

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**SINO HARBOUR HOLDINGS GROUP LIMITED**

**漢港控股集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1663)**

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

**HIGHLIGHTS**

- The Group achieved revenue of approximately RMB506.5 million in the First Half of FY2017, mainly attributable to the delivery of residential units of Nanchang Sino Harbour Kaixuan City Zone 3 as well as Fuzhou Hua Cui Ting Yuan Phase 3.
- Gross profit margin in the First Half of FY2017 was approximately 21.2% and net profit margin was approximately 14.6%.
- Profit and total comprehensive income in the First Half of FY2017 attributable to the owners of the Company amounted to approximately RMB47.2 million and RMB47.3 million, respectively.
- Earnings per share for profit attributable to the owners of the Company in the First Half of FY2017 amounted to approximately RMB1.92 cents.
- Cash and bank balances as at 30 September 2016 were approximately RMB129.6 million. Pledged and structured bank deposits as at 30 September 2016 were approximately RMB330.4 million.
- Bank and other loans as at 30 September 2016 were approximately RMB803.4 million.

The board (the “**Board**”) of directors (the “**Directors**”) of Sino Harbour Holdings Group Limited (the “**Company**”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2016 together with the relevant comparative figures as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 September 2016 <i>RMB'000</i> (Unaudited)	Six months ended 30 September 2015 <i>RMB'000</i> (Unaudited)
	<i>Notes</i>		
<b>Revenue</b>	4	<b>506,457</b>	382,062
Cost of sales		<b>(399,279)</b>	(324,598)
<b>Gross profit</b>		<b>107,178</b>	57,464
Other income	4	<b>12,194</b>	13,998
Selling and distribution expenses		<b>(6,696)</b>	(9,259)
Administrative expenses		<b>(18,940)</b>	(16,355)
<b>Profit before income tax</b>	5	<b>93,736</b>	45,848
Income tax expense	6	<b>(19,767)</b>	(9,055)
<b>Profit for the period</b>		<b>73,969</b>	36,793
<b>Other comprehensive income (net of tax)</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		<b>92</b>	(6,080)
<b>Other comprehensive income for the period</b>		<b>92</b>	(6,080)
<b>Total comprehensive income for the period</b>		<b>74,061</b>	30,713
<b>Profit/(loss) for the period attributable to:</b>			
— Owners of the Company		<b>47,209</b>	38,469
— Non-controlling interests		<b>26,760</b>	(1,676)
		<b>73,969</b>	36,793
<b>Total comprehensive income attributable to:</b>			
— Owners of the Company		<b>47,301</b>	32,389
— Non-controlling interests		<b>26,760</b>	(1,676)
		<b>74,061</b>	30,713
<b>Earnings per share for profit attributable to the owners of the Company during the period (in RMB cents)</b>			(Restated)
— Basic and diluted	8	<b>1.92</b>	1.58

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2016 <i>RMB'000</i> (Unaudited)	31 March 2016 <i>RMB'000</i> (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		57,946	58,696
Investment properties		491,934	491,934
Interests in joint ventures		185,264	185,264
Interest in an associate		6,087	6,087
Financial assets at fair value through profit or loss		4,778	4,778
Other financial assets		5,250	—
Pledged deposits		150,000	150,000
Deferred tax assets		15,012	15,012
		916,271	911,771
<b>Current assets</b>			
Properties held under development		1,338,396	1,312,497
Properties held for sale		437,770	729,576
Accounts receivable	9	1,775	2,657
Prepayments and other receivables		113,125	134,890
Tax recoverable		29,170	24,329
Pledged deposits		180,405	160,960
Cash and bank balances		129,643	119,526
		2,230,284	2,484,435
<b>Current liabilities</b>			
Accounts payable	10	109,190	48,809
Accruals, receipts in advance and other payables	10	447,215	813,281
Provision for tax		116,547	122,769
Bank and other loans	11	174,900	366,692
		847,852	1,351,551
<b>Net current assets</b>		1,382,432	1,132,884
<b>Total assets less current liabilities</b>		2,298,703	2,044,655
<b>Non-current liabilities</b>			
Bank and other loans	11	628,496	448,509
Deferred tax liabilities		72,400	72,400
		700,896	520,909
<b>Net assets</b>		1,597,807	1,523,746
<b>EQUITY</b>			
<b>Equity attributable to the Company's owners</b>			
Share capital	12	20,735	10,193
Reserves		1,344,562	1,307,803
		1,365,297	1,317,996
<b>Non-controlling interests</b>		232,510	205,750
<b>Total equity</b>		1,597,807	1,523,746

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited								
	Equity attributable to the owners of the Company							Non- controlling interest	Total equity
	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Exchange reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>	<i>RMB'000</i>		
At 1 April 2016 (Audited)	10,193	575,754	70,386	1,636	660,027	1,317,996	205,750	1,523,746	
Profit for the period	—	—	—	—	47,209	47,209	26,760	73,969	
<b>Other comprehensive income</b>									
Exchange differences on translation of financial statements of foreign operation	—	—	—	92	—	92	—	92	
<b>Total comprehensive income for the period</b>	—	—	—	92	47,209	47,301	26,760	74,061	
Bonus issue	10,542	(10,542)	—	—	—	—	—	—	
<b>At 30 September 2016 (Unaudited)</b>	<u>20,735</u>	<u>565,212</u>	<u>70,386</u>	<u>1,728</u>	<u>707,236</u>	<u>1,365,297</u>	<u>232,510</u>	<u>1,597,807</u>	
	Unaudited								
	Equity attributable to the owners of the Company								
	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Exchange reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>	Non- controlling interest <i>RMB'000</i>	Total equity <i>RMB'000</i>	
At 1 April 2015 (Audited)	9,931	537,994	66,439	6,966	569,008	1,190,338	207,611	1,397,949	
Profit/(loss) for the period	—	—	—	—	38,469	38,469	(1,676)	36,793	
<b>Other comprehensive income</b>									
Exchange differences on translation of financial statements of foreign operation	—	—	—	(6,080)	—	(6,080)	—	(6,080)	
<b>Total comprehensive income for the period</b>	—	—	—	(6,080)	38,469	32,389	(1,676)	30,713	
<b>At 30 September 2015 (Unaudited)</b>	<u>9,931</u>	<u>537,994</u>	<u>66,439</u>	<u>886</u>	<u>607,477</u>	<u>1,222,727</u>	<u>205,935</u>	<u>1,428,662</u>	

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Six months ended 30 September 2016 RMB'000 (Unaudited)</b>	Six months ended 30 September 2015 RMB'000 (Unaudited)
Net cash generated from operating activities	68,432	61,239
Net cash (used in)/generated from investing activities	(25,160)	31,070
Net cash used in financing activities	(33,243)	(145,059)
Net increase/(decrease) in cash and cash equivalents	10,029	(52,750)
Effect of foreign exchange rates, net	88	289
Cash and cash equivalents at beginning of period	119,526	183,660
<b>Cash and cash equivalents at end of period</b>	<b>129,643</b>	<b>131,199</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The Company was incorporated in Bermuda on 5 January 2011 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company is located at Room 1215, Tower B, Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Hunghom, Kowloon, Hong Kong.

The Group is principally engaged in property development in the People's Republic of China (the "PRC").

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited results have been prepared in accordance with accounting principles generally accepted in Hong Kong, Hong Kong Accounting Standards ("HKASs") and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). They have been prepared under the historical cost basis except for investment properties and financial assets at fair value through profit or loss which are stated at fair value. The unaudited results do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended 31 March 2016 (the "Year 2016").

The accounting policies and method of computation used in preparing the unaudited results are consistent with those used in the audited financial statements for the Year 2016 except for the following new or revised standards, amendments and interpretations (the "new or revised HKFRSs") issued by the HKICPA effective for annual periods beginning on or after 1 April 2016:

*Annual Improvements 2012-2014 Cycle*

*Amendments to HKAS 1*

*Disclosure Initiative*

*Amendments to HKAS 16 and 38*

*Clarification of Acceptable Methods of Depreciation and Amortisation*

*Amendments to HKAS 27*

*Equity Method in Separate Financial Statements*

The adoption of the new or revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

### 3. SEGMENT REPORTING

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

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

#### 4. REVENUE AND OTHER INCOME

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

	<b>Six months ended 30 September 2016 RMB'000 (Unaudited)</b>	Six months ended 30 September 2015 RMB'000 (Unaudited)
<b>Revenue</b>		
Sale of properties held for sale	<u>506,457</u>	<u>382,062</u>
<b>Other income</b>		
Interest income	2,052	5,357
Government grant	401	—
Rental income	9,418	8,620
Others	<u>323</u>	<u>21</u>
	<u>12,194</u>	<u>13,998</u>

#### 5. PROFIT BEFORE INCOME TAX

	<b>Six months ended 30 September 2016 RMB'000 (Unaudited)</b>	Six months ended 30 September 2015 RMB'000 (Unaudited)
Profit before income tax is arrived at after charging/(crediting):		
Finance costs		
— Interest on bank and other loans wholly repayable within five years	21,438	33,257
Less: amount capitalised in properties held under development	<u>(21,438)</u>	<u>(33,257)</u>
	—	—
Cost of properties held for sale recognised as expense	373,143	302,677
Depreciation	1,219	484
Staff costs, including Directors' emoluments		
— Wages and salaries	9,880	9,344
— Retirement benefit scheme contributions — defined contribution plans	587	556
Less: amount capitalised in properties held under development	<u>(2,597)</u>	<u>(2,907)</u>
	<u>7,870</u>	<u>6,993</u>

## 6. INCOME TAX EXPENSE

	<b>Six months ended 30 September 2016 RMB'000 (Unaudited)</b>	Six months ended 30 September 2015 RMB'000 (Unaudited)
<b>Current tax — PRC</b>		
Enterprise Income Tax (“EIT”)	<b>18,443</b>	5,367
Land Appreciation Tax (“LAT”)	<b>1,324</b>	3,688
	<hr/>	<hr/>
<b>Total income tax expense</b>	<b>19,767</b>	9,055
	<hr/> <hr/>	<hr/> <hr/>

EIT has been provided on the estimated profits of subsidiaries operating in the PRC at 25% (2015: 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% (2015: 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 and 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 16.5% (2015: 16.5%) on the estimated assessable profits for the period. No Hong Kong profits tax has been provided as the Group had no estimated assessable profits arising in or derived from Hong Kong for both periods.

## 7. DIVIDENDS

The Board does not declare the payment of any dividend for the six months ended 30 September 2016 (2015: nil).



## 8. EARNINGS PER SHARE

	Six months ended 30 September 2016 (Unaudited)	Six months ended 30 September 2015 (Unaudited)
<b>Profit attributable to the owners of the Company (in RMB thousands dollars)</b>	<b>47,209</b>	38,469
<b>Weighted average number of ordinary shares for the purposes of calculating basic earnings per share (shares in thousands)</b>		
Issued ordinary shares at 1 April	1,232,000	1,200,000
Effect of bonus issue	1,232,000	1,232,000
Weighted average number of ordinary shares at 30 September	2,464,000	2,432,000
		(Restated)
<b>Basic earnings per share (in RMB cents)</b>	<b>1.92</b>	1.58

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

On 27 May 2016, the Board resolved to allot and issue new shares on the basis of one bonus share for every one share (the “**Bonus Issue**”) to the shareholders of the Company (the “**Shareholders**”). After the ordinary resolution had been approved by the Shareholders at the annual general meeting held on 26 July 2016, a total of 1,232,000,000 new shares were allotted and issued pursuant to the Bonus Issue on 11 August 2016. The weighted average of ordinary shares for the purposes of calculating basic earnings per share for the six months ended 30 September 2016 had been retrospectively adjusted to 2,464,000,000 shares (for the six months ended 30 September 2015: 2,432,000,000 shares) after completion of the Bonus Issue on 12 August 2016.

## 9. ACCOUNTS RECEIVABLE

The aging analysis of accounts receivable that were past due but neither individually nor collectively considered to be impaired is as follows:

	30 September 2016 RMB'000 (Unaudited)	31 March 2016 RMB'000 (Audited)
Less than 3 months past due	1,707	2,657
3 months –6 months past due	68	—
	<b>1,775</b>	2,657

Receivables that were past due but not impaired relate to a number of independent buyers. Based on past experience, the Board considered that no impairment allowance is required as there has not been a significant change in credit quality and the balances are considered fully recoverable.

## 10. ACCOUNTS PAYABLE, ACCRUALS, RECEIPTS IN ADVANCE AND OTHER PAYABLES

	<b>30 September 2016 RMB'000 (Unaudited)</b>	31 March 2016 RMB'000 (Audited)
<b>Accounts payable</b>	<b>109,190</b>	48,809
<b>Accruals, receipts in advance and other payables</b>		
Receipts in advance	158,067	550,745
Accruals and other payables	289,148	262,536
	<b>447,215</b>	813,281

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

	<b>30 September 2016 RMB'000 (Unaudited)</b>	31 March 2016 RMB'000 (Audited)
Less than 3 months	7,399	39,242
3 months – 6 months	59,067	2,069
More than 6 months – 1 year	36,239	2,076
More than 1 year	6,485	5,422
	<b>109,190</b>	48,809

## 11. BANK AND OTHER LOANS

	<b>30 September 2016 RMB'000 (Unaudited)</b>	31 March 2016 RMB'000 (Audited)
<b>Current:</b>		
— Portion of bank loans due for repayment within one year or on demand	79,900	201,692
— Portion of other financial institution loans due for repayment within one year or on demand	95,000	165,000
	<b>174,900</b>	366,692
<b>Non-current:</b>		
— Portion of bank loans due for repayment after one year	628,496	423,509
— Portion of other financial institution loans due for repayment after one year	—	25,000
	<b>628,496</b>	448,509
<b>Total borrowings</b>	<b>803,396</b>	815,201

## 12. SHARE CAPITAL

	<i>Notes</i>	<b>Number of shares</b>	<i>RMB'000</i>
<b>Authorised:</b>			
Ordinary shares of HK\$0.01 each			
At 1 April 2015, 30 September 2015, 31 March 2016 and 30 September 2016		<b>4,500,000,000</b>	37,401
<b>Issued and fully paid:</b>			
Ordinary shares of HK\$0.01 each			
At 1 April 2015 and 30 September 2015		<b>1,200,000,000</b>	9,931
Issue of new shares	<i>(a)</i>	<b>32,000,000</b>	262
At 31 March 2016		<b>1,232,000,000</b>	10,193
Bonus Issue	<i>(b)</i>	<b>1,232,000,000</b>	10,542
At 30 September 2016		<b>2,464,000,000</b>	20,735

### *Notes:*

- (a) On 19 October 2015, the Company undertook a placement and issued 32,000,000 new shares at HK\$1.56 per share to the independent third parties with proceeds of approximately HK\$49,920,000 (equivalent to approximately RMB40,820,000). Accordingly, the Company's issued share capital was increased by HK\$320,000 (equivalent to approximately RMB262,000) and the balance of the proceeds, net of direct costs incurred, of approximately RMB37,760,000 was credited to the share premium account.
- (b) After the ordinary resolution had been approved by the Shareholders at the annual general meeting held on 26 July 2016, a total of 1,232,000,000 new shares were allotted and issued pursuant to the Bonus Issue on 11 August 2016. The issued share capital was increased by way of a Bonus Issue by applying HK\$12,320,000 (equivalent to approximately RMB10,542,000) charged to the share premium account respectively as payment in full for 1,232,000,000 share at par of HK\$0.01 each. These shares rank *pari passu* with the existing ordinary shares in all respects.

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016 (THE “FIRST HALF OF FY2017”) COMPARED TO THE SIX MONTHS ENDED 30 SEPTEMBER 2015 (THE “FIRST HALF OF FY2016”)

#### Revenue

	Six months ended 30 September 2016 RMB'000 (Unaudited)	Six months ended 30 September 2015 RMB'000 (Unaudited)
Residential	496,132	375,961
Commercial and others	10,325	6,101
	<u>506,457</u>	<u>382,062</u>

Revenue for the First Half of FY2017 was approximately RMB506.5 million compared to approximately RMB382.1 million in the First Half of FY2016, an increase of 32.6%.

Revenue for the First Half of FY2017 was primarily derived from the delivery of residential units of Nanchang Sino Harbour Kaixuan City (南昌漢港凱旋城) Zone 3 as well as Fuzhou Hua Cui Ting Yuan (撫州華萃庭院) Phase 3. In the First Half of FY2016, revenue was mainly attributable to the delivery of residential units of Yichun Royal Lake City (宜春御湖城) Phase 2 as well as Fuzhou Hua Cui Ting Yuan Phase 3. All the said properties of the Group are located in Jiangxi Province, the PRC.

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

#### Cost of Sales and Gross Profit Margin

Cost of sales increased from approximately RMB324.6 million in the First Half of FY2016 to approximately RMB399.3 million in the First Half of FY2017. In the First Half of FY2017, over 50% of the revenue of the Group were attributable to the delivery of residential units of Nanchang Sino Harbour Kaixuan City Zone 3, which had a higher profit margin compared with other residential units. Consequently, gross profit margin increased from 15.0% in the First Half of FY2016 to 21.2% in the First Half of FY2017.

## **Other Income**

Other income decreased to approximately RMB12.2 million in the First Half of FY2017 from approximately RMB14.0 million in the First Half of FY2016. The decrease was mainly attributable to a decrease in interest income.

## **Selling and Distribution Expenses**

Selling and distribution expenses decreased to approximately RMB6.7 million in the First Half of FY2017 from RMB9.3 million in the First Half of FY2016. The lower selling and distribution expenses in the First Half of FY2017 were mainly attributable to a decrease in marketing expenses incurred in Yichun Royal Lake City.

## **Administrative Expenses**

Administrative expenses increased to approximately RMB18.9 million in the First Half of FY2017 from approximately RMB16.4 million in the First Half of FY2016. The increase was mainly attributable to an increase in staff cost.

## **Profit in the First Half of FY2017**

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB93.7 million in the First Half of FY2017, compared to approximately RMB45.8 million in the First Half of FY2016.

Correspondingly, income tax expense increased from approximately RMB9.1 million in the First Half of FY2016 to approximately RMB19.8 million in the First Half of FY2017.

As a result, profit attributable to the owners of the Company was approximately RMB47.2 million in the First Half of FY2017, compared to approximately RMB38.5 million in the First Half of FY2016.

## **REVIEW OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016**

### **Other financial assets**

In the First Half of FY2017, the Group acquired equity interests in a number of entities incorporated in the PRC at an aggregate cash consideration of approximately RMB5.3 million. The Group does not have control nor significant influence in these entities. The Group accounts for these investments as other financial assets.

### **Properties Held Under Development**

As at 30 September 2016, the Group's properties held under development increased to approximately RMB1,338.4 million from approximately RMB1,312.5 million as at 31 March 2016. The increase was mainly attributable to the construction progress of Sino Harbour Kaixuan Square (漢港•凱旋廣場) (formerly known as Hangzhou Ganglian Sino Africa Tower Project (杭州港聯中非大廈項目)).

## **Properties Held for Sale**

Properties held for sale decreased to approximately RMB437.8 million as at 30 September 2016 from approximately RMB729.6 million as at 31 March 2016. The decrease was mainly due to the handover of property units of Nanchang Sino Harbour Kaixuan City Zone 3 as well as Fuzhou Hua Cui Ting Yuan Phase 3 to the buyers in the First Half of FY2017.

## **Accounts Receivable**

As at 30 September 2016, the Group's accounts receivable amounted to approximately RMB1.8 million, compared to approximately RMB2.7 million as at 31 March 2016. The decrease was mainly due to the recovery of accounts receivable in the First Half of FY2017. Since the balances were considered fully recoverable, no impairment provision was required.

## **Prepayments and Other Receivables**

As at 30 September 2016, the Group's prepayments and other receivables amounted to approximately RMB113.1 million, compared to approximately RMB134.9 million as at 31 March 2016. The decrease was mainly due to the recovery of other receivables in the First Half of FY2017.

## **Accounts Payable, Accruals, Receipts in Advance and Other Payables**

Accounts payable increased to approximately RMB109.2 million as at 30 September 2016 from approximately RMB48.8 million as at 31 March 2016 due to an increase in amounts payable to suppliers for construction costs incurred in respect of Fuzhou Hua Cui Ting Yuan Phase 3 and Yichun Royle Lake City Phase 2.

Accruals, receipts in advance and other payables mainly comprise the advance receipts from customers in respect of the deposits and prepayments for the Group's property pre-sales, the accrued construction costs and project-related expenses that are based on the progress of project development but are not due for payment.

Accruals, receipts in advance and other payables decreased to approximately RMB447.2 million as at 30 September 2016 from approximately RMB813.3 million as at 31 March 2016. The decrease mainly represented the advance receipts realized as revenue during the First Half of FY2017, which was partially offset by the receipts from customers for the deposits and prepayments for the Group's property pre-sales in the First Half of FY2017.

## **LIQUIDITY AND FINANCIAL RESOURCES**

### **Cash position**

As at 30 September 2016, the Group had cash and bank balances of approximately RMB129.6 million as well as pledged and structured bank deposits of approximately RMB330.4 million, of which mostly were denominated in RMB and HK\$.

### **Bank and Other Loans**

As at 30 September 2016, the Group had total borrowings of approximately RMB803.4 million, decreased from approximately RMB815.2 million as at 31 March 2016. The decrease mainly represented the repayment of borrowings in the First Half of FY2017. The Group's bank and other loan were denominated in RMB and US dollars.

### **Gearing Ratio**

Gearing ratio is measured by borrowings (total amount of bank and other loans) less related deposit collateral over total equity. As at 30 September 2016, the Group's gearing ratio was 34.6%. The Group has implemented certain loan management policies, which include close monitoring of the gearing ratio and any changes in interest rates.

### **Funding and Treasury Policies**

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

### **FOREIGN CURRENCY RISK**

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

## **MATERIAL ACQUISITION AND DISPOSAL**

During the First Half of FY2017, the Company had no material acquisition or disposal of assets, subsidiaries and affiliated companies.

## **SIGNIFICANT INVESTMENT**

The Group did not hold any significant investment in the First Half of FY2017.

## **CONTINGENT LIABILITIES**

As at 30 September 2016, the Group had no significant contingent liabilities.

## **EMPLOYEE AND REMUNERATION POLICY**

There were 222 employees in the Group as at 30 September 2016 (31 March 2016: 222). Staff remuneration packages are determined in consideration of market conditions and the 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 discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group. Employee costs, including Directors' emoluments, amounted to approximately RMB9.9 million for the First Half of FY2017 (2016: RMB9.3 million).



## COMPANY UPDATE

### Property Pre-sales

The pre-sale activities for the Group's projects in Nanchang, Fuzhou and Yichun cities of Jiangxi Province remained strong. The results of property pre-sale launches (as at 1 November 2016) are summarised in the tables below:

#### Residential Units

	Nanchang Sino Harbour Kaixuan City — Zone 3 (南昌漢港凱旋城三組團)	Fuzhou Hua Cui Ting Yuan Phase 3 (撫州華萃庭院三期)	Yichun Royal Lake City Phase 2 (宜春御湖城二期)
Estimated total Gross Floor Area (“GFA”) released for sale (total units)	61,128 sq. m. (616 units)	117,177 sq. m. (1,127 units)	101,587 sq. m. (1,064 units)
Estimated total GFA pre-sold (total units)	61,128 sq. m. (616 units)	116,765 sq. m. (1,123 units)	91,731 sq. m. (1,007 units)
Percentage of pre-sale	100%	99%	90%
Pre-sale GFA (units pre-sold) not handed to buyers as at 30 September 2016 <sup>^</sup>	4,410 sq. m. (43 units)	14,399 sq. m. (137 units)	12,838 sq. m. (115 units)
Pre-sale value not handed over to buyers as at 30 September 2016 <sup>^</sup>	RMB22.36 million	RMB71.90 million	RMB56.31 million
Average Selling Price (“ASP”) per sq. m.*	RMB5,070	RMB4,993	RMB4,386
Expected completion date	Completed	Completed	Completed

\*: ASP of the projects is computed as follows: Pre-sale value not handed over to buyers divided by Pre-sale GFA not handed over to buyers.

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

### FUTURE OUTLOOK

In the first half of 2016, the property market in the PRC was overall active. Stepping into the second half, various control measures were launched in major first-and second-tier cities. The People's Bank of China and large commercial banks stepped up adjustment of credit structure at the same time and strictly implemented property mortgage restriction policies. The Group believes that although transactions will decrease temporarily because of those macro policies, in the long run the property market can expect to see healthy development. The property market in the PRC is expected to develop steadily this year and in the first half of 2017.

Apart from property development, the Group has been actively pushing to diversify its business portfolio in recent years by exploring opportunities in different sectors, with an aim to find new growth drivers to support its sustainable development. Starting in 2015, together with strong partners, the Group has ventured into pharmaceutical inspection and stem cell industry, demonstrating its determination to capture the huge development potential and ample business opportunities in the fields related to the pharmaceutical industry. The Group believes that with rapidly ageing population, fast economic growth, rising health awareness and universal medical insurance coverage across China, the Chinese society will have a persistently strong demand for products and services from pharmaceutical related industries.

Looking ahead, the Group will carefully assess development opportunities in property industry and at the same time continue to explore business opportunities in the pharmaceutical and healthcare arenas, so as to fully capture chances to grow its business in the future and achieve the goals of having a diversified business and multiple income sources in the long run.

## **DIVIDEND**

The Board has resolved not to declare any interim dividend for the First Half of FY2017 (First Half of FY2016: nil).

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

The Company did not redeem any of its shares listed on the Main Board of the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such shares in the First Half of FY2017.

## **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 First Half of FY2017, the Company has applied the principles and complied with all of the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by the Directors. Having been made specific enquiries by the Company, all Directors have confirmed that they had complied with the required standards set out in the Model Code and its code of conduct in the First Half of FY2017.

## AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive Directors, namely Mr. LEE Man To (Chairman), Mr. XIE Gang and Ms. ZHANG Juan. The Group's unaudited condensed consolidated interim results for the First Half of FY2017 were reviewed by the members of the Audit Committee before submission to the Board for approval.

## CAUTION STATEMENT

The Board wishes to remind investors that the above unaudited interim results and operational statistics in the First Half of FY2017 and the corresponding period in 2016 are based on the Group's internal information. Investors should note that undue reliance on or use of such information may cause investment risks. **Investors are advised to exercise caution when dealing in the securities of the Company.**

This announcement contains forward-looking statements regarding the objectives and expectations of the Group with respect to its opportunities and business prospects. Such forward-looking statements do not constitute guarantees of future performance of the Group and are subject to factors that could cause the Company's actual results, plans and objectives to differ materially from those expressed in the forward-looking statements. These factors include, but are not limited to, general industry and economic conditions, shifts in customer demands, and changes in government policies. The Group undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances.

This announcement is originally prepared in English. In case of any inconsistency between the English version and the Chinese version, the English version shall prevail.

By order of the Board  
**Sino Harbour Holdings Group Limited**  
**SHI Feng**  
*Deputy Chairman and Executive Director*

Hong Kong, 9 November 2016

*As at the date of this announcement, the Board comprises seven Directors, including three executive Directors, namely Mr. SHI Feng (Deputy Chairman and Chief Executive Officer), Mr. WONG Lui and Ms. GAO Lan; one non-executive Director, namely Ms. CHAN Heung Ling (Chairlady); and three independent non-executive Directors, namely Mr. XIE Gang, Mr. LEE Man To and Ms. ZHANG Juan.*