33.3 million in FY2023, compared to approximately RMB607.1 million in FY2022, representing a decrease of approximately RMB573.8 million.

Income Tax Expenses

Income tax expenses decreased to approximately RMB22.3 million in FY2023 from approximately RMB290.8 million in FY2022. The decrease was mainly attributable to the decreases in profit before income tax for FY2023.

As a result, the Group had recorded a profit after tax of approximately RMB11.0 million in FY2023, compared to approximately RMB316.4 million in FY2022.

REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2023

Property, Plant and Equipment

As at 31 March 2023, the Group had property, plant and equipment of approximately RMB38.9 million, compared to approximately RMB49.3 million as at 31 March 2022. The decrease was mainly attributable to the net effect of addition of equipment and depreciation during FY2023.

Investment Properties

As at 31 March 2023, the Group had investment properties at fair value of approximately RMB1,491.2 million, compared to approximately RMB1,410.7 million as at 31 March 2022. The increase was mainly attributable to the transfer from properties held for sale.

Intangibles

Intangible assets represented copyright and customer relationships, amounting to approximately RMB2.1 million as at 31 March 2023, compared to approximately RMB3.1 million as at 31 March 2022. The decrease was attributable to the amortisation and impairment.

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 decreased from approximately RMB13.0 million as at 31 March 2022 to approximately RMB8.7 million as at 31 March 2023 which was attributable to the fair value changes on equity interests.

Pledged Deposits

Long-term and short-term pledged deposits increased from approximately RMB53.5 million as at 31 March 2022 to approximately RMB60.4 million as at 31 March 2023. The increase was mainly due to an increase in deposits pledged for bank loans.

Properties Held under Development

As at 31 March 2023, the Group's properties held under development increased to approximately RMB1,720.8 million from approximately RMB1,658.7 million as at 31 March 2022. The increase was due to construction-in-progress of Sino Harbour • Guanlan (漢港 • 觀瀾) phase 2.

Properties Held for Sale

Properties held for sale decreased from approximately RMB392.4 million as at 31 March 2022 to approximately RMB237.0 million as at 31 March 2023, 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 RMB761.6 million as at 31 March 2023, compared to approximately RMB698.9 million as at 31 March 2022.

The increment was mainly from amount due from Leping Runze Real Estate Development Co., Ltd. ("**Leping Runze**") which ceased to be a subsidiary of the Group upon the completion of a deemed disposal.

Accounts Payable, Accruals and Other Payables and Contract Liabilities

Accounts payable increased to approximately RMB59.8 million as at 31 March 2023 from approximately RMB30.5 million as at 31 March 2022 due to an increase in amounts payable to the contractors for construction costs incurred in respect of 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 RMB211.1 million as at 31 March 2023 from approximately RMB525.5 million as at 31 March 2022, which was due to the decrease in accrued construction cost for Sino Harbour • Guanlan and the decrease of other payable due to the deemed disposal of subsidiary, Leping Runze .

Contract liabilities which comprises sales deposits and installments received from customers increased from approximately RMB1,131.9 million as at 31 March 2022 to approximately RMB1,724.5 million as at 31 March 2023. The increase was mainly due to the increase in pre-sale proceeds from the launch of Sino Harbour • Guanlan phase 2.

Deferred Tax Liabilities

Deferred tax liabilities increased from approximately RMB123.8 million as at 31 March 2022 to approximately RMB131.5 million as at 31 March 2023, 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 FY2023, the Group had recorded a net cash inflow of approximately RMB123.1 million from operating activities, mainly attributable to an increase in accruals, other payables and contract liabilities.

Net cash outflow from investing activities in FY2023 was approximately RMB32.6 million, which was mainly due to deemed disposal of a subsidiary.

Net cash outflow from financing activities in FY2023 was approximately RMB87.2 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 2023, the Group had cash and bank balances of approximately RMB434.6 million (31 March 2022: RMB291.7 million), which consisted of cash and cash equivalents of approximately RMB99.6 million (31 March 2022: RMB94.2 million) and bank balances restricted for construction work of approximately RMB335.0 million (31 March 2022: RMB197.5 million), and were mostly denominated in RMB.

Bank Loans

As at 31 March 2023, the Group had total borrowings of approximately RMB455.4 million, compared to approximately RMB466.0 million as at 31 March 2022. The Group's bank loans were denominated in RMB (31 March 2022: RMB). In FY2023, the effective annual interest rates of the bank loans were ranging from 5.5% to 7.5% (FY2022: 6.85% to 10.6% 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 2023, the Group's gearing ratio was 22.7% (31 March 2022: 22.5%). 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 23 November 2022, Leping City Fenghuang Jincheng Industry Co., Ltd. ("**Fenghuang Jincheng**") and Leping Runze, each an indirect non-wholly-owned subsidiary of the Company, entered into the capital increase agreement with Fuzhou Jinpeng Real Estate Co., Ltd. (the "**Investor**"), pursuant to which, the Investor agreed to contribute additional capital to the registered capital of Leping Runze in an amount of RMB162 million (the "**Capital Increase Agreement**"). Upon completion of the deemed disposal, the equity interest in Leping Runze would be held by Fenghuang Jincheng and the Investor as to approximately 3.57% and 96.43%, respectively. Accordingly, Leping Runze would then cease to be a subsidiary of the Company and its financial results would not be consolidated into the consolidated financial statements of the Group. As such, the capital increase will constitute a deemed disposal of the Group's equity interest in Leping Runze under Chapter 14 of the Listing Rules (the "**Deemed Disposal**").

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Deemed Disposal exceed 25%, but do not exceed 75%, the Deemed Disposal constitutes a major transaction for the Company and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, none of the Shareholders has any material interest in the Deemed Disposal as contemplated under the Capital Increase Agreement and therefore none of the Shareholders and their associates was required to abstain from voting if a general meeting were to be convened by the Company for the approval of the Deemed Disposal. As such, the Deemed Disposal may be approved by written Shareholders' approval in accordance with Rule 14.44 of the Listing Rules. The Company has obtained the written approval from a closely allied group of Shareholders, comprising Extra Good Enterprises Limited ("**Extra Good**"), Mr. Wong Lam Ping ("**Mr. WONG**"), the chairman of the Board (the "**Chairman**"), chief executive officer and general manager of the Company (the "**Chief Executive Officer**" and the "**General Manager**", respectively), and his spouse, Ms. Chan Heung Ling ("**Ms. CHAN**"), which are beneficially interested in an aggregate of 1,255,181,153 Shares, representing approximately 50.94% of the issued share capital of the Company as at 23 November 2022, to approve the Deemed Disposal. Accordingly, no general meeting of the Company would be convened for the purpose of approving the Deemed Disposal. Details of the major transaction are disclosed in the announcement of the Company dated 23 November 2022 and the circular of the Company dated 13 January 2023.

On 21 December 2022, Hangzhou Gangyu Enterprises Management Company Limited* (杭州港譽企業管理有限公司) ("**Hangzhou Gangyu**") (as the lessee), Hangzhou Ganglian Real Estate Company Limited* (杭州港聯置業有限公司) (as the guarantor), both being indirect wholly-owned subsidiaries of the Company, and Greentown Property Management Service Group Company Limited* (綠城物業服務集團有限公司) ("**Greentown**") (as the lessor) entered into the commercial space co-operation agreement (the "**Commercial Space Co-operation Agreement**") in respect of leasing the commercial space of ZJU Economic Park comprising of overground and underground shops, public area, coherent facilities and equipment, which is located at the west of Lvting Road Planned River Course, the east of Longzhou Road, the north of Yuhangtang River, south of Yongle Village Land, including 3 block areas of Yu Zheng Gong Chu2019No. 28 (Area C), Yu Zheng Gong Chu2019No. 29 (Area B) and Yu Zheng Gong Chu2019No. 16 (Area D) ("**the Property**") for a lease term of 10 years commencing from 30 June 2024 or before, subject to completion of construction work and fulfilment of handover conditions as agreed by the parties in the Commercial Space Co-operation Agreement.

Pursuant to HKFRS 16, the Company would recognise the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the Property under the Commercial Space Co-operation Agreement. Therefore, the entering into of the Commercial Space Co-operation Agreement and the transaction contemplated thereunder would be regarded as an acquisition of assets by the Group under the Listing Rules.

As one or more of the relevant applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Commercial Space Co-operation Agreement are more than 25% but less than 100%, the Commercial Space Co-operation Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting, circular and Shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has a material interest in the Commercial Space Co-operation Agreement and as such, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Commercial Space Co-operation Agreement. As such, the Commercial Space Co-operation Agreement may be approved by written Shareholders' approval in accordance with Rule 14.44 of the Listing Rules. The Company has obtained the written approval from a closely allied group of Shareholders, comprising Extra Good, Mr. WONG and Ms. CHAN, which are beneficially interested in an aggregate of 1,255,181,153 Shares, representing approximately 50.94% of the issued share capital of the Company as at 21 December 2022, to approve the Commercial Space Co-operation Agreement. Accordingly, no general meeting of the Company would be convened for the purpose of approving the Commercial Space Co-operation Agreement. Details of the major transaction are disclosed in the announcement of the Company dated 21 December 2022 and the circular of the Company dated 13 January 2023.

* *The English translation of Chinese name(s) in this announcement, where indicated, is included for information only, and should not be regarded as the official English name(s) of such Chinese name(s).*

EVENT AFTER THE END OF FY2023

There was no event after the end of FY2023.

SIGNIFICANT INVESTMENT

The Group did not hold any significant investment in FY2023 (FY2022: nil).

CONTINGENT LIABILITIES

As at 31 March 2023, the Group had no significant contingent liabilities (31 March 2022: nil).

EMPLOYEE AND REMUNERATION POLICY

There were 333 employees in the Group as at 31 March 2023 (31 March 2022: 311). 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 RMB47.7 million in FY2023 (FY2022: approximately RMB42.9 million).

COMPANY UPDATE

Property Pre-sales

The cumulative results for the pre-sale and delivery of properties under each project up to 26 June 2023 are summarised as follows:

Residential Units	Yichun Sino Harbour • Guanlan – Phase 1 (宜春漢港 • 觀瀾一期)	Yichun Sino Harbour • Guanlan – Phase 2 (宜春漢港 • 觀瀾二期)
Estimated total GFA released for sale (total units)	285,219 sq.m. (2,512 units)	223,643 sq.m. (1,920 units)
Estimated total GFA pre-sold (total units)	284,837 sq.m. (2,509 units)	207,712 sq.m. (1,785 units)
Percentage of pre-sale	99%	93%
Pre-sale GFA (units pre-sold) not handed over to buyers as at 31 March 2023^	7,065 sq.m. (63 units)	205,713 sq.m. (1,768 units)
Pre-sale value not handed over to buyers as at 31 March 2023^	RMB45.5 million	RMB1,678.4 million
ASP per sq.m.*	RMB6,440	RMB8,159
Expected completion date	Completed	CY2023Q3

*: 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 FY2023 plus new pre-sales during FY2023 less those handed over to buyers during FY2023, which was recognised as sales during FY2023.

FUTURE OUTLOOK

Act on the gradual easing of national regulatory policies and concentrate on our principal business to refuel the ability to enhance profitability

In 2021, the central government of China tightened its control over real estate and implemented strict control policies, such as "the three red lines", "each city its own policies" and "housing is for living in, not for speculation", which led to a drop in real estate sales in major cities and made potential buyers think twice before buying. In the past, the Group has been prudent in its financial management and bided its time in the face of uncertainties.

In the first half of 2022, the commercial residential sector in first- to fourth-tier cities performed evenly. Prices in first-tier cities rose by 0.4% month-on-month, signaling that the property market in first-tier cities is more resilient. Prices in second-tier cities fell by 0.1% month-on-month, which was on a par with first-tier cities. Prices in third- and fourth-tier cities fell by 2.2% month-on-month, indicating sluggish demand.

However, the pre-sale rate of the Group's real estate project "Yichun Sino Harbour•Guanlan Phase 1" (which reached up to approximately 99% in terms of pre-sales during the period) and "Yichun Sino Harbour•Guanlan Phase 2" reached approximately 93% in terms of pre-sales during the same period, showing that high-quality real estate properties are still in demand.

The real estate market began to stabilize in 2023, and according to the National Bureau of Statistics, sales of commercial properties increased by 8.4% from January to May 2023, with residential sales increasing by 11.9%. This shows that the industry has returned to a healthy trend of development. The Group believes that the introduction of policies to stimulate the property market, coupled with the market's expectation of an accelerated recovery of the property market, will further boost the purchasing momentum of the public in the future and bring positive impact to the Group's development. In November 2022, the People's Bank of China and the China Banking and Insurance Regulatory Commission jointly issued the "Notice on Providing Adequate Financial Support for the Stable and Healthy Development of the Real Estate Market" (《關於做好當前金融支持房地產市場平穩健康發展工作的通知》) (the "**16 Financial Measures**") to facilitate the stable and healthy development of the real estate market, which set out that property developers may negotiate with financial institutions to extend the repayment terms of their existing loans by one year, and each local government was encouraged to determine its own down-payment ratios and lower-bound range of mortgage interest rates for homebuyers in a reasonable manner. The new national policy has confirmed the gradual easing of regulations on the Chinese property market. The Group is of the view that this slew of measures will shore up the Chinese property market and boost investors' confidence in Chinese property stocks. In the future, the Group will actively implement appropriate sale arrangements and development strategies that are in line with these measures, coupled with consistent high-quality projects, thereby grasping opportunities for development and refueling the ability to enhance the Group's profitability.

Continue to allocate resources to expand our "Big Health" industry chain and improve our core competencies

In order to better diversify the risks of business development and ensure the sustainability of the Group, the Group has also actively invested resources in the operation of the "Big Health" business. The reporting period saw significant development of the Group's pharmaceutical "Big Health" segment. Pingxiang Ganghua Dentistry Hospital Company Limited, a subsidiary of the Company has officially commenced operation, thereby laying a solid foundation for the Group's goal of building a chain of dental hospitals. Meanwhile, the Group has laboratories with high-end facilities and first-class technical teams, which enables the Group to provide a full range of services for generic drugs and innovative drugs at the stage of drugs discovery and pharmacological research.

Enhance overall capability of commercial management to create new revenue contribution for the Group

Hangzhou Sino Harbour Commercial Management Co., Ltd. ("**SHCM**"), a wholly-owned subsidiary of the Company has been providing property operation services to the Group's self-owned commercial properties. As of mid-June 2023, the total area of the Group's self-owned commercial properties managed by SHCM was approximately 55,000 square meters. Under the environment of "dynamic zero" prevention and control measures against the COVID-19 pandemic for most of 2022, the overall occupancy rate is about 80%, which is better than the market average level where the property is located. SHCM is currently carrying out upgrade and renovation works for small part of the Group's self-owned commercial properties to be leased and will continue to source tenants after the completion of the works. The overall occupancy rate is expected to further increase by then.

In addition to the Group's self-owned commercial properties, SHCM will focus on the business of serving external property owners. In December 2022, Hangzhou Gangyu, a subsidiary of SHCM, entered into a Commercial Space Co-operation Agreement with Greentown, pursuant to which Hangzhou Gangyu will conduct a lease period of ten-year for a commercial space with a planned gross floor area of approximately 39,000 square meters named "Zhejiang University Alumni Enterprise Headquarters Economic Park Phase II" in Yuhang District, Hangzhou City (the "**Property**"). SHCM plans to sublease individual units of the Property to third-party tenants engaged in the following businesses, including but not limited to restaurants, coffee shops, banks, retail stores, convenience stores and beauty centers. SHCM has drawn up a comprehensive investment attraction and operation plan for the Property, in order to obtain long-term stable rental returns and establish its brand recognition in Zhejiang Province in the PRC. The construction works of the Property are currently in progress and delivery is expected to be in the second quarter of 2024. The signing of the Commercial Space Co-operation Agreement is an important step for SHCM to enter into the business of serving external owners or lessors.

At the same time, SHCM is also currently in negotiation with certain external property owners on the provision of property operation or property sublease services to their commercial properties located in Zhejiang, Hubei, Jiangxi and Jiangsu provinces in the PRC. Engagement agreements are expected to be entered into within this year. Moreover, SHCM has entered into a co-operation agreement with a computer software technology service provider to jointly develop an integrated intelligent asset management system covering commercial property virtualization, tenant-sourcing management, energy consumption management and other functions. This system aims to strengthen SHCM's service quality and operational management capabilities and thus differentiate SHCM from its competitors.

The future strategic positioning of SHCM will focus on developing "boutique" commercial property projects. Target projects include community commercial centers, commercial streets and various kinds of industrial parks with a scale of less than 100,000 square meters. To achieve this strategic goal, SHCM has built a team with strong business acumen in the field of retail and commercial spaces as well as extensive experience in tenant-sourcing and operation since its establishment in late 2020. In the long run, in the context of the gradual normalization of national economic activities after the COVID-19 pandemic, the demand of consumers is recovering steadily. In order to enhance the comprehensive strength and market competitiveness of SHCM, it has started to develop in-depth strategic partnerships with high-quality brand merchants with strong core competitiveness in various consumer fields, among which a co-operation agreement has been reached with a well-known Mexican catering group headquartered in Beijing.

Looking forward, the Group will continue to maintain the operating strategy under a diversified business model focusing on real estate, complemented by "Big Health" and commercial management businesses. In particular, it is expected that real estate sales will be slightly better than market forecasts. We will adhere to our philosophy of "seeking steady progress" when developing our real estate business, which will grow in triple with our prospering "Big Health" business and commercial management business.

After a round of industry adjustment, the industry is expected to develop in a healthier and more steady way in the future. The gradual relaxation of China's regulation of the real estate industry at the end of the year of 2022 will inevitably provide the Group with new opportunities to refuel its real estate business with profitability and support the Group's steady progress. While making solid strides, the Board will maintain a prudent attitude in the ever-changing operating environment, implement prudent and flexible financial policies, adhere to prudent financial management strategies, and maintain a reasonable and safe debt level to ensure the healthy and long-term development of the Group, thereby fulfilling its commitment to bring long-term investment value returns to Shareholders.

PROPOSED FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for FY2023 (FY2022: a final dividend of HK1.0 cent per Share and a special dividend of HK1.0 cent per Share).

AGM

It is proposed that the forthcoming AGM 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, 22 September 2023. 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, 19 September 2023 to Friday, 22 September 2023, 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, 22 September 2023, 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, 18 September 2023.

SCOPE OF WORK OF BDO LIMITED ("BDO")

The figures in respect of the preliminary announcement of the Group's results for FY2023 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 (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 FY2023 and the Consolidated Financial Statements.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

During FY2023, 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 FY2023 save for the deviation from code provision C.2.1 of the CG Code as follows:

Under code provision C.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, the Chairman as well as 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.

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 FY2023.

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 2022/23 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, 28 June 2023

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.