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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 2022**

#### **HIGHLIGHTS**

- During FY2022, the Group recorded revenue of approximately RMB1,738.8 million mainly attributable to the delivery of residential units of Sino Harbour • Guanlan phase 1 in Yichun, the PRC (FY2021: RMB426.9 million).
- The Group recorded a profit after tax of approximately RMB316.4 million for FY2022 (FY2021: RMB50.9 million).
- Basic earnings per Share for FY2022 was approximately RMB10.52 cents (FY2021: RMB2.34 cents).
- Cash and bank balances as at 31 March 2022 were approximately RMB291.7 million (31 March 2021: approximately RMB299.4 million).
- The Group had bank and other loans of approximately RMB466.0 million as at 31 March 2022 (31 March 2021: approximately RMB592.0 million).
- The Board has resolved to recommend the payment of the Final Dividend of HK1 cent per Share (FY2021: HK1 cent) and the Special Dividend of HK1 cent per Share (FY2021: Nil) for FY2022.

## 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 2022 (“**FY2022**”) with comparative figures for the year ended 31 March 2021 (“**FY2021**”) as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

		2022	2021
	Notes	RMB'000	RMB'000
<b>Revenue</b>	4	<b>1,738,833</b>	426,884
Cost of sales		<u>(1,236,077)</u>	<u>(257,459)</u>
<b>Gross profit</b>		<b>502,756</b>	169,425
Other income and other gains and losses	5	<b>204,813</b>	21,893
Selling and distribution expenses		<b>(35,970)</b>	(17,423)
Administrative expenses		<u><b>(59,780)</b></u>	<u>(52,535)</u>
<b>Operating profit</b>		<b>611,819</b>	121,360
Finance costs		<u><b>(4,689)</b></u>	<u>(4,008)</u>
<b>Profit before income tax</b>	6	<b>607,130</b>	117,352
Income tax expense	7	<u><b>(290,759)</b></u>	<u>(66,468)</u>
<b>Profit for the year</b>		<b>316,371</b>	50,884
<b>Other comprehensive income (net of tax)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Changes in fair value of equity instruments at fair value through other comprehensive income		<b>2,703</b>	2,632
Revaluation surplus upon transfer from property, plant and equipment to investment properties		<b>58,500</b>	–
<b>Item that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translation of financial statements of foreign operations		<u><b>2,014</b></u>	<u>691</u>
<b>Other comprehensive income for the year</b>		<u><b>63,217</b></u>	<u>3,323</u>
<b>Total comprehensive income for the year</b>		<u><b>379,588</b></u>	<u>54,207</u>

	<i>Note</i>	<b>2022</b> <b><i>RMB'000</i></b>	2021 <i>RMB'000</i>
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the Company		<b>259,119</b>	57,544
Non-controlling interests		<u><b>57,252</b></u>	<u>(6,660)</u>
		<u><b>316,371</b></u>	<u>50,884</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b>322,336</b>	60,867
Non-controlling interests		<u><b>57,252</b></u>	<u>(6,660)</u>
		<u><b>379,588</b></u>	<u>54,207</u>
<b>Earnings per share for profit attributable to owners of the Company during the year</b> <b><i>(in RMB cents)</i></b>			
– Basic and diluted	9	<u><b>10.52</b></u>	<u>2.34</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2022**

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>49,328</b>	79,281
Investment properties		<b>1,410,742</b>	1,127,324
Right-of-use assets		<b>15,863</b>	15,155
Intangibles		<b>3,126</b>	4,592
Interest in a joint venture		–	–
Financial assets at fair value through other comprehensive income		<b>13,000</b>	10,297
Pledged deposits		<b>11,000</b>	5,500
Deferred tax assets		<b>21,415</b>	11,538
		<b>1,524,474</b>	1,253,687
<b>Current assets</b>			
Properties held under development		<b>1,658,666</b>	1,903,272
Properties held for sale		<b>392,406</b>	542,785
Prepayments and other receivables		<b>698,945</b>	1,081,562
Tax recoverable		<b>1,909</b>	44,297
Contract cost assets		<b>7,356</b>	10,509
Pledged deposits		<b>42,518</b>	34,574
Cash and bank balances		<b>291,705</b>	299,378
		<b>3,093,505</b>	3,916,377
<b>Current liabilities</b>			
Accounts payable	10	<b>30,546</b>	33,182
Accruals and other payables	10	<b>525,515</b>	667,014
Contract liabilities	10	<b>1,131,860</b>	2,000,323
Lease liabilities		<b>5,704</b>	2,465
Provisions for tax		<b>309,953</b>	108,954
Bank and other loans	11	<b>142,540</b>	240,690
		<b>2,146,118</b>	3,052,628
<b>Net current assets</b>		<b>947,387</b>	863,749
<b>Total assets less current liabilities</b>		<b>2,471,861</b>	2,117,436

	<i>Note</i>	<b>2022</b> <b><i>RMB'000</i></b>	2021 <i>RMB'000</i>
<b>Non-current liabilities</b>			
Bank loans	<i>11</i>	<b>323,450</b>	351,350
Lease liabilities		<b>10,537</b>	12,808
Deferred tax liabilities		<b>123,798</b>	96,863
		<b>457,785</b>	461,021
<b>Net assets</b>		<b>2,014,076</b>	1,656,415
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>20,735</b>	20,735
Reserves		<b>1,688,213</b>	1,386,795
		<b>1,708,948</b>	1,407,530
<b>Non-controlling interests</b>		<b>305,128</b>	248,885
<b>Total equity</b>		<b>2,014,076</b>	1,656,415

# 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 FY2022 (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 FY2021 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 2021.

Amendments to HKFRS 9, HKAS 39, Interest Rate Benchmark Reform – Phase 2  
HKFRS 7, HKFRS 4 and HKFRS 16

Amendments to HKFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021

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	
	2022	2021	2022	2021	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from external customers	<u>1,725,236</u>	<u>420,003</u>	<u>13,597</u>	<u>6,881</u>	<u>1,738,833</u>	<u>426,884</u>
Segment profit/(loss) from operating activities	<u>634,505</u>	<u>149,923</u>	<u>(13,146)</u>	<u>(9,329)</u>	<u>621,359</u>	<u>140,594</u>
Unallocated expenses*					<u>(14,229)</u>	<u>(23,242)</u>
Profit before income tax					607,130	117,352
Income tax expense					<u>(290,759)</u>	<u>(66,468)</u>
Profit for the year					<u>316,371</u>	<u>50,884</u>
Segment assets	4,565,164	5,088,586	51,847	73,516	4,617,011	5,162,102
Other corporate assets					<u>968</u>	<u>7,962</u>
Total assets					<u>4,617,979</u>	<u>5,170,064</u>
Segment liabilities	2,584,437	3,492,017	18,402	21,568	2,602,839	3,513,585
Other corporate liabilities					<u>1,064</u>	<u>64</u>
Total liabilities					<u>2,603,903</u>	<u>3,513,649</u>

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

Other segment information:

	Property Development		Others		Total	
	2022	2021	2022	2021	2022	2021
	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	(1,729)	(3,745)	(10,934)	(3,224)	(12,663)	(6,969)
Depreciation of right-of-use assets	-	-	(2,570)	(1,341)	(2,570)	(1,341)
Impairment loss on property, plant and equipment	-	-	4,000	-	4,000	-
Impairment loss on intangibles	-	-	1,000	-	1,000	-
Impairment loss on properties held under development	18,127	-	-	-	18,127	-
Net gain on land resumption	201,564	-	-	-	201,564	-
Interest income	3,549	5,471	45	1,988	3,594	7,459
Interest expenses	(4,315)	(2,934)	(374)	(1,074)	(4,689)	(4,008)
Loss allowance of other receivables	(49)	(1,951)	(2,083)	(57)	(2,132)	(2,008)
Net fair value gain on investment properties	17,742	23,610	-	-	17,742	23,610
Capital expenditure on property, plant and equipment	(13,233)	(9,249)	(16,451)	(10,190)	(29,684)	(19,439)
Addition of right-of-use assets	-	-	3,278	16,496	3,278	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 2022 and 2021.



## 5. OTHER INCOME AND OTHER GAINS AND LOSSES

	2022 RMB'000	2021 RMB'000
<b>Other income and other gains and losses</b>		
Exchange gain/(loss), net	3,659	(7,119)
Government grants*	676	62
Gain on disposal of property, plant and equipment	–	23
Impairment loss on property, plant and equipment	(4,000)	–
Impairment loss on intangibles	(1,000)	–
Impairment loss on properties held under development	(18,127)	–
Interest income		
– from bank deposits	3,594	7,459
Loss on deregistration of subsidiaries	–	(3,008)
Net fair value gain on investment properties	17,742	23,610
Net gain on land resumption	201,564	–
Sundry income	705	866
	<b>204,813</b>	<b>21,893</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

	2022 RMB'000	2021 RMB'000
<b>Profit before income tax is arrived at charging/(crediting):</b>		
Auditor's remuneration	932	909
Cost of properties held for sale recognised as expense	1,205,543	245,387
Amortisation of intangibles	466	466
Depreciation of property, plant and equipment	12,663	6,969
Depreciation of right-of-use assets	2,570	1,341
Loss allowance on other receivables	2,132	2,008
Written off of property, plant and equipment	181	–
Short-term lease expenses	427	949
Outgoings in respect of investment properties that generated rental income during the year	318	425
Employee costs, including Directors' emoluments		
– Wages and salaries	39,943	34,345
– Retirement benefit scheme contributions – defined contribution plans	2,952	2,880
Less: amount capitalised in properties held under development	(5,085)	(4,935)
	<b>37,810</b>	<b>32,290</b>

## 7. INCOME TAX EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Current tax – the PRC</b>		
Current year		
– Enterprise income tax (“EIT”)	199,544	24,509
– Land appreciation tax (“LAT”)	<u>93,657</u>	<u>35,246</u>
	<b>293,201</b>	59,755
<b>Deferred income tax</b>	<u>(2,442)</u>	<u>6,713</u>
<b>Total income tax expense</b>	<u><b>290,759</b></u>	<u><b>66,468</b></u>

EIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (FY2021: 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% (FY2021: 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 (FY2021: 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) (FY2021: HK1 cent per Share) and a special dividend of HK1 per Share (the “**Special Dividend**”) (FY2021: Nil), amounting to HK\$49.3 million (FY2021: HK\$24.6 million) (equivalent to approximately RMB39.9 million (FY2021: RMB20.3 million)) for FY2022 and the payment of the proposed Final Dividend and the proposed Special 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, 30 September 2022.

## 9. EARNINGS PER SHARE

	2022	2021
<b>Profit attributable to owners of the Company for the year ended 31 March</b> <i>(in RMB thousand dollars)</i>	<u>259,119</u>	<u>57,544</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>10.52</u>	<u>2.34</u>

The Company did not have dilutive potential Shares outstanding for FY2022 and FY2021. Accordingly, the diluted earnings per Share is the same as the basic earnings per Share for both FY2022 and FY2021.

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Accounts payable</b>	<u>30,546</u>	<u>33,182</u>
<b>Accruals and other payables</b>	<u>525,515</u>	<u>667,014</u>
<b>Contract liabilities</b>	<u>1,131,860</u>	<u>2,000,323</u>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Less than 3 months	20,786	15,082
3 to 6 months	145	59
More than 6 months to 1 year	1,524	250
More than 1 year	<u>8,091</u>	<u>17,791</u>
	<u>30,546</u>	<u>33,182</u>

## 11. BANK AND OTHER LOANS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Current</b>		
Portion of bank and other loans due for repayment within one year or on demand	142,540	240,690
<b>Non-current</b>		
Portion of bank loans due for repayment after one year	<u>323,450</u>	<u>351,350</u>
<b>Total borrowings</b>	<u><u>465,990</u></u>	<u><u>592,040</u></u>

## 12. CAPITAL EXPENDITURE

For FY2022, there were additions to property, plant and equipment amounting to approximately RMB29,684,000 (FY2021: approximately RMB19,439,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF FINANCIAL RESULTS FOR FY2022 COMPARED TO FY2021

#### Revenue

In FY2022, the Group recorded revenue of approximately RMB1,738.8 million, representing an increase of 307% from approximately RMB426.9 million in FY2021.

Revenue from sales of properties held for sale in FY2022 was primarily derived from the delivery of residential units of Sino Harbour • Guanlan (漢港 • 觀瀾) Phase 1 in Yichun, the PRC. In FY2021, revenue was mainly attributable to 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.

Chemistry, Manufacturing and Control (“CMC”) is an important section in drug development process. Revenue from CMC related services in FY2022 and FY2021 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 FY2022 mainly included general dentistry, orthodontics and implantology.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Revenue from contracts with customers under HKFRS 15</b>		
Sales of properties held for sale	1,667,208	385,059
CMC related service income	8,613	5,730
Dental service income	4,601	–
Consultancy service income	383	1,151
	<b>1,680,805</b>	391,940
<b>Revenue from other source</b>		
Rental income	58,028	34,944
	<b>1,738,833</b>	426,884

The following table sets out an analysis of the revenue for (i) residential properties, (ii) commercial properties and (iii) car parking spaces during FY2022:

	2022	2021	Percentage change
(i) Residential			
– Gross floor area (“GFA”) sold ( <i>in sq.m.</i> )	271,241	13,944	1,845.2%
– Average selling price (“ASP”) ( <i>RMB per sq.m.</i> )	6,044	26,135	(76.9)%
– Revenue ( <i>approximately RMB’000</i> )	1,639,305	364,425	349.8%
(ii) Commercial			
– GFA sold ( <i>in sq.m.</i> )	759	733	3.5%
– ASP ( <i>RMB per sq.m.</i> )	36,256	27,464	32.0%
– Revenue ( <i>approximately RMB’000</i> )	27,518	20,131	36.7%
(iii) Car parking spaces			
– Revenue ( <i>approximately RMB’000</i> )	385	503	(23.5)%
Revenue from sales of properties held for sale ( <i>approximately RMB’000</i> )	<u>1,667,208</u>	<u>385,059</u>	333.0%

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

### Cost of Sales and Gross Profit Margin

Cost of sales increased from approximately RMB257.5 million in FY2021 to approximately RMB1,236.1 million in FY2022. Gross profit margin decreased from 39.7% in FY2021 to 28.9% in FY2022. 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 delivery of residential units of Sino Harbour • Guanlan phase 1 in FY2022 as compared with FY2021, which had lower gross profit margin compared with residential units of Sino Harbour • Wu Lin Hui.

### Other Income and Other Gains and Losses

Other income and other gains and losses increased from approximately RMB21.9 million in FY2021 to approximately RMB204.8 million in FY2022. The increase was mainly attributable to a net gain of approximately RMB201.6 million from the land resumption in Leping City, Jiangxi Province, China and an exchange gain amounted to RMB3.7 million compared to exchange loss of RMB7.1 million in FY2021.

## **Selling and Distribution Expenses**

Selling and distribution expenses increased from approximately RMB17.4 million in FY2021 to approximately RMB36.0 million in FY2022. The higher selling and distribution expenses in FY2022 were mainly due to an increase in the marketing expenses incurred for Sino Harbour • Guanlan and Sino Harbour • Wu Lin Hui.

## **Administrative Expenses**

Administrative expenses increased to approximately RMB59.8 million in FY2022 from approximately RMB52.5 million in FY2021. The increase was mainly attributable to the increase in staff cost and depreciation.

## **Finance Costs**

The Group recorded approximately RMB4.7 million non-capitalised finance costs in FY2022, which had increased from approximately RMB4.0 million in FY2021. The increase was mainly attributable to the decreases of the average bank and other loans balances in FY2022 and decrease of capitalisation of finance cost in properties held under development compared to those in FY2021.

## **Profit before Income Tax**

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB607.1 million in FY2022, compared to approximately RMB117.4 million in FY2021, representing an increase of approximately RMB489.8 million.

## **Income Tax Expenses**

Income tax expenses increased to approximately RMB290.8 million in FY2022 from approximately RMB66.5 million in FY2021. The increase was mainly attributable to the increases in profit before income tax for FY2022.

As a result, the Group had recorded a profit after tax of approximately RMB316.4 million in FY2022, compared to approximately RMB50.9 million in FY2021.

## **REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2022**

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

As at 31 March 2022, the Group had property, plant and equipment of approximately RMB49.3 million, compared to approximately RMB79.3 million as at 31 March 2021. The decrease was mainly attributable to the net effect of addition of equipment and the transfer to investment properties during FY2022.

## **Investment Properties**

As at 31 March 2022, the Group had investment properties at fair value of approximately RMB1,410.7 million, compared to approximately RMB1,127.3 million as at 31 March 2021. The increase was mainly attributable to the transfer from properties held for sale and property, plant and equipment.

## **Intangibles**

Intangible assets represented copyright and customer relationships, amounting to approximately RMB3.1 million as at 31 March 2022, compared to approximately RMB4.6 million as at 31 March 2021. 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 increased from approximately RMB10.3 million as at 31 March 2021 to approximately RMB13.0 million as at 31 March 2022 which was attributable to the fair value changes on equity interests.

## **Pledged Deposits**

Long-term and short-term pledged deposits increased from approximately RMB40.1 million as at 31 March 2021 to approximately RMB53.5 million as at 31 March 2022. The increase was mainly due to an increase in deposits pledged for bank loans.

## **Properties Held under Development**

As at 31 March 2022, the Group's properties held under development decreased to approximately RMB1,658.7 million from approximately RMB1,903.3 million as at 31 March 2021. The decrease was due to the net effect of the completion of construction and construction-in-progress of Sino Harbour • Guanlan (漢港 • 觀瀾) phase 1 and phase 2 respectively.

## **Properties Held for Sale**

Properties held for sale decreased from approximately RMB542.8 million as at 31 March 2021 to approximately RMB392.4 million as at 31 March 2022, which was mainly due to net effect of completed property units of Sino Harbour • Guanlan phase 1 and 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 RMB698.9 million as at 31 March 2022, compared to approximately RMB1,081.6 million as at 31 March 2021.

Prepayments and other receivables decreased, which was mainly due to the transfer of the deposit paid for land-use rights of three out of four land parcels located in Leping City, Jiangxi Province, the PRC to properties held under development.

## **Tax Recoverable**

Tax recoverable decreased to approximately RMB1.9 million as at 31 March 2022 from approximately RMB44.3 million as at 31 March 2021, which was mainly attributable to an decrease in prepayments of income tax during FY2022.

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

Accounts payable decreased to approximately RMB30.5 million as at 31 March 2022 from approximately RMB33.2 million as at 31 March 2021 due to a decrease 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 RMB525.5 million as at 31 March 2022 from approximately RMB667.0 million as at 31 March 2021, which was due to the net effect of an increase in accrued construction cost for Sino Harbour • Guanlan and the decrease of other payable due to recognition of other income from land resumption consideration of approximately RMB222.8 million from Leping City Natural Resources and Planning Bureau (the “**Local Authority**”) in FY2021.

Contract liabilities which comprises sales deposits and installments received from customers decreased from approximately RMB2,000.3 million as at 31 March 2021 to approximately RMB1,131.9 million as at 31 March 2022. The decrease was mainly due to the net effect of a decrease due to the recognition of sales of properties and an increase in pre-sale proceeds from the launch of Sino Harbour • Guanlan phase 2.

## **Deferred Tax Liabilities**

Deferred tax liabilities increased from approximately RMB96.9 million as at 31 March 2021 to approximately RMB123.8 million as at 31 March 2022, 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 FY2022, the Group had recorded a net cash inflow of approximately RMB212.3 million from operating activities, mainly attributable to a decrease in properties held under development, properties held for sale and prepayments and other receivables.

Net cash outflow from investing activities in FY2022 was approximately RMB43.1 million, which was mainly due to purchase of property, plant and equipment and an increase in pledged deposit.

Net cash outflow from financing activities in FY2022 was approximately RMB169.2 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 2022, the Group had cash and bank balances of approximately RMB291.7 million (31 March 2021: RMB299.4 million), which consisted of cash and cash equivalents of approximately RMB94.2 million (31 March 2021: RMB92.2 million) and bank balances restricted for construction work of approximately RMB197.5 million (31 March 2021: RMB207.2 million), and were mostly denominated in RMB.

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

As at 31 March 2022, the Group had total borrowings of approximately RMB466.0 million, compared to approximately RMB592.0 million as at 31 March 2021. The Group's bank and other loans were denominated in RMB (31 March 2021: RMB). In FY2022, the effective annual interest rates of the bank and other loans were ranging from 6.85% to 10.6% (FY2021: 7.5% to 10.6% 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 2022, the Group's gearing ratio was 22.5% (31 March 2021: 35.4%). 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 (the “**Land Resumption Agreement**”) with 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**”). On 21 May 2021, the approval, confirmation and ratification of the Land Resumption Agreement were duly passed as an ordinary resolution of the Company by the Shareholders in a special general meeting of the Shareholders, details of which are disclosed in the announcements of the Company dated 26 March and 21 May 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.

On 16 July 2021, finance lease agreements were entered into between Zhejiang IPS Pharmaceutical Technology Company Limited (“**Zhejiang IPS**”), a subsidiary of the Company, as lessee, and Jiangsu Financial Leasing Co., Ltd., as lessor, to purchase certain equipment from Hangzhou Ruiteshi Technology Co., Ltd. for a consideration of RMB25,600,000, and leased the equipment to Zhejiang IPS for a term of five years (the “**Finance Lease Arrangements**”), details of which are disclosed in the announcement of the Company dated 16 July 2021.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Finance Lease Arrangements exceed 5% but less than 25%, the transactions contemplated under the Finance Lease Arrangements constitute discloseable transactions of the Company and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

#### **EVENT AFTER THE END OF FY2022**

There was no event after the end of FY2022.

#### **SIGNIFICANT INVESTMENT**

The Group did not hold any significant investment in FY2022 (FY2021: nil).

#### **CONTINGENT LIABILITIES**

As at 31 March 2022, the Group had no significant contingent liabilities (31 March 2021: nil).

#### **EMPLOYEE AND REMUNERATION POLICY**

There were 311 employees in the Group as at 31 March 2022 (31 March 2021: 240). 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 RMB42.9 million in FY2022 (FY2021: approximately RMB37.2 million).

## COMPANY UPDATE

### Property Pre-sales

The cumulative results for the pre-sale and delivery of properties under each project up to 27 June 2022 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)	192,163 sq.m. (1,653 units)
Estimated total GFA pre-sold (total units)	284,837 sq.m. (2,509 units)	127,874 sq.m. (1,102 units)
Percentage of pre-sale	99%	67%
Pre-sale GFA (units pre-sold) not handed over to buyers as at 31 March 2022^	16,954 sq.m. (152 units)	102,558 sq.m. (880 units)
Pre-sale value not handed over to buyers as at 31 March 2022^	RMB109.5 million	RMB860.4 million
ASP per sq.m.*	RMB6,459	RMB8,389
Expected completion date	Completed	CY2023Q1

\*: 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 FY2022 plus new pre-sales during FY2022 less those handed over to buyers during FY2022, which was recognised as sales during FY2022.

## FUTURE OUTLOOK

In 2021, the central government 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”. As a result, the Group had to be more prudent in its financial management and bided its time in the face of uncertainties. Since the beginning of 2022, the real estate market has begun to stabilize. It is expected to recover at a faster pace in the second half of 2022, thereby boosting investor sentiment significantly. Real estate transactions in third- and fourth-tier cities are expected to remain on the same level year-on-year, assuming that these cities will not be hit by a new wave of pandemic.

In 2021, the Chinese real estate market was affected by the tightening of policies, which led to a drop in real estate sales in major cities and made potential buyers think twice before buying. 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, signalling 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” (which ranked as number one in terms of sales in Yichun in 2021) reached approximately 67%, showing that high-quality real estate properties are still in demand. The Group expects that the domestic real estate market will rebound in the second half of 2022. As the relevant policies have begun to show signs of relaxation, real estate will continue to be a good hedge, which leads us to believe that the recovery of the property market in third- and fourth-tier cities will catch up with that in first- and second-tier cities.

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. For its pharmaceutical research and development as well as services, the Group attaches great importance to the upgrading of its hardware and software. Zhejiang IPS has completed the relocation of its entire laboratory to Hangzhou Pharmaceutical Port Town. With a research site measuring nearly 3,500 square meters and outfitted with state-of-the-art equipment, Zhejiang IPS has attracted a lot of talent and set up a first-class research team. Meanwhile, in terms of qualification certification, Zhejiang IPS has passed the laboratory onsite change review and regular supervision and inspection of the China National Accreditation Service for Conformity Assessment, as well as the application review for the change of its China Metrology Accreditation testing and inspection institution qualification certificate, which demonstrate the high standard of operation maintained by the laboratory of Zhejiang IPS.

Zhejiang IPS now possesses full-service capabilities for generic drugs and innovative drugs in the drug discovery and pharmaceutical research stages. As to the industrialization planning of pharmaceutical products, the management has comprehensively considered the changing trends of the domestic pharmaceutical industry under the influence of centralized procurement of drugs policies. Capitalizing on the technical accumulation of Zhejiang IPS over the years, the Group has formulated the development strategy of becoming a “specialized active ingredients + preparation + innovative drugs” contract research, development and manufacturing organization (“**CRDMO**”). The Group has already selected a segment with a global market amounting to RMB40 billion. It has also carried out the research and development of a number of high-threshold varieties of active ingredients and preparations, seeking to build a leading pharmaceutical company with core competencies in that segment.

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 2022, the total area of the Group’s self-owned commercial properties managed by SHCM was approximately 55,000 square meters. SHCM is currently carrying out upgrade and renovation works for part of the Group’s self-owned commercial properties to be leased and will continue to source tenants after the completion of the works.

In addition to the Group’s self-owned commercial properties, SHCM will focus on the business of serving external property owners in the future. SHCM is 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, Jiangxi and Jiangsu provinces in the PRC. Engagement agreements are expected to be entered into within 2022. Moreover, SHCM has entered into a cooperation 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, as the pandemic continues to affect the norms of consumer behaviors and needs, SHCM will develop in-depth strategic partnerships with brands that are highly compatible with new consumer trends, thus improving its overall strength and market competitiveness.



The Group remains focused on real estate, with its sales performance slightly better than the market forecast. We will adhere to our philosophy of “seeking steady progress” when developing our real estate business, which will grow in tandem with our prospering “big health” business. With the easing of real estate policies in 2022, we will seize new opportunities, take solid steps and forge ahead. The Board will implement prudent and flexible financial policies to bring long-term returns to our Shareholders, while remaining cautious in a rapidly changing environment.

## **PROPOSED FINAL DIVIDEND AND SPECIAL DIVIDEND**

The Board has resolved to recommend the payment of the Final Dividend of HK1 cent per Share (FY2021: HK1 cent per Share) (equivalent to 0.177 in Singapore Dollars (“**SGD**”) cent per Share at the exchange rate of HK\$1:SGD0.177) and the Special Dividend of HK1 cent per Share (equivalent to SGD0.177 cent per Share) (FY2021:Nil) for FY2022.

Subject to Shareholders’ approval at the AGM to be held on Friday, 30 September 2022, the proposed Final Dividend and Special Dividend will be paid on Friday, 23 December 2022 to Shareholders whose names will appear on the register of members of the Company (the “**Register of Members**”) on Wednesday, 12 October 2022.

If the proposed Final Dividend and Special Dividend are approved by the Shareholders at the forthcoming AGM, they 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 Tuesday, 28 June 2022 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 Monday, 17 October 2022 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 Monday, 31 October 2022. **If no dividend election is made by a Shareholder, such Shareholder will receive the Final Dividend and Special Dividend in HK\$.**

## **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, 30 September 2022. 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, 27 September 2022 to Friday, 30 September 2022, 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, 30 September 2022, 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, 26 September 2022.

For determining the Shareholders' entitlement to the proposed Final Dividend and Special Dividend, the Register of Members will be closed from Friday, 7 October 2022 to Wednesday, 12 October 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed Final Dividend and Special 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 Thursday, 6 October 2022.

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

The figures in respect of the preliminary announcement of the Group's results for FY2022 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 FY2022 and the Consolidated Financial Statements.

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

During FY2022, 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 FY2022 save for the deviation from code provision A.2.1 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.

## **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 FY2022.

## **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 2021/22 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 2022

*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.*