THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sino Harbour Holdings Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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)

VERY SUBSTANTIAL DISPOSAL
LAND RESUMPTION
AND
NOTICE OF SPECIAL GENERAL MEETING

Capitalised terms used in the lower portion of this cover page and the inside cover page of this circular shall have the same meanings as those defined in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 3 to 9 of this circular.

A notice convening the SGM to be held at Level 25, Sino Harbour Kaixuan Center, Nanchang Honggu Kaixuan, No. 1568 Honggu Avenue, Honggu Tan Central District, Nanchang City, Jiangxi Province, the PRC on Friday, 21 May 2021 at 10:00 a.m. is set out on pages SGM-1 and SGM-2 of this circular. Whether or not you intend to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or adjourned meeting thereof (as the case may be) should you so wish. If you attend and vote at the SGM, the instrument appointing your proxy will be deemed to have been revoked.

PRECAUTIONARY MEASURES FOR THE SGM

Please see below for measures being taken to try to prevent and control the spread of the Novel Coronavirus disease ("**COVID-19**") at the SGM, including:

- compulsory temperature check and health declaration
- compulsory wearing of surgical face mask throughout the SGM
- prohibit attendance at the SGM if the attendee has a fever. Persons exhibiting flu-like symptoms may also be refused admittance
- no corporate gifts will be distributed and no refreshments or drinks will be served at the SGM

Any person who does not comply with the above precautionary measures or is subject to any Government prescribed quarantine may be denied entry into the SGM venue. The Company reminds Shareholders that they may appoint the chairman of the meeting as their proxy to vote on the relevant resolutions at the SGM as an alternative to attend the SGM in person.

DUE TO THE CONSTANTLY EVOLVING COVID-19 PANDEMIC SITUATION, THE COMPANY MAY BE REQUIRED TO CHANGE THE SGM ARRANGEMENTS AT SHORT NOTICE, SHAREHOLDERS SHOULD CHECK THE COMPANY'S WEBSITE FOR FURTHER ANNOUNCEMENTS AND UPDATES ON THE SGM ARRANGEMENTS.

30 April 2021

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Announcement"	announcement of the Company dated 26 March 2021
"ASP"	average selling price
"Board"	the board of Directors
"Business Day"	a day on which banks of Hong Kong are generally open for ordinary banking business (excluding Saturdays, Sundays and public holidays in Hong Kong)
"Company"	Sino Harbour Holdings Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the same meaning ascribed under the Listing Rules
"Directors(s)"	the directors of the Company
"Fenghuang Jincheng"	Leping City Fenghuang Jincheng Industry Co., Ltd. * (樂平市鳳凰金誠實業有限公司), a company incorporated in the PRC with limited liability and an indirect non-wholly-owned subsidiary of the Company
"GFA"	gross floor area
"Group"	the Company and its subsidiaries
"Independent Third Party(ies)"	a person or company who or which is, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, independent of and not connected with the Company and its connected persons
"Land Resumption"	the resumption of the Resumed Land by Local Authority pursuant to the terms and conditions of the Land Resumption Agreement
"Land Resumption Agreement"	an agreement dated 26 March 2021 entered into by and between Fenghuang Jincheng and the Local Authority in relation to the Land Resumption
"Latest Practicable Date"	27 April 2021

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Local Authority"	Leping City Natural Resources and Planning Bureau* (樂平市自然資源和規劃局), being a PRC government authority entrusted by the local government of Leping City to be responsible for, among others, the implementation of the Land Resumption
"Local Government"	the People's Government of Leping City, Jiangxi Province, the PRC
"PRC" or "China"	the People's Republic of China and, for the purpose of this circular, excluding Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
"Resumed Land"	the land located at the Hushan Meiyan Reclamation Farm, Leping City, Jingdezhen City, Jiangxi Province, the PRC with an aggregate site area of approximately 209,863.95 sq.m., which is intended to be resumed by the Local Authority pursuant to the Land Resumption Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	a special general meeting of the Company to be convened and held on 21 May 2021 for the purpose of considering and, if thought fit, approving the Land Resumption Agreement and the Land Resumption contemplated thereunder
"Share(s)"	ordinary shares of the Company
"Shareholder(s)"	holders of the Shares
"sq.m."	square meter
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	percent

* *The English translation of the Chinese name is for identification purposes only and should not be regarded as the official English translation of such name.*

If there is any inconsistency in this circular between the Chinese and English versions, the English version shall prevail.

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)

Executive Directors:
WONG Lam Ping *(Chairman, Chief Executive Officer and General Manager)*
SHI Feng *(Deputy Chairman)*
WONG Lui
GAO Lan

Non-Executive Director:
CHAN Kin Sang

Independent Non-Executive Directors:
XIE Gang
HE Dingding
WONG Ping Kuen

Registered Office:
Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

Principal Place of Business in Hong Kong:
Room 1215, Tower B,
Hunghom Commercial Centre,
37-39 Ma Tau Wai Road,
Hunghom, Kowloon,
Hong Kong

30 April 2021

To the Shareholders

Dear Sir/Madam,

VERY SUBSTANTIAL DISPOSAL
LAND RESUMPTION
AND
NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement in which the Board announced that, according to the relevant land planning requirement of the Local Government, on 26 March 2021 (after trading hours), Fenghuang Jincheng, an indirect non-wholly-owned subsidiary of the Company entered into the Land Resumption Agreement with the Local Authority, pursuant to which the Local Authority will resume, and Fenghuang Jincheng will surrender, the Resumed Land at a consideration by way of cash compensation of RMB222,760,000 payable by the Local Authority to Fenghuang Jincheng.

The purpose of this circular is to provide the Shareholders, among other things, (i) further information in relation to the Land Resumption Agreement and the Land Resumption contemplated thereunder; (ii) an independent valuation report in relation to the Resumed Land; (iii) the notice contemplated convening the SGM; and (iv) other information as required under the Listing Rules.

LAND RESUMPTION AGREEMENT

Date

26 March 2021 (after trading hours)

Parties

(1) Fenghuang Jincheng

(2) Local Authority

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Local Authority, a government authority in Leping City, Jiangxi Province, the PRC and its ultimate beneficial owner are Independent Third Parties.

Pursuant to the Land Resumption Agreement, Fenghuang Jincheng shall surrender, and Local Authority shall resume, the Resumed Land.

Resumed Land

The Resumed Land comprises of three parcels of land with an aggregate site area of approximately 209,863.95 sq.m., located at Leping City, Jiangxi Province, the PRC. The Resumed Land has been approved for residential use purpose. Further to the land planning requirement of the Local Government, Fenghuang Jincheng agreed to surrender the Resumed Land to the Local Authority pursuant to the Land Resumption Agreement. As at the date of this circular, the Resumed Land remained undeveloped and was an idle land held by Fenghuang Jincheng. Pursuant to the Land Resumption Agreement, Fenghuang Jincheng shall surrender the certificates of land use rights of the Resumed Land to the Local Authority and arrange for the de-registration of the land title under its name upon the entering of the Land Resumption Agreement.

Compensation and Payment Terms

Pursuant to the Land Resumption Agreement, the total compensation payable to Fenghuang Jincheng for the Land Resumption will be RMB222,760,000, which shall be payable in cash by the Local Authority to Fenghuang Jincheng upon the signing of the Land Resumption Agreement. The cash compensation has been received by Fenghuang Jincheng on 26 March 2021.

The compensation for the Land Resumption was determined after arm's length negotiations between Fenghuang Jincheng and the Local Authority with reference to the laws, regulations, and procedures applicable to resumption of state-owned lands in Leping City, Jiangxi Province, the PRC and the preliminary indicative valuation of the Resumed Land assessed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**Jones Lang LaSalle**"), an independent professional surveyor engaged by Fenghuang Jincheng, of RMB222,200,000 as at 31 January 2021. The Directors consider that the terms of the Land Resumption Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions Precedent

Completion of the Land Resumption is subject to satisfaction of the following conditions precedent:

(1) the passing of resolutions by the Shareholders to approve the Land Resumption Agreement and the Land Resumption contemplated thereunder at the SGM in accordance with the requirements of the Listing Rules; and

(2) Fenghuang Jincheng having applied for and obtained all approvals, authorisations and permissions from all governmental or regulatory authorities or bodies or other persons as may be required or necessary for the signing, delivery and performance of the Land Resumption Agreement and the Land Resumption contemplated thereunder in accordance with all applicable laws and regulations.

None of the conditions precedent can be waived by the parties to the Land Resumption Agreement.

Completion

Completion of the Land Resumption shall take place on the seventh Business Day following the date on which all the conditions precedent have been satisfied (or such other date as may be otherwise agreed by the Local Authority and Fenghuang Jincheng in writing). Upon surrender of the Resumed Land, the Resumed Land shall be in good condition without any debt, pledge and/or other encumbrances.

In the event that the conditions precedent of the Land Resumption is not fulfilled, the Land Resumption Agreement shall be terminated, all payments received by Fenghuang Jingcheng from the Local Authority in connection with the Land Resumption will be refunded without interest to the Local Authority and the land use rights of the Resumed Land remain under the Fenghuang Jincheng.

REASONS FOR AND BENEFITS OF THE LAND RESUMPTION

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

The Resumed Land was acquired by Fenghuang Jincheng in 2004. At the time of acquisition, it was originally planned that the Resumed Land will be used for residential. As Fenghuang Jincheng has not been able to obtain a construction permit for the Resumed Land, it is not possible to commence any construction and development on the Resumed Land. The Resumed Land has been put on idle for years. As at the date of this circular, the Resumed Land remained undeveloped. Accordingly, the Board is of the view that the Land Resumption will not have any material adverse effect on the Group's operation and principal business activities. Further, with reference to the valuation of the Resumed Land as assessed by Jones Lang LaSalle, the compensation for the Land Resumption is considered to be fair and reasonable. Accordingly, the Company is willing to cooperate with the Local Government for the Land Resumption. Furthermore, the proceeds and the estimated gain from the Land Resumption could provide additional cash flow and enhance the working capital situation of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Land Resumption Agreement and the Land Resumption contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Financial Effects of the Land Resumption

Base on the latest audited financial statement as at 31 March 2020, the net book value of the Resumed Land is approximately RMB15,000,000. On account of the compensation of approximately RMB222,760,000, the Company is expected to record an estimated net gain before tax from the Land Resumption of approximately RMB207,760,000. Such estimated gain has not taken into account of any PRC enterprise income tax and other related tax and operational expenses to be or may be charged. The actual amount of the gain from the Land Resumption to be recorded by the Group is subject to audit and will take into account any costs and expenses incurred relating to the Land Resumption, and accordingly it may be different from the amount stated above. Before completion of the Land Resumption, the cash compensation will be booked in the Company's consolidated statements of financial position as receipt in advance under accrual and other payables. Upon completion of the Land Resumption, the cash compensation will be recognised in the Company's other income and other gains and losses.

No net profits of the Group was attributable to the Resumed Land for the two financial years immediately preceding the date of the Land Resumption Agreement.

Proposed Use of Proceeds

The unaudited net proceeds (after deducting the PRC enterprise income tax calculated as 25% of estimated net gain and professional fees payable in respect of the Land Resumption, in the amount of approximately RMB51,940,000 and approximately RMB400,000, respectively) arising from the Land Resumption will be of approximately RMB155,420,000.

The unaudited net proceeds will be used for the repayment of the outstanding balance of consideration for the land use right of land parcels located in Leping City, Jiangxi Province, the PRC, which forms part of the usage for general working capital of the Group. Details of the land parcels were disclosed in the voluntary announcements of the Company dated 8 September and 10 November 2020, respectively.

INFORMATION ON THE PARTIES TO THE LAND RESUMPTION AGREEMENT

Fenghuang Jincheng is a property investment company incorporated in the PRC and an indirect non-wholly-owned subsidiary of the Company, which is owned indirectly as to 51% by the Company and owned directly as to 49% by Jiangxi Dongjing Real Estate Development Co., Ltd. (江西東景房地產開發有限公司), which is in turn owned by Mr. Chen Jun (陳軍) and Mr. Chen Liming (陳黎明) as to 65% and 35%, respectively, who are the Independent Third Parties.

The Local Authority is a government authority in Leping City, Jiangxi Province, the PRC and, for the purpose of the Land Resumption, is the local authority responsible for the implementation of the Land Resumption and the preliminary organization work of listing-for-sale of the Resumed Land.

IMPLICATIONS UNDER THE LISTING RULES

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 for the Company and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to the Listing Rules, any Shareholder who has a material interest in the Land Resumption and his/her/its close associates will abstain from voting on the relevant resolutions at the SGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has any material interest in the Land Resumption as contemplated under the Land Resumption Agreement and therefore none of the Shareholders and their associates would be required to abstain from voting on the ordinary resolution to approve the Land Resumption Agreement and the Land Resumption contemplated thereunder at the SGM.

SGM

The SGM will be held at Level 25, Sino Harbour Kaixuan Center, Nanchang Honggu Kaixuan, No. 1568 Honggu Avenue, Honggu Tan Central District, Nanchang City, Jiangxi Province, the PRC on Friday, 21 May 2021 at 10:00 a.m. to seek the Shareholder's approval for the Land Resumption Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis.

A notice convening the SGM is set out on pages SGM-1 and SGM-2 of this circular. A proxy form for use at the SGM is enclosed herewith. If you are not able to attend the SGM, you are requested to complete the proxy form and return it to the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited, Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) if you so wish. If you attend and vote at the SGM, the instrument appointing your proxy will be deemed to have been revoked.

VOTING BY POLL AT THE SGM

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, all resolutions to be proposed at the SGM and contained in the notice convening the SGM will be voted by way of a poll by the Shareholders. An announcement on the poll results of the SGM will be made by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 17 May 2021 to Friday, 21 May 2021, both days inclusive, during which no transfer of Shares will be registered. In order to qualify for attending and voting at the SGM or any adjournment thereof, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, 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 Friday, 14 May 2021.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Land Resumption Agreement and the Land Resumption contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Accordingly, the Directors recommend that all Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM to approve the Land Resumption Agreement and Land Resumption contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Sino Harbour Holdings Group Limited
Wong Lam Ping
Chairman, Chief Executive Officer,
Executive Director and General Manager

THREE YEAR'S FINANCIAL INFORMATION

The audited consolidated financial statements of the Group, together with the accompanying notes, for each of the three years ended 31 March 2018, 2019 and 2020 and the six months ended 30 September 2020 are disclosed in the annual reports of the Group for the financial years ended 31 March 2018 (pages 78 to 189), 31 March 2019 (pages 87 to 240) and 31 March 2020 (pages 87 to 228) and the interim report of the Group for the six months ended 30 September 2020 (pages 18 to 33), respectively, and are incorporated by reference into this circular.

Please refer the links below:

The audited consolidated financial statement for the year ended 31 March 2018, please refer to https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0626/ltn20180626545.pdf.

The audited consolidated financial statement for the year ended 31 March 2019, please refer to https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0716/ltn20190716253.pdf.

The audited consolidated financial statement for the year ended 31 March 2020, please refer to https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0721/2020072100609.pdf.

The unaudited condensed consolidated financial statement for the six months ended 30 September 2020, please refer to https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1228/2020122800926.pdf.

The said annual reports and interim report of the Group are published on both the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.sinoharbour.com.hk/).

INDEBTEDNESS STATEMENT

As at the close of business on 28 February 2021, being the latest practicable date for the purpose of preparing this statement of indebtedness of this circular, the Group's indebtedness includes:

(i) secured and guaranteed bank loans of approximately RMB449,550,000;

(ii) unsecured and guaranteed other loans of approximately RMB52,000,000; and

(iii) financial guarantees of approximately RMB892,000,000.

Borrowings and pledged assets

As at the close of business on 28 February 2021, the Group's bank borrowings were secured by:

(i) investment properties of the Group with a carrying amount of RMB413,943,000;

(ii) property held under development of the Group with a carrying amount of RMB163,773,000;

(iii) property, plant and equipment of the Group with a carrying amount of RMB47,911,000; and

(iv) bank deposit of the Group of RMB5,500,000.

As at the close of business on 28 February 2021, the Group's other borrowings of approximately RMB52,000,000 was guaranteed by a Director.

Financial guarantee

As at 28 February 2021, the Group provided guarantees to the extent of approximately RMB892,000,000 to banks in respect of mortgage loans provided by the banks to customers for the purchase of the developed properties of the Group. These guarantees provided by the Group to the banks would be released upon earlier of (i) issuance of the real estate ownership certificate which will generally be available within one or two years after the purchasers take possession of the relevant properties; or (ii) the satisfaction of mortgaged loans by the purchasers of properties.

The Directors confirm that as of 28 February 2021, being the latest practicable date for the purpose of this indebtedness statement, save as disclosed above, the Group did not have any issued and outstanding, or authorised or otherwise created but unissued debt securities, term loans, other borrowings, indebtedness, mortgages and charges, contingent liabilities and guarantees.

WORKING CAPITAL

As at the Latest Practicable Date, after due and careful consideration, the Directors are of the opinion that, taking into account the Group's internal resources, available banking facilities and the financial effects of the Land Resumption and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for a period of twelve months from the date of this circular.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

After the completion of the Land Resumption, the Group will continue to carry out its existing businesses. Looking back at the first quarter of 2021, although "houses are for living in, not for speculation" is still the main keynote implemented by the central government, the epidemic in China has been fully under control, and the economic activities in China have generally recovered. This represents a stimulus to the real estate market. Accordingly, the sales volume increased steadily. According to the statistics, from January to February 2021, sales in the real estate market were generally positive, with sales of residential properties amounting to approximately RMB1,752.6 billion, representing an increase of 49.6% as compared to the same period of 2020. This has indicated a rapid rebound in transactions, which is expected to return to the level before the outbreak. However, as the central government continued to step up its efforts in the "two red lines" of housing loan management, the core first-and second-tier cities saw tightened housing loan amount and extended loan cycle. Therefore, the Group still needs to take a wait-and-see approach to focus on maintaining stability. It is expected that the heated sentiments in the property sales market will sustain in 2021.

In the first quarter of the year, Zhejiang IPS Pharmaceutical Technology Co., Ltd. ("**Zhejiang IPS**"), a non-wholly owned subsidiary of the Group, obtained the certifications from China Metrology Accreditation ("**CMA**") by the Zhejiang Administration for Market Regulation of PRC and the laboratory accreditation certificate by the China National Accreditation Service for Conformity Assessment ("**CNAS**"). In addition, Zhejiang IPS has been included in the List of the High and New Tech Enterprises in Zhejiang Province. In recent years, the Company has been committed to the development of pharmaceutical technology business, and is gaining recognition from the government, which is testimonial to the recognition and affirmation of Zhejiang IPS business by the government of Zhejiang Province. Looking forward, the Group believes that pharmaceutical testing can create synergy with the Group's business and make steady progress with the real estate business during the year. However, the Board will remain cautious in the ever-changing environment.

MANAGEMENT DISCUSSION AND ANALYSIS

The management discussion and analysis of the Group for each of the years ended 31 March 2018, 2019 and 2020 and the six months ended 30 September 2020 is set out below.

(a) **For the six months ended 30 September 2020 ("1H 2020/21")**

REVIEW OF FINANCIAL RESULTS IN 1H 2020/21 COMPARED TO THE SIX MONTHS ENDED 30 SEPTEMBER 2019 ("1H 2019/20")

Revenue

	Six months ended 30 September 2020 *RMB'000* (Unaudited)	**Six months ended 30 September 2019** *RMB'000* (Unaudited)
Residential	280,610	161,209
Commercial and others	10,835	68,690
	291,445	229,899

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

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

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

Cost of Sales and Gross Profit Margin

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

Other Income

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

Selling and Distribution Expenses

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

Administrative Expenses

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

Profit for 1H 2020/21

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

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

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

REVIEW OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

Properties Held Under Development

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

Properties Held For Sale

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

Prepayments and Other Receivables

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

Tax Recoverable

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

Accounts Payable, Accruals and Other Payables and Contract Liabilities

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

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

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

Cash Position

Cash and Bank Balances

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

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

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

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

Bank and Other Loans

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

Gearing Ratio

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

Funding and Treasury Policies

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

FOREIGN CURRENCY RISK

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

MATERIAL ACQUISITION AND DISPOSAL

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

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

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

SIGNIFICANT INVESTMENT

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

CONTINGENT LIABILITIES

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

EMPLOYEE AND REMUNERATION POLICY

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

DIVIDEND

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

COMPANY UPDATE

Property Pre-sales

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

Residential Units

	Yichun Sino Harbour • Guanlan Phase 1
Estimated total GFA released for sale (total units)	285,219 sq.m. (2,512 units)
Estimated total GFA pre-sold (total units)	278,842 sq.m. (2,458 units)
Percentage of pre-sale	98%
Pre-sale GFA (units pre-sold) not handed over to buyers as at 30 September 2020^	276,086 sq.m. (2,434 units)
Pre-sale value not handed over to buyers as at 30 September 2020^	RMB1,757 million
ASP per square metre*	RMB6,364
Expected completion date	CY2021Q2

*: 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: Beginning period pre-sales plus new pre-sales during the period less those handed over to buyers during the period (Recognised as sales during the period).

FUTURE OUTLOOK

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

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

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

(b) For the year ended 31 March 2020 ("FY2020")

REVIEW OF FINANCIAL RESULTS FOR FY2020 COMPARED TO THE YEAR ENDED 31 MARCH 2019 ("FY2019")

Revenue

In FY2020, the Group recorded revenue of approximately RMB416.5 million, representing an increase of 8.4% from approximately RMB384.3 million in FY2019.

Revenue in FY2020 was primarily derived from the delivery of residential units of apartment and commercial units of Sino Harbour • Wu Lin Hui (漢港 • 武林匯) in Hangzhou and residential units of town house in Nanchang Sino Harbour Kaixuan City (南昌漢港凱旋城) Zone 2. In FY2019, revenue was mainly attributable to the delivery of residential units in Nanchang Sino Harbour Kaixuan City and Yichun Royal Lake City (宜春禦湖城) Phase 2. All the above units are located in the PRC.

The following table sets out an analysis of the revenue for (i) residential properties, (ii) commercial properties, and (iii) car parking spaces during FY2020:

		2020	**2019**	**Percentage change**
(i)	Residential			
	– GFA sold *(in sq.m.)*	12,743	30,419	(58.1%)
	– ASP *(RMB per sq.m.)*	25,531	12,465	104.8%
	– Revenue *(approximately RMB'000)*	325,337	379,162	(14.2%)
(ii)	Commercial			
	– GFA sold *(in sq.m.)*	3,417	268	1,175.0%
	– ASP *(RMB per sq.m.)*	26,498	10,220	159.3%
	– Revenue *(approximately RMB'000)*	90,543	2,739	3,205.7%
(iii)	Car parking spaces			
	– Revenue *(approximately RMB'000)*	582	2,381	(75.6%)
Total revenue *(approximately RMB'000)*		416,462	384,282	8.4%

Cost of Sales and Gross Profit Margin

Cost of sales decreased from approximately RMB315.4 million in FY2019 to approximately RMB248.8 million in FY2020. As a higher portion of the revenue of the Group was attributable to the delivery of residential units of apartment in FY2020 as compared with FY2019, which had higher gross profit margin compared with residential units of town house delivered in FY2019, gross profit margin increased from 17.9% in FY2019 to 40.2% in FY2020.

Other Income and Other Gains and Losses

Other income and other gains and losses decreased from approximately RMB63.7 million in FY2019 to approximately RMB52.8 million in FY2020, which was mainly attributable to the net effect of increase of net fair value gain on investment properties, impairment loss on intangibles and loss on deregistration of subsidiaries.

Selling and Distribution Expenses

Selling and distribution expenses increased from approximately RMB15.0 million in FY2019 to approximately RMB22.2 million in FY2020. The higher selling and distribution expenses in FY2020 were mainly due to an increase in the marketing expenses incurred for the launch of Sino Harbour • Guanlan (漢港 • 觀瀾) located in Yichun City in Jiangxi Province and Sino Harbour • Wu Lin Hui (漢港 • 武林匯) located in Hangzhou City in Zhejiang Province.

Administrative Expenses

Administrative expenses increased to approximately RMB52.3 million in FY2020 from approximately RMB43.5 million in FY2019. The increase was mainly attributable to increases in staff costs as well as depreciation and amortisation.

Finance Costs

The Group recorded approximately RMB5.2 million non-capitalised finance costs in FY2020, which had decreased from approximately RMB5.3 million in FY2019. The decrease was mainly attributable to the decreases of bank and other loans and the effective interest rate during FY2020.

Profit for the Year

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB140.7 million in FY2020, compared to approximately RMB67.9 million in FY2019, representing an increase of approximately RMB72.8 million.

Income Tax Expenses

Income tax expenses increased to approximately RMB84.7 million in FY2020 from approximately RMB35.3 million in FY2019. The increase was mainly attributable to the increases in EIT and LAT.

As a result, the Group had recorded a profit after tax of approximately RMB55.9 million in FY2020, compared to approximately RMB32.6 million in FY2019.

REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2020

Property, Plant and Equipment

As at 31 March 2020, the Group had property, plant and equipment of approximately RMB67.3 million, compared to approximately RMB70.8 million as at 31 March 2019. The decrease was mainly attributable to depreciation of equipment during FY2020.

Investment Properties

As at 31 March 2020, the Group had investment properties at fair value of approximately RMB849.2 million, compared to approximately RMB547.4 million as at 31 March 2019. The increase comprised mainly the net effect of transfer from properties held for sale and the net fair value loss of the Group's investment properties.

Intangibles

Intangible assets represented copyright and customer relationships, amounting to approximately RMB5.1 million as at 31 March 2020, compared to approximately RMB15.7 million as at 31 March 2019. The decrease was mainly attributable to the impairment loss due to a downturn of market expectations.

Interest in an Associate and Financial Asset at Fair Value Through Profit or Loss ("FVTPL")

As at 31 March 2019, interest in an associate represented a 30% equity interest in Davi amounting to RMB4.8 million and the financial asset at FVTPL represented the fair values of the put option in relation to the equity interest in Zhejiang Davi Pharmaceutical Co., Ltd. ("**Davi**") as well as the profit guarantees in Davi and Jiangxi LongYu Medicine Co., Ltd. ("**Longyu**") amounting to RMB2.8 million, RMB8.8 million and RMB1.1 million respectively.

During FY2020, the Group had fully received the profit guarantees in Davi and Longyu of RMB8.8 million and RMB1.1 million, respectively. The Group had further injected RMB9.1 million in Davi's capital and disposed of all 30% equity interest as well as the put option to an independent third party at a total consideration of approximately RMB16.7 million respectively, and part of the consideration of RMB11.6 million was fully received by the Group before year ended 31 March 2020. The remaining consideration of RMB5.1 million was fully received by the Group after year ended 31 March 2020.

Financial Assets at Fair Value Through Other Comprehensive Income ("FVOCI")

It represented equity interests in a number of entities incorporated in the PRC and Longyu, on which the Group does not have control nor significant influence. It decreased from approximately RMB33.4 million as at 31 March 2019 to approximately RMB7.7 million as at 31 March 2020 which was mainly attributable to the fair value loss on equity interests.

Pledged Deposits

Long-term and short-term pledged deposits increased from approximately RMB216.4 million as at 31 March 2019 to approximately RMB229.6 million as at 31 March 2020. The increase was mainly due to an increase in deposits pledged for bank loans and banking facilities granted to the mortgages.

Properties Held under Development

As at 31 March 2020, the Group's properties held under development decreased to approximately RMB1,458.7 million from approximately RMB2,183.1 million as at 31 March 2019. The decrease was due to the net effect of completion of Sino Harbour • Wu Lin Hui and the construction-in-progress of Sino Harbour • Guanlan (漢港 • 觀瀾).

Properties Held for Sale

Properties held for sale increased from approximately RMB248.6 million as at 31 March 2019 to approximately RMB1,064.6 million as at 31 March 2020, which was mainly due to the transfer of completed property units from properties held under development for Sino Harbour • Wu Lin Hui.

Prepayments and Other Receivables

The Group's prepayments and other receivables amounted to approximately RMB199.8 million as at 31 March 2020, compared to approximately RMB180.5 million as at 31 March 2019.

Prepayments and other receivables increased, which was mainly due to the prepayments paid to the contractors for the construction of the Group's projects.

Tax Recoverable

Tax recoverable increased to approximately RMB28.2 million as at 31 March 2020 from approximately RMB20.3 million as at 31 March 2019, which was mainly attributable to an increase in prepayments of income tax during FY2020.

Accounts Payable, Accruals and Other Payables and Contract Liabilities

Accounts payable decreased to approximately RMB35.2 million as at 31 March 2020 from approximately RMB38.5 million as at 31 March 2019 due to a decrease in amounts payable to the contractors for construction costs incurred in respect of Sino Harbour • Wu Lin Hui and Sino Harbour • Guanlan.

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

Accruals and other payables decreased to approximately RMB373.5 million as at 31 March 2020 from approximately RMB384.1 million as at 31 March 2019, which was due to a decrease in accrued construction cost for Sino Harbour • Wu Lin Hui and Sino Harbour • Guanlan in FY2020.

Sales deposits and installments received from customers increased from approximately RMB424.5 million as at 31 March 2019 to approximately RMB1,513.5 million as at 31 March 2020. The increase was mainly due to an increase in pre-sale proceeds from the launch of Sino Harbour • Guanlan.

Deferred Tax Liabilities

Deferred tax liabilities increased from approximately RMB84.8 million as at 31 March 2019 to approximately RMB91.0 million as at 31 March 2020, 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 FY2020, the Group had recorded a net cash inflow of approximately RMB693.5 million from operating activities, mainly attributable to increases in accruals, other payables and contract liabilities.

Net cash outflow from investing activities in FY2020 was approximately RMB2.9 million, which was mainly due to increases in pledged deposit and purchase of equipment.

Net cash outflow from financing activities in FY2020 was approximately RMB690.4 million, which was mainly attributable to the repayments of loan principals and interests, which were partially offset by the receipts from new loans.

As at 31 March 2020, the Group had cash and bank balances of approximately RMB367.3 million (31 March 2019: RMB279.8 million), which consisted of cash and cash equivalents of approximately RMB216.3 million (31 March 2019: RMB215.3 million) and bank balances restricted for construction work of approximately RMB151.0 million (31 March 2019: RMB64.5 million), and were mostly denominated in RMB and HK$.

Bank and Other Loans

As at 31 March 2020, the Group had total borrowings of approximately RMB523. 4 million, compared to approximately RMB1,165.2 million as at 31 March 2019. The Group's bank and other loans were denominated in RMB and HK$. In FY2020, the effective interest rates of the bank and other loans were ranging from 2.72% to 9.35% (FY2019: 2.20% to 10.55% 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 2020, the Group's gearing ratio was 20.4% (31 March 2019: 61.7%). The Group has implemented certain loan management policies which include close monitoring of the gearing ratio and any changes in interest rates.

CAPITAL COMMITMENTS

Details of the capital commitments of the Group are set out in note 30 to the Consolidated Financial Statements.

FINANCIAL GUARANTEE

Details of the financial guarantee of the Group are set out in notes 32 to the Consolidated Financial Statements.

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 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, other payables and bank loans, which are denominated in HK$ and US$. 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.

PLEDGE OF ASSET

As at 31 March 2020, the Group pledged its property, plant and equipment, investment properties, properties held under development, properties held for sale, and bank deposits of approximately RMB656.8 million (31 March 2019: approximately RMB1,554.4 million) to various banks to secure loan facilities granted to the Group.

MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed in this report, the Group did not have any material acquisition or disposal of assets, subsidiaries, associates and joint venture companies during FY2020 (FY2019: nil).

EVENT AFTER THE END OF FY2020

After the outbreak of the COVID-19 in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country/region. The Group has been evaluating its impact on the financial position and operating results according to the development of the COVID-19.

As at the date of this report, the Group was not aware of any material adverse effects on its consolidated financial statements as a result of the COVID-19.

SIGNIFICANT INVESTMENT

The Group did not hold any significant investment in FY2020 (FY2019: nil).

CONTINGENT LIABILITIES

As at 31 March 2020, the Group had no significant contingent liabilities (31 March 2019: nil).

EMPLOYEE AND REMUNERATION POLICY

There were 250 employees in the Group as at 31 March 2020 (31 March 2019: 275). 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 RMB38.2 million in FY2020 (FY2019: approximately RMB29.9 million).

COMPANY UPDATE

Property Pre-sales

The cumulative results for the pre-sale and delivery of properties under each project up to 19 June 2020 are summarised as follows:

Residential Units	Yichun Sino Harbour • Guanlan – Phase 1
Estimated total GFA released for sale (total units)	285,219 sq.m. (2,512 units)
Estimated total GFA pre-sold (total units)	268,385 sq.m. (2,371 units)
Percentage of pre-sale	94%
Pre-sale GFA (units pre-sold) not handed over to buyers as at 31 March 2020^	230,192 sq.m. (2,023 units)
Pre-sale value not handed over to buyers as at 31 March 2020^	RMB1,458.5 million
ASP per sq.m.*	RMB6,336
Expected completion date	CY2021Q2

*: 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 FY2020 plus new pre-sales during FY2020 less those handed over to buyers during FY2020, which was recognised as sales during FY2020.

CONSTRUCTION PROGRESS AND DEVELOPING PROJECT

The Group will maintain our construction scale in order to offer enough GFA available for sale and for delivery to support our growth in future.

LAND BANK

As at 31 March 2020, the Group had land bank with total planned saleable GFA of approximately 2,484,114 sq.m. in five cities in the PRC.

	Planned Saleable GFA
Completed properties held for sale	139,379
Properties under development	293,637
Properties held for further development	2,051,098
Total	2,484,114

FUTURE OUTLOOK

Looking into the second-half 2020, the global economy is expected to continue to grow slowly or even face considerable downward pressure, mainly due to the ongoing trade friction between China and the United States, and the signs of continuing spread of the COVID-19 across the world. Amid uncertainties of the global economy, the real estate market in China will remain in a correction mode, while "One City One Policy" will remain to be the general tone of the Chinese government for establishing a long-term and effective mechanism for stable and healthy development of the real estate market. Currently, in order to ensure the stable real estate supply, the Chinese government continues to unwaveringly adhere to the principle that "houses are for living in, not for speculation" and hence, real estate will not be used as a means of short-term economic stimulus. As the epidemic in China is basically contained, and each city is still preparing for the resumption of economic activities, the Chinese government continues to step up counter-cyclical adjustments to boost economic recovery and growth. Moving forward, the Chinese government will optimize the austerity measures in more regions to stabilize market expectations. It is expected that the demand for housing previously suppressed by the epidemic will gradually be unleased in the second-half of 2020 and the real estate market will gradually recover from its 10-year's record low in terms of transaction size in the first quarter. Among which, market recovery in some popular cities is relatively faster, with a significant structural growth in the accommodation value of transacted land parcels for residential use. It is believed that there are signs of the recovery in real estate transactions.

The transactions of new commodity housing in the first-tier to fourth-tier cities during the first quarter of 2020 showed mixed performance. It is expected that transactions in the first-tier and second-tier cities will see a stable recovery in the second-half of 2020, whereas transactions in the third-tier and fourth-tier cities will continue to decline in varying degrees. As to the first-tier cities, the area transacted for commodity housing was approximately 3.63 million sq.m., down by 36% year-on-year. Due to the influx of demand accumulated from the end of last year, buyers with rigid demand continue to take a wait-and-see attitude. As to the second-tier cities, the area transacted for commodity housing was approximately 27.56 million sq.m., down by 34% year-on-year, representing the smallest decline compared to that in the first-tier, third-tier and fourth-tier cities. Among which, weekly transaction size in cities including Hangzhou and Chengdu outperformed that in the same period of last year, along with the gradual recovery of the market. Area transacted for commodity housing in the representative third-tier and fourth-tier cities was approximately 10.90 million sq.m., down by 37% year-on-year. Despite the great pressure of market correction in the third-tier and fourth-tier cities, local governments will continue to implement policies according to local conditions more flexibly, thus pushing ahead further recovery of market sentiments.

The Group's pharmaceutical inspection business has made remarkable progress. Therefore, we will continue to develop Zhejiang IPS. On 31 December 2019, Zhejiang IPS assisted a subsidiary of Shanxi C&Y Pharmaceutical Group Co., Ltd. in making its product, Tamsulosin Hydrochloride Sustained Release Capsules, pass the generic drug consistency evaluation. The capsules are the first-line, main medication for the treatment of prostatic hyperplasia, and are included under the National Reimbursement Drug List and National Essential Drug List. Looking ahead, the Group will continue to spare no effort in making Zhejiang IPS become a leading contract research organization in the PRC, while targeting the market opportunities brought by the generic drug consistency evaluation in the PRC. In addition, Ganghua Medical, a member of the Group, is expected to commence operation in 2021. According to the research, in the past five years, China's dentistry market achieved a compound growth of 16.22% annually, with a current market size exceeding RMB80 billion, and is expected to exceed RMB100 billion in 2020. Therefore, we believe that the dentistry business will become another promising healthcare business. Overall, the Group's healthcare business will grow stably and become one of our main sources of income in the future. Moving ahead, we shall constantly seek and explore new investment opportunities in relation to the healthcare business to create synergies with the Group. However, the Board will remain cautious in the rapidly changing environment.

(c) For the year ended 31 March 2019

REVIEW OF FINANCIAL RESULTS FOR FY2019 COMPARED TO THE YEAR ENDED 31 MARCH 2018 ("FY2018")

Revenue

In FY2019, the Group recorded revenue of approximately RMB384.3 million, representing an increase of 186.6% from approximately RMB134.1 million in FY2018.

Revenue in FY2019 was primarily derived from the delivery of residential units of townhouse in Nanchang Sino Harbour Kaixuan City (南昌漢港凱旋城) Zone 2 and residential units of Yichun Royal Lake City (宜春禦湖城) Phase 2. In FY2018, revenue was mainly attributable to the delivery of residential units and commercial units of Fuzhou Hua Cui Ting Yuan (撫州華萃庭院) Phase 2 and residential units of Yichun Royal Lake City Phase 2. All the above units are located in the PRC.

The following table sets out an analysis of the revenue for (i) residential properties, (ii) commercial properties, and (iii) car parking spaces during FY2019:

		2019	2018	Percentage change
(i)	Residential			
	– GFA sold *(in sq.m.)*	30,419	18,384	65.5%
	– ASP *(RMB per sq.m.)*	12,465	5,284	135.9%
	– Revenue *(approximately RMB'000)*	379,162	97,145	290.3%
(ii)	Commercial			
	– GFA sold *(in sq.m.)*	268	2,698	(90.1%)
	– ASP *(RMB per sq.m.)*	10,220	11,915	(14.2%)
	– Revenue *(approximately RMB'000)*	2,739	32,146	(91.5%)
(iii)	Car parking spaces			
	– Revenue *(approximately RMB'000)*	2,381	4,791	(50.3%)
Total revenue *(approximately RMB'000)*		384,282	134,082	186.6%

Cost of Sales and Gross Profit Margin

Cost of sales increased from approximately RMB89.3 million in FY2018 to approximately RMB315.4 million in FY2019. As a higher portion of the revenue of the Group was attributable to the delivery of residential units of town houses in FY2019 as compared with FY2018, which had lower gross profit margin compared with residential units delivered in FY2018, gross profit margin decreased from 33.4% in FY2018 to 17.9% in FY2019.

Other Income and Other Gains and Losses

Other income and other gains and losses increased from approximately RMB63.0 million in FY2018 to approximately RMB63.7 million in FY2019 mainly attributable to the net effect of the increase of the net fair value gain on investment properties and the net fair value gain on financial assets at FVTPL with a decrease of government grants.

Selling and Distribution Expenses

Selling and distribution expenses increased from approximately RMB10.8 million in FY2018 to approximately RMB15.0 million in FY2019. The higher selling and distribution expenses in FY2019 were mainly due to an increase in the marketing expenses incurred for the launch of Sino Harbour • Wu Lin Hui (漢港 • 武林匯) and Sino Harbour • Guanlan (漢港 • 觀瀾) located in Hangzhou City in Zhejiang Province and Yichun City in Jiangxi Province, the PRC, respectively.

Administrative Expenses

Administrative expenses decreased to approximately RMB43.5 million in FY2019 from approximately RMB48.8 million in FY2018. The decrease was mainly attributable to a decrease in staff cost as well as rental expenses.

Finance Costs

The Group recorded approximately RMB5.3 million non-capitalised finance costs in FY2019, increased from approximately RMB5.1 million in FY2018. The increase was mainly attributable to the increase of bank and other loans and the effective interest rate during FY2019.

Profit for the Year

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB67.9 million in FY2019, compared to approximately RMB41.3 million in FY2018.

Income Tax Expenses

Income tax expenses decreased to approximately RMB35.3 million in FY2019 from approximately RMB40.1 million in FY2018. The decrease was mainly attributable to the decrease in deferred income tax for the deferred tax assets recognised in respect of tax losses.

As a result, the Group had recorded a profit after tax of approximately RMB32.6 million in FY2019, compared to approximately RMB1.2 million in FY2018.

REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2019

Property, Plant and Equipment

As at 31 March 2019, the Group had property, plant and equipment of approximately RMB70.8 million, compared to approximately RMB67.7 million as at 31 March 2018. The increase was mainly attributable to the acquisition of equipment during FY2019.

Investment Properties

As at 31 March 2019, the Group had investment properties at fair value of approximately RMB547.4 million, compared to approximately RMB553.0 million as at 31 March 2018. The decrease comprised mainly the net effect of the disposal and the net fair value gain of the Group's investment properties.

Intangibles

Intangible assets represented copyright and customer relationships arising from the acquisition of a subsidiary.

Interest in an Associate

The Group had interest in an associate of approximately RMB4.8 million as at 31 March 2019, compared to approximately RMB4.4 million as at 31 March 2018, which represented a 30% equity interest in Davi as at 31 March 2019 and the share of results of an associate in FY2019.

Other Financial Assets and Financial Assets at FVOCI

It represented equity interests in a number of entities incorporated in the PRC and 1,170,000 ordinary shares of LongYu, on which the Group does not have control nor significant influence. It increased from approximately RMB28.4 million as at 31 March 2018 to approximately RMB33.4 million as at 31 March 2019 mainly attributable to the fair value gain on equity interests.

Financial Assets at FVTPL

Financial assets at FVTPL increased from approximately RMB7.7 million as at 31 March 2018 to approximately RMB12.7 million as at 31 March 2019, mainly due to the increases in the fair values of the profit guarantees in Davi and LongYu as well as the put option in relation to the equity interest in Davi.

Pledged Deposits

Long-term and short-term pledged deposits decreased from approximately RMB230.4 million as at 31 March 2018 to approximately RMB216.4 million as at 31 March 2019. The decrease was mainly due to a decrease in deposits pledged for bank loans and banking facilities granted to the mortgages.

Properties Held under Development

As at 31 March 2019, the Group's properties held under development increased to approximately RMB2,183.1 million from approximately RMB1,664.4 million as at 31 March 2018. The increase was in tandem with the Group's joint venture partner which has designated all the rights and responsibility in relation to the undeveloped project in Yichun, the PRC, to the Group pursuant to the designated operating agreement ("**Agreement**") entered on 30 March 2018 and the construction progress of "Sino Harbour • Guanlan" and "Sino Harbour • Wu Lin Hui".

Properties Held for Sale

Properties held for sale increased from approximately RMB243.8 million as at 31 March 2018 to approximately RMB248.6 million as at 31 March 2019, mainly due to the transfer of completed property units from properties held under development for Nanchang Sino Harbour Kaixuan City Zone 2.

Accounts Receivable

As at 31 March 2019, the Group had no accounts receivable (FY2018: RMB0.3 million). The decrease was mainly due to the recovery of accounts receivable in FY2019.

Prepayments and Other Receivables

The Group's prepayments and other receivables amounted to approximately RMB180.5 million as at 31 March 2019, compared to approximately RMB268.3 million as at 31 March 2018.

Prepayments and other receivables decreased mainly due to the transfer of deposit paid in relation to the Agreement to properties held under development as well as the prepayments paid to the contractors for the construction of the Group's projects.

Tax Recoverable

Tax recoverable increased to approximately RMB20.3 million as at 31 March 2019 from approximately RMB17.6 million as at 31 March 2018, mainly attributable to an increase in prepayments of income tax during FY2019.

Accounts Payable, Accruals, Receipts in Advance and Other Payables and Contract Liabilities

Accounts payable decreased to approximately RMB38.5 million as at 31 March 2019 from approximately RMB52.1 million as at 31 March 2018 due to a decrease in amounts payable to the contractors for construction costs incurred in respect of Fuzhou Hua Cui Ting Yuan and Sino Harbour • Wu Lin Hui.

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

Accruals and other payables increased to approximately RMB384.1 million as at 31 March 2019 from approximately RMB175.1 million as at 31 March 2018. The increase was due to an increase of the accrued construction cost for Sino Harbour • Wu Lin Hui and Sino Harbour • Guanlan in FY2019. Upon adoption of Hong Kong Financial Reporting Standards ("**HKFRS**") 15, an opening adjustment was made on 1 April 2018 to reclassify sales deposits and installments received from customers in relation to property sales from "receipts in advance" to "contract liabilities".

Sales deposits and installments received from customers increased from approximately RMB335.5 million as at 31 March 2018 to approximately RMB424.5 million as at 31 March 2019. The increase was mainly due to an increase of pre-sale proceeds from the launch of Sino Harbour • Wu Lin Hui and Sino Harbour • Guanlan.

Deferred Tax Liabilities

Deferred tax liabilities increased from approximately RMB83.6 million as at 31 March 2018 to approximately RMB84.8 million as at 31 March 2019, 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 FY2019, the Group had recorded a net cash inflow of approximately RMB46.2 million from operating activities, mainly attributable to an increase in accruals, receipts in advance and other payables.

Net cash inflow from investing activities in FY2019 was approximately RMB30.2 million, which was mainly due to the disposal of investment properties and decrease in pledged deposits.

Net cash outflow from financing activities in FY2019 was approximately RMB83.9 million, mainly attributable to the repayments of loan principals and interests, which were partially offset by the receipts from new bank loans.

As at 31 March 2019, the Group had cash and bank balances of approximately RMB279.8 million (31 March 2018: RMB222.1 million), of which consisted of cash and cash equivalents of approximately RMB215.3 million (31 March 2018: RMB222.1 million) and bank balances restricted for construction work of approximately RMB64.5 million (31 March 2018: nil), and mostly were denominated in RMB and HK$.

BORROWINGS AND GEARING RATIO

Bank and Other Loans

As at 31 March 2019, the Group had total borrowings of approximately RMB1,165.2 million (31 March 2018: approximately RMB1,143.1 million).

	2019	2018
	RMB'000	*RMB'000*
Within one year or on demand	688,733	458,884
In the second year	103,675	408,292
In the third to fifth year	372,825	103,675
More than five years	–	172,200
	476,500	684,167
Total borrowings	1,165,233	1,143,051

As at 31 March 2019, the Group's bank and other loans were denominated in RMB and HK$ and bore interest at floating rates ranging from 2.20% to 10.55% (FY2018: 1.92% to 6.99%).

Gearing Ratio

Gearing ratio is measured by borrowings (total amount of bank loans) less related deposit collateral over total equity. As at 31 March 2019, the Group's gearing ratio was 61.7% (31 March 2018: 59.9%). The Group has implemented certain loan management policies which include close monitoring of the gearing ratio and any changes in interest rates.

CAPITAL COMMITMENTS

Details of the capital commitments of the Group are set out in note 31 to the Consolidated Financial Statements.

FINANCIAL GUARANTEE

Details of the financial guarantee of the Group are set out in notes 33 to the Consolidated Financial Statements.

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 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, financial assets at FVTPL, other receivables, other payables and bank loans, which are denominated in HK$ and US$. 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.

PLEDGE OF ASSET

As at 31 March 2019, the Group pledged its property, plant and equipment, investment properties, properties held under development, properties held for sale, and bank deposits of approximately RMB1,554.4 million (31 March 2018: approximately RMB1,922.0 million) to various banks to secure loan facilities granted to the Group.

MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed in this report, the Group did not have any material acquisition or disposal of assets, subsidiaries and affiliated companies during FY2019 (FY2018: nil).

EVENT AFTER THE END OF FY2019

No important events affecting the Group have occurred since 31 March 2019.

SIGNIFICANT INVESTMENT

The Group did not hold any significant investment in FY2019 (FY2018: nil).

CONTINGENT LIABILITIES

As at 31 March 2019, the Group had no significant contingent liabilities (31 March 2018: nil).

EMPLOYEE AND REMUNERATION POLICY

There were 275 employees in the Group as at 31 March 2019 (31 March 2018: 318). Staff 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 discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group. Employee costs, including Directors' emoluments, amounted to approximately RMB29.9 million in FY2019 (FY2018: approximately RMB31.7 million).

STATUS OF PROFIT GUARANTEE

(a) Davi

On 26 November 2015, Jiangxi Asia City Real Estate Development Co., Ltd. ("**JX Asia City**"), a wholly-owned subsidiary of the Company, entered into a subscription agreement (the "**Davi Subscription Agreement**") to subscribe for a 30% equity interest in Davi from an independent third party, Smartway, at a consideration of RMB11.3 million.

Pursuant to the terms of the Davi Subscription Agreement, Smartway had irrevocably guaranteed JX Asia City that the audited net profit after income tax expense per annum of Davi should not be less than RMB7.0 million, RMB9.0 million, and RMB11.0 million for each of the three years ending 31 December 2016, 2017 and 2018 (collectively the "**Guaranteed Periods**"), respectively; or the aggregate audited net profit after income tax expense should not be less than RMB27.0 million for the Guaranteed Periods (collectively the "**Profit Guarantee**"). If Davi failed to meet the Profit Guarantee, Smartway was obliged to make the shortfall compensation (the "**Shortfall Compensation**") to JX Asia City before 31 December 2019. Also, JX Asia City was granted the right, up to 31 December 2019, to resell its entire equity interest in Davi to Smartway at a consideration equivalent to the net investment cost paid by the Group plus a 13% premium amount per annum and net of any dividend and the Shortfall Compensation received during the Guaranteed Periods.

Davi recorded net loss of approximately RMB2.7 million and approximately RMB3.4 million and net profit of approximately RMB0.5 million for the years ended 31 December 2016, 2017 and 2018, respectively, and failed to meet the Profit Guarantee. Pursuant to the Davi Subscription Agreement and discussions with Smartway, the Shortfall Compensation was agreed as approximately RMB8.8 million on 10 June 2019 and to be due on 31 December 2019, and JX Asia City reserves its rights to execute the exiting arrangement until 31 December 2019. The Company will keep its Shareholders and potential investors informed of any further significant development as and when appropriate.

(b) LongYu

On 28 September 2017, Zhejiang Sino Harbour, a wholly-owned subsidiary of the Company, entered into a subscription agreement to subscribe for 1,170,000 ordinary shares of LongYu at a consideration of RMB19.9 million (the "**LongYu Subscription Agreement**").

Pursuant to the terms of the LongYu Subscription Agreement, the guarantor has irrevocably and unconditionally guaranteed Zhejiang Sino Harbour that the audited net profit of LongYu for the financial year ended 31 December 2018 shall be at least RMB25.0 million and in which the non-recurring profit or loss shall not exceed RMB5.0 million. In the event that the audited profit is less than the guaranteed profit (the "**Shortfall**"), the guarantor shall return the premium portion of the valuation of LongYu (the "**Premium Portion**") to Zhejiang Sino Harbour. The Premium Portion shall be calculated as follows:

RMB19.9 million x (1 – (16 x audited net profit) ÷ RMB400 million)

In the event that the Shortfall is caused by force majeure, the guarantor shall return the Premium Portion to Zhejiang Sino Harbour at a 25% discount, subject to mutual agreement between Zhejiang Sino Harbour and the guarantor. The Premium Portion at a 25% discount shall be calculated as follows:

RMB19.9 million x (1 – (16 x audited net profit) ÷ RMB400 million) x 75%

According to the audited financial statements of LongYu published on 30 April 2019, the audited net profit of LongYu for the year ended 31 December 2018 was approximately RMB23.2 million and therefore, failed to meet the profit guarantee of RMB25.0 million to Zhejiang Sino Harbour. Based on the explanation and several discussions with LongYu's management, Zhejiang Sino Harbour and the guarantor mutually agreed that the Shortfall was caused by force majeure. As of the date of this report, the guarantor has made compensation in relation to the Premium Portion at a 25% discount of approximately RMB1.1 million to Zhejiang Sino Harbour in accordance with the abovementioned formula.

COMPANY UPDATE

Property Pre-sales

The cumulative results for the pre-sale and delivery of properties under each project up to 19 June 2019 are summarised as follows:

Residential Units	**Hangzhou Sino Harbour • Wu Lin Hui – Building No. 3 (Service Apartment)**	**Yichun Sino Harbour • Guanlan – Phase 1**
Estimated total GFA released for sale (total units)	20,049 sq.m. (399 units)	68,169 sq.m. (560 units)
Estimated total GFA pre-sold (total units)	10,209 sq.m. (213 units)	58,465 sq.m. (488 units)
Percentage of pre-sale	51%	86%
Pre-sale GFA (units pre-sold) not handed over to buyers as at 31 March 2019^	10,209 sq.m. (213 units)	58,465 sq.m. (488 units)
Pre-sale value not handed over to buyers as at 31 March 2019^	RMB328.27 million	RMB370.73 million
ASP per sq.m.*	RMB32,156	RMB6,341
Expected completion date	CY2019Q2	CY2021Q2

*: 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: Beginning of FY2019 pre-sales plus new pre-sales during FY2019 less those handed over to buyers during FY2019, which was recognised as sales during FY2019.

CONSTRUCTION PROGRESS AND DEVELOPING PROJECT

The Group will maintain our construction scale in order to offer enough GFA available for sale and for delivery to support our growth in future.

LAND BANK

As at 31 March 2019, the Group had land bank with total planned saleable GFA of approximately 2,507,948 sq.m. in five cities in the PRC.

	Planned Saleable GFA
Completed properties held for sale	81,928
Properties under development	499,849
Properties held for further development	1,926,171
Total	2,507,948

FUTURE OUTLOOK

Looking forward into 2019, the global economy is expected to continue to grow slowly. However, the global trade tensions will pose challenges to the recovery of the global economy. Currently, the Chinese economy undergoes a period of structural adjustment, transformation and upgrading. It is anticipated that China's macroeconomy will maintain its steady growth as a whole. "One City One Policy" will be the major direction of the China government which puts forward the setting of a city's primary responsibility for the promotion of a stable and healthy development of the market. The nature of this policy mainly refers to "acting according to circumstances and giving different guidance to different categories of cities" to genuinely stabilize land price and property price. With the deepened regulation and active development of long-term regulatory mechanism, it is expected that the overall sales amount of the real estate market across China will decrease. During the first quarter of 2019, the cumulative growth of residential price index of 100 cities across China continued to shrink as compared with the last four quarters, but the overall price was relatively stable. In terms of a single month, the price in the previous two months continued to shrink on a month-on-month basis.

The sales amount of residential properties in the first-tier to fourth-tier cities showed mixed performance: In the first-tier cities, the regulatory guidelines have shifted from managing the demand to increasing the supply. In the first quarter of 2019, commodity housing in the first-tier cities recorded a monthly average area sold of approximately 440,000 sq.m., up by 29% year-on-year. The market has picked up significantly. Single month transactions rose by approximately 50% year-on-year. In the second-tier cities, regulation will continue to tighten and there are still slight opportunities that annual sales amount will make new breakthrough. In the first quarter of 2019, commodity housing in the representative second-tier cities recorded a monthly average area sold of approximately 640,000 sq.m., down by 4.8% year-on-year, among which, Hangzhou and Nanjing both saw a year-on-year decrease but with signs of recovery. The area sold in March 2019 increased steadily year-on-year. In the third-tier and fourth-tier cities, the de-inventory effect is prominent and the actual market demand will decrease accordingly. In the first quarter of 2019, commodity housing in the representative third-tier and fourth-tier cities recorded a monthly average area sold of approximately 270,000 sq.m., down by 10.6% year-on-year, among which, more than 50% of the cities showed a decline in the area sold for such quarter year-on-year. The cooling of the market is increasingly evident. Benefiting from the increases in the overall supply and market demand, selling price is expected to remain stable.

The Group will continue to actively expand the pharmaceutical inspection and stem cell businesses. On 30 June 2018, Zhejiang IPS, a non-wholly-owned subsidiary of the Company, entered into a strategic cooperation agreement with Agilent which is the world's leading measurement company and researcher and manufacturer of biological science measuring instruments. Such cooperation enables Zhejiang IPS to share the customer resources of Agilent, and also focus on the drug packaging materials compatibility research project, which is a key element in the generic drug consistency evaluation. The Group will spare no effort in its top priority of making Zhejiang IPS become a leading contract research organization in the PRC, while targeting the market opportunities brought by the generic drug consistency evaluation in the PRC. The Board is of the view that the stem cell storage and consultation business will remain stable. The Group will constantly seek new opportunities and explore appropriate potential investment opportunities to create synergies with our current healthcare businesses. With a strong financial position of property development, the Group will continue to assess new opportunities in healthcare sector to achieve sustainable growth and to enhance Shareholders' value. However, the Board will remain cautious in the rapidly changing environment.

(d) For the year ended 31 March 2018

REVIEW OF FINANCIAL RESULTS FOR FY2018 COMPARED TO THE YEAR ENDED 31 MARCH 2017 ("FY2017")

Revenue

In FY2018, the Group recorded revenue of approximately RMB134.1 million, representing a decrease of 80.7% from approximately RMB693.5 million in FY2017.

Revenue in FY2018 was primarily derived from the delivery of residential units of Fuzhou Hua Cui Ting Yuan (撫州華萃庭院) Phase 2 and Yichun Royal Lake City (宜春禦湖城) Phase 2 as well as commercial units of Fuzhou Hua Cui Ting Yuan. In FY2017, revenue was mainly attributable to the delivery of residential units of Nanchang Sino Harbour Kaixuan City (南昌漢港凱旋城) Zone 3, Fuzhou Hua Cui Ting Yuan Phase 3 as well as Yichun Royal Lake City Phase 2. All the above units are located in the PRC.

The following table sets out an analysis of the revenue for (i) residential properties, (ii) commercial properties, and (iii) car parking spaces during FY2018:

	FY2018	FY2017	Percentage change
(i) Residential			
– GFA sold *(in sq.m.)*	18,384	131,273	(86.0%)
– ASP *(RMB per sq.m.)*	5,284	5,121	3.2%
– Revenue *(approximately RMB'000)*	97,145	672,227	(85.5%)
(ii) Commercial			
– GFA sold *(in sq.m.)*	2,698	1,376	96.1%
– ASP *(RMB per sq.m.)*	11,915	12,300	(3.1%)
– Revenue *(approximately RMB'000)*	32,146	16,925	89.9%
(iii) Car parking spaces			
– Revenue *(approximately RMB'000)*	4,791	4,360	9.9%
Total revenue *(approximately RMB'000)*	134,082	693,512	(80.7%)

Cost of Sales and Gross Profit Margin

Cost of sales decreased from approximately RMB559.4 million in FY2017 to approximately RMB89.3 million in FY2018. As a higher portion of the revenue of the Group was attributable to the delivery of commercial units in FY2018 as compared with FY2017, which had a higher gross profit margin compared with residential units delivered, gross profit margin increased from 19.3% in FY2017 to 33.4% in FY2018.

Other Income and Other Gains and Losses

Other income and other gains and losses increased from approximately RMB53.9 million in FY2017 to approximately RMB63.0 million in FY2018 mainly attributable to the increases in exchange gain as well as interest income from bank deposit.

Selling and Distribution Expenses

Selling and distribution expenses decreased from approximately RMB17.9 million in FY2017 to approximately RMB10.8 million in FY2018. The lower selling and distribution expenses in FY2018 were mainly due to a decrease in the marketing expenses incurred for Nanchang Sino Harbour Kaixuan City as well as Yichun Royal Lake City.

Administrative Expenses

Administrative expenses increased by 20.8% to approximately RMB48.8 million in FY2018 from approximately RMB40.3 million in FY2017. The increase was mainly attributable to an increase in staff cost as well as rental expenses.

Finance Costs

The Group recorded approximately RMB5.1 million non-capitalised finance costs in FY2018, decreased from approximately RMB5.9 million in FY2017.

Profit for the Year

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB41.3 million in FY2018, compared to approximately RMB123.0 million in FY2017.

Income tax expenses decreased to approximately RMB40.1 million in FY2018 from approximately RMB49.3 million in FY2017. The decrease was mainly attributable to the decrease in EIT in line with the decrease in taxable profits partially offset by provision of LAT.

As a result, the Group had recorded a profit after tax of approximately RMB1.2 million in FY2018, representing a decrease of 98.4% from FY2017.

REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2018

Property, Plant and Equipment

As at 31 March 2018, the Group had property, plant and equipment of approximately RMB67.7 million, compared to approximately RMB56.2 million as at 31 March 2017. The increase was mainly attributable to acquisition of equipment during FY2018.

Investment Properties

As at 31 March 2018, the Group had investment properties at fair value of approximately RMB553.0 million, compared to approximately RMB536.8 million as at 31 March 2017. The increase comprised mainly the net fair value gain of the Group's investment properties.

Intangibles

Intangible assets represented copyright in relation to the capital injection to a subsidiary of the Company by a non-controlling interest.

Interest in an Associate

The Group had interest in an associate of approximately RMB4.4 million as at 31 March 2018, compared to approximately RMB5.7 million as at 31 March 2017, which represented a 30% equity interest in Davi as at 31 March 2018 and the share of results of an associate in FY2018.

Other Financial Assets

Other financial assets represented equity interests in a number of entities incorporated in the PRC on which the Group does not have control nor significant influence. Other financial assets increased from approximately RMB8.6 million as at 31 March 2017 to approximately RMB28.4 million as at 31 March 2018 mainly attributable to the Group's subscription for 1,170,000 ordinary shares of LongYu in FY2018.

Financial Assets at FVTPL

Financial assets at fair value through profit or loss increased from approximately RMB7.1 million as at 31 March 2017 to approximately RMB7.7 million as at 31 March 2018, mainly due to an increase in the fair value of the profit guarantee as well as the put option as at 31 March 2018 in relation to the Group's acquisition of a 30% equity interest in Davi.

Pledged Deposits

Long-term and short-term pledged deposits increased from approximately RMB221.6 million as at 31 March 2017 to approximately RMB230.4 million as at 31 March 2018. The increase was mainly due to an increase in deposits pledged against and secured for the bank loans to the Group.

Properties Held under Development

As at 31 March 2018, the Group's properties held under development increased to approximately RMB1,664.4 million from approximately RMB1,379.5 million as at 31 March 2017. The increase was in tandem with the construction progress of Han Zhi Yun Commercial Centre (漢之昀商業中心) located in Zhejiang Province, the PRC.

Properties Held for Sale

Properties held for sale decreased from approximately RMB360.0 million as at 31 March 2017 to approximately RMB243.8 million as at 31 March 2018, mainly due to the handover of property units of Fuzhou Hua Cui Ting Yuan as well as Yichun Royal Lake City to the buyers.

Accounts Receivable

As at 31 March 2018, the Group's accounts receivable amounted to approximately RMB0.3 million compared to approximately RMB1.5 million as at 31 March 2017. The decrease was mainly due to the recovery of accounts receivable in FY2018. Since the balances were considered fully recoverable, no impairment provision was required.

Prepayments and Other Receivables

The Group's prepayments and other receivables amounted to approximately RMB268.3 million as at 31 March 2018, compared to approximately RMB106.7 million as at 31 March 2017.

On 30 March 2018, the Group and its joint venture partner entered into a designated operating agreement (the "**Agreement**"), pursuant to which subject to the fulfilment of certain conditions, its joint venture partner will designate all the rights and responsibilities of the management, operation and financing of the undeveloped project of Yichun Royal Lake City to the Group.

Prepayments and other receivables increased, mainly due to the deposit paid in relation to the Agreement as well as the prepayments to the contractors for the construction of the Group's project.

Tax Recoverable

Tax recoverable decreased to approximately RMB17.6 million as at 31 March 2018 from approximately RMB20.8 million as at 31 March 2017, mainly attributable to a decrease in prepayments of the EIT as well as LAT during FY2018.

Accounts Payable, Accruals, Receipts in Advance and Other Payables

Accounts payable decreased to approximately RMB52.1 million as at 31 March 2018 from approximately RMB79.9 million as at 31 March 2017 due to a decrease in amounts payable to the suppliers for construction costs incurred in respect of Fuzhou Hua Cui Ting Yuan and Yichun Royal Lake City.

Accruals, receipts in advance and other payables mainly comprised 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 were based on the progress of project development but were not due for payment.

Accruals, receipts in advance and other payables increased to approximately RMB510.7 million as at 31 March 2018 from approximately RMB466.8 million as at 31 March 2017. The increase mainly represented the advance receipts from customers for the deposits and prepayments for the Group's property pre-sales in FY2018.

Deferred Tax Liabilities

Deferred tax liabilities increased from approximately RMB80.0 million as at 31 March 2017 to approximately RMB83.6 million as at 31 March 2018, 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 FY2018, the Group had recorded a net cash outflow of approximately RMB238.1 million from operating activities, mainly attributable to an increase in properties held under development and properties held for sale as well as prepayments and other receivables.

Net cash outflow from investing activities in FY2018 was approximately RMB42.2 million, which was mainly due to the acquisition of property, plant and equipment as well as other financial assets.

Net cash inflow from financing activities in FY2018 was approximately RMB238.4 million, mainly attributable to the receipts from new bank loans which were partially offset by the repayments of loan principals and interests.

As at 31 March 2018, the Group had cash and bank balances of approximately RMB222.1 million, of which mostly were denominated in RMB and HK$ (31 March 2017: approximately RMB264.4 million).

BORROWINGS AND GEARING RATIO

Bank Loans

As at 31 March 2018, the Group had total borrowings of approximately RMB1,143.1 million (31 March 2017: approximately RMB832.8 million), which were repayable as follows:

	2018	**2017**
	RMB'000	*RMB'000*
Repayment period		
Within one year or on demand	458,884	228,258
More than one year, but not exceeding two years	408,292	98,849
More than two years but not exceeding five years	103,675	505,716
More than five years	172,200	–
	1,143,051	832,823

As at 31 March 2018, the Group's bank loans were denominated in RMB and HK$ and bore interest at floating rates ranging from 2.20% to 7.50% (31 March 2017: 1.92% to 7.50%) per annum.

Gearing Ratio

Gearing ratio is measured by borrowings (total amount of bank loans) less related deposit collateral over total equity. As at 31 March 2018, the Group's gearing ratio was 59.9% (31 March 2017: 42.4%). The Group has implemented certain loan management policies which include close monitoring of the gearing ratio and any changes in interest rates.

FINANCIAL GUARANTEE

Details of the financial guarantee of the Group are set out in notes 18 and 34 to the audited consolidated financial statements of the Group for the Year (the "**Consolidated Financial Statements**").

CAPITAL COMMITMENTS

Details of the capital commitments of the Group are set out in notes 18 and 32 to the Consolidated Financial Statements.

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.

CHANGE OF IMMEDIATE CONTROLLING SHAREHOLDER

As disclosed in the Company's announcement dated 25 August 2017, Pan Hong Holdings proposed to distribute, by way of a one-time dividend in specie, of all the 1,800,000,000 Shares held by Pan Hong Holdings (representing approximately 73.05% of the total issued Shares) to the shareholders of Pan Hong Holdings on a pro rata basis (but without fractional entitlements) (the "**Proposed Distribution**").

As disclosed in the Company's announcement dated 29 March 2018, the Board was notified that the Proposed Distribution had been completed and the share certificates in respect of the Shares distributed by Pan Hong Holdings under the Proposed Distribution had all been despatched to the relevant shareholders of Pan Hong Holdings on 29 March 2018.

Prior to the completion of the Proposed Distribution, Extra Good (a company owned as to 48% and 52% equity interest by Ms. Chan and Mr. Wong respectively), Mr. Wong and Ms. Chan were indirectly, through Pan Hong Holdings, interested in approximately 73.05% in the issued share capital of the Company (the "**Issued Share Capital**") and, together with Pan Hong Holdings, were the then controlling shareholders of the Company.

Immediately following the completion of the Proposed Distribution, Pan Hong Holdings ceased to be a controlling shareholder of the Company and Extra Good, Ms. Chan and Mr. Wong have received a total of 1,153,103,153 Shares from Pan Hong Holdings, representing 46.80% of the Issued Share Capital as at the date of this annual report, and remain as the controlling shareholders of the Company.

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, other payables and bank loans which are denominated in HK$. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and will consider hedging significant foreign currency exposure should the need arise.

PLEDGE OF ASSETS

As at 31 March 2018, the Group pledged its property, plant and equipment, investment properties, properties held under development, properties held for sale, and bank deposits of approximately RMB1,922.0 million (31 March 2017: approximately RMB1,666.2 million) to various banks to secure loan facilities granted to the Group.

MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed in this annual report, the Group did not have any material acquisition or disposal of assets, subsidiaries and affiliated companies during FY2018 (FY2017: nil).

EVENT AFTER THE END OF FY2018

No important events affecting the Group have occurred since 31 March 2018 and up to the date of this annual report.

SIGNIFICANT INVESTMENT

The Group did not hold any significant investment in FY2018 (FY2017: nil).

CONTINGENT LIABILITIES

As at 31 March 2018, the Group had no significant contingent liabilities (31 March 2017: nil).

EMPLOYEE AND REMUNERATION POLICY

There were 318 employees in the Group as at 31 March 2018 (31 March 2017: 242). 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 RMB31.7 million in FY2018 (FY2017: approximately RMB30.1 million).

STATUS OF PROFIT GUARANTEE

(a) Davi

On 26 November 2015, JX Asia City entered into the Davi Subscription Agreement to subscribe for 30% equity interest in Davi (the "**Davi Subscription**").

Pursuant to the terms of the Davi Subscription Agreement, JX Asia City may exit the Davi Subscription under any one of the following conditions:

A. The audited net profit of Davi for the year ended 31 December 2016 was less than RMB7.0 million (approximately HK$8.5 million); or

B. The audited net profit of Davi for the year ended 31 December 2017 was less than RMB9.0 million (approximately HK$10.9 million); or

C. The audited net profit of Davi for the year ending 31 December 2018 is less than RMB11.0 million (approximately HK$13.4 million); or

D. The aggregate audited net profit of Davi for the years ended/ending 31 December 2016, 2017 and 2018 is less than RMB27.0 million (approximately HK$32.8 million) (the "**Total Profit Guarantee**").

The audited net loss of Davi for the years ended 31 December 2016 and 2017 were approximately RMB2.7 million (approximately HK$3.3 million) and approximately RMB3.4 million (approximately HK$4.1 million) respectively. Although the audited net profit of Davi for the years ended 31 December 2016 and 2017 were less than RMB7.0 million (approximately HK$8.5 million) and RMB9.0 million (approximately HK$10.9 million) respectively and the respective profit guarantee was not met, the Company could still choose to execute the exiting arrangement if the Total Profit Guarantee is not met. The Company will enforce the obligations of the guarantor under the Davi Subscription Agreement if the Total Profit Guarantee is not met.

(b) LongYu

On 28 September 2017, Zhejiang Sino Harbour entered into the subscription agreement to subscribe for 1,170,000 ordinary shares of LongYu.

Pursuant to the terms of the LongYu Subscription Agreement, the guarantor has irrevocably and unconditionally guaranteed Zhejiang Sino Harbour that the audited net profit of LongYu Medicine for the financial year ending 31 December 2018 shall be at least RMB25,000,000 (equivalent to approximately HK$29,404,000) and in which the non-recurring profit or loss shall not exceed RMB5,000,000 (equivalent to approximately HK$5,881,000).

The Board will update on the performance of LongYu as and when its audited financial statements for the year ending 31 December 2018 is available.

COMPANY UPDATE

Property Pre-sales

The cumulative results for the pre-sale and delivery of properties under each project up to 18 May 2018 are summarised as follows:

Residential Units	Nanchang Sino Harbour Kaixuan City Zone 2, Part B	Yichun Royal Lake City Phase 2
Estimated total GFA released for sale (total units)	27,885 sq.m. (156 units)	104,196 sq.m. (1,091 units)
Estimated total GFA pre-sold (total units)	18,863 sq.m. (108 units)	103,898 sq.m. (1,088 units)
Percentage of pre-sale	68%	99%
Pre-sale GFA (units pre-sold) not handed over to buyers as at 31 March 2018^	18,863 sq.m. (108 units)	5,567 sq.m. (56 units)
Pre-sale value not handed over to buyers as at 31 March 2018^	RMB260.48 million	RMB26.2 million
ASP per sq.m.*	RMB13,809	RMB4,706
Expected completion date	2nd quarter of 2018	Completed

^: Pre-sale value not handed over to buyers is computed as follows: Beginning of FY2018 pre-sales plus new pre-sales during FY2018 less those handed over to buyers during FY2018, which was recognised as sales during FY2018.

*: 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.

CONSTRUCTION PROGRESS AND DEVELOPING PROJECTS

The Group will maintain our construction scale in order to offer enough GFA available for sale and for delivery to support our growth in future.

LAND BANK

As at 31 March 2018, the Group had land bank with total planned saleable GFA of approximately 2,540,872 sq.m. in five cities in the PRC.

	Planned saleable GFA
Completed properties held for sale	86,967
Properties under development	109,170
Properties held for further development	2,344,735
Total	2,540,872

FUTURE OUTLOOK

Looking forward to the rest of 2018, the Group remains optimistic in relation to the economy of China. The economic growth of China is expected to remain stable, shifting from a rapid growth stage to a high-quality steady growth stage.

To establish a long-term effective mechanism has been a keynote of the real estate policy. In the 19th National Congress of Communist Party of China, President Xi Jinping has outlined his vision for the next five years of development in China and emphasized that "houses are for living but not for speculation". Meanwhile, the Central Economic Work Conference has pointed out the importance of "accelerating the establishment of a housing system with multi-agent supply, multi-channel protection and co-development of housing lease and sales". The Group believes that the Chinese central government will continue the macro-control policies in controlling housing price, preventing market bubbles and destocking to the real estate industry in 2018. However, it will be positive to China's real estate industry in terms of a long-term macro perspective.

Apart from the property development business, the Group will continue to expand diversely the pharmaceutical inspection and stem cell businesses. The Group established Zhejiang IPS since 2017, which aims at setting up a leading third-party laboratories and contract research organization in China. With the completion of the core team formation in early 2018, Zhejiang IPS had moved forward from ramp-up period and quickly switched its focus to medium and large scale projects. The Group will increase its investments in Zhejiang IPS continuously to support its growth and its technical level. Currently, the quality and efficacy consistency evaluation for generic drugs is the core business development direction of Zhejiang IPS. Meanwhile, the Group provides stem cell storage consultation and referral services via its subsidiary, Guangxi Gangrun. We shall strive to enhance the professional knowledge of our team and grasp the demand of the stem cell market in Guangxi Zhuang Autonomous Region, China. We are also constantly seeking new opportunities to extend our stem cell business into upstream and downstream sectors and exploring appropriate potential investment opportunities to create synergies with our current healthcare businesses.

The Group will continue to adopt a robust financial policy and remain cautiously optimistic regarding China's real estate market in the rest of 2018. The Board believes that the business of property development can still generate strong cash inflows for the Group and continuously support its healthcare business sector in the future.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 January 2021 of the property interest held by the Target Company.

JLL
仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place 979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

30 April 2021

The Board of Directors
Sino Harbour Holdings Group Limited
Room 1215, Tower B
Hunghom Commercial Centre
37-39 Ma Tau Wai Road, Hunghom, Kowloon
Hong Kong

Dear Sirs,

In accordance with the instructions of Sino Harbour Holdings Group Limited (the "**Company**") to value the property interest held by Leping City Fenghuang Jincheng Industry Co., Ltd. (樂平市鳳凰金誠實業有限公司, the "**Target Company**", an indirect 51%-owned subsidiary of the Company) in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market value of the property interest as at 31 January 2021 (the "**valuation date**").

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

We have adopted the comparison approach in our valuation of the property by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Company and the Target Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of title documents including State-owned Land Use Rights Certificates and other official plans relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC Legal Adviser – Zhejiang Yinhu Law Firm, concerning the validity of the property interest in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory.

Property inspection was carried out in March 2021 by Ms. Mia Lei. She has more than 3 years' experience in the valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company and the Target Company. We have also sought confirmation from the Company and the Target Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

We are instructed to provide our opinion of value as per the valuation date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, the outbreak of the Novel Coronavirus (COVID-19) since declared Global Pandemic on 11 March 2020 has caused much disruption to economic activities around the world. As of the report date, China's economy has recovered and most business activities have been back to normal. We also note that market activity and market sentiment in this particular market sector remain stable. However, we remain cautious due to uncertainty for the pace of global economic recovery in the midst of the outbreak which may have future impact on the real estate market. Therefore, we recommend that you keep the valuation of this property under frequent review.

Our valuation certificate is attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Senior Director

Note: Eddie T. W. Yiu is a Chartered Surveyor who has 27 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

VALUATION CERTIFICATE

Property interest held for future development by the Target Company in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2021 *RMB*
3 parcels of land located at Hushan Meiyan Reclamation Farm Leping City Jingdezhen City Jiangxi Province The PRC (位於樂平梅岩的三塊土地)	The property comprises 3 parcels of land with a total site area of approximately 209,863.95 sq.m., which will be developed into a residential and commercial development. The topography of the property is uneven and the construction of the property had not been commenced as at the valuation date. As advised by the Company and the Target Company, the property has a total planned gross floor area of approximately 264,957.74 sq.m. The details are set out as below:	As at the valuation date, the property was partly bare land and partly covered with natural trees and weeds.	222,200,000

Usage	Planned Gross Floor Area *(sq.m.)*
Residential	239,000.00
Retail	16,998.59
Ancillary	1,259.15
Basement car park	7,700.00
Total:	**264,957.74**

The land use rights of the property have been granted for a term of 70 years expiring on 17 June 2074 for residential use.

Notes:

1. Pursuant to 3 State-owned Land Use Rights Certificates – Le Guo Yong (2004) Di Nos. 758-2 Bian, 758-3 Bian and 906 Bian, the land use rights of 3 parcels of land with a total site area of approximately 209,863.95 sq.m. have been granted to the Target Company for a term of 70 years expiring on 17 June 2074 for residential use.

2. As advised by the Company and the Target Company, the property has a plot ratio accountable gross floor area of approximately 257,257.74 sq.m. and a total planned gross floor area of approximately 264,957.74 sq.m.

3. Our valuation has been made on the following basis and analysis:

    (a) In undertaking our valuation of the property, we have made reference to sales prices of land in Leping City which have the similar characteristics comparable to the property. The accommodation value of these comparable clear land sites ranges from RMB1,000 to RMB1,200 per sq.m. for residential use. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and other characters between the comparable properties and the property to arrive at the assumed accommodation value; and

    (b) As at the valuation date, there were natural trees and weeds on the property and the property was uneven. As advised by the Company, approximately RMB42,000,000 of the land improvement cost needs to be spent to reach the clear and vacant site status. We have taken into account such fact and the aforesaid land improvement cost was deducted in our valuation to arrive at the market value of the property in existing state.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC Legal Adviser, which contains, *inter alia*, the following:

    The land use rights of the property are owned by the Target Company. The Target Company owns the right of occupation, use and earning income of the property in accordance with the law. The Target Company also has the rights to legally transfer, swap, contribute capital, donate or mortgage the property.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and the chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, entered in the register referred to therein; and (c) pursuant to Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (the "**Model Code**"), notified to the Company and the Stock Exchange were as follows:

Long positions in the Shares

Name of Directors/ chief executive	Capacity/ Nature of interest	Number of Shares/ underlying Shares interested	Total	Approximate percentage of the Company's issued Shares *(Note 4)*
Mr. Wong Lam Ping ("**Mr. Wong**")	Beneficial owner	168,245,643		
	Interest of a controlled corporation *(Note 1)*	1,011,885,120		
	Interest of spouse *(Note 2)*	50,746,390	1,230,877,153	49.95%
Mr. Shi Feng	Beneficial owner	1,665,042	1,665,042	0.06%
Mr. Xie Gang	Interest of spouse *(Note 3)*	5,902,663	5,902,663	0.24%

Note:

1. 1,011,885,120 Shares are held by Extra Good Enterprises Limited ("**Extra Good**"), a company incorporated in the British Virgin Islands ("**BVI**") and the issued share capital of which is owned as to 52% and 48% by Mr. Wong and his wife, Ms. Chan Heung Ling ("**Ms. Chan**") respectively. Therefore, Mr. Wong is deemed to be interested in the same parcel of Shares held by Extra Good and Ms. Chan (whether by herself or through her controlled corporation) under the SFO.

2. 50,746,390 Shares are held by Ms. Chan who is the wife of Mr. Wong. Therefore, Mr. Wong is deemed to be interested in the same parcel of Shares held by Ms. Chan under the SFO.

3. 5,902,663 Shares are held by Ms. Wong Man Bun who is the wife of Mr. Xie Gang. Therefore, Mr. Xie Gang is deemed to be interested in the same parcel of Shares held by Ms. Wong Man Bun under the SFO.

4. The percentage represents the total number of the Shares and the underlying Shares, if any, interested divided by the number of issued Shares of 2,464,000,000 as at the Latest Practicable Date.

Long position in the shares of associated corporations

Name of Directors/ chief executive	Name of associated corporation	Capacity/ Nature of interest	Number, class and percentage of issued shares of associated corporation held/interested	Total
Mr. Wong Lam Ping	Extra Good	Beneficial owner	52 ordinary shares (52%)	100 ordinary shares (100%)
		Interest of spouse *(Note)*	48 ordinary shares (48%)	

Note: The issued share capital of Extra Good is owned as to 52% and 48% by Mr. Wong and his wife, Ms. Chan respectively. Under the SFO, Mr. Wong is deemed to be interested in the shares held by Ms. Chan in Extra Good. Mr. Wong is a sole director of Extra Good.

Save as disclosed above, as at Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, recorded in the register referred to therein; or (c) pursuant to the Model Code, notified to the Company and the Stock Exchange.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors, the following person or corporation (not being a Director or a chief executive of the Company) had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholders	Capacity/ Nature of interest	Number of Shares/ underlying Shares interested	Total	Approximate percentage of the Company's issued Shares *(Note 3)*
Ms. Chan	Beneficial owner	50,746,390		
	Interest of a controlled corporation *(Note 1)*	1,011,885,120		
	Interest of spouse *(Note 2)*	168,245,643	1,230,877,153	49.95%
Extra Good	Beneficial owner	1,011,885,120	1,011,885,120	41.07%

Note:

1. 1,011,885,120 Shares are held by Extra Good a company incorporated in the BVI and the issued share capital of which is owned as to 52% and 48% by Mr. Wong and his wife, Ms. Chan respectively. Therefore, Ms. Chan is deemed to be interested in the same parcel of Shares held by Extra Good and Mr. Wong (whether by himself or through his controlled corporation) under the SFO.

2. 168,245,643 Shares are held by Mr. Wong who is the spouse of Ms. Chan. Therefore, Ms. Chan is deemed to be interested in the same parcel of Shares held by Mr. Wong under the SFO.

3. The percentage represents the total number of the Shares and the underlying Shares, if any, interested divided by the number of issued Shares of 2,464,000,000 as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, so far is known by or otherwise notified to the Directors, no other entity or person (other than a Director or the chief executive of the Company) had interests and short positions in the Shares and underlying Shares as required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which has been, since 31 March 2020, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

4. INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, no contracts or arrangements were subsisting in which a Director was materially interested directly or indirectly, and which were significant in relation to the business of the Group.

5. INTERESTS IN COMPETING BUSINESS

On 30 March 2018, the Company, Mr. Wong, Ms. Chan and Extra Good entered into a non-compete undertaking ("**Non-compete Undertaking**") to avoid any potential competitions between the business of the Group and Mr. Wong, Ms. Chan and Extra Good. The Company has received an annual written confirmation from Mr. Wong, Ms. Chan and Extra Good that each of them had complied with the terms of the Non-compete Undertaking during the financial year under review. Save as disclosed above, as at the Latest Practicable Date, in so far as the Directors were aware of, none of the Directors, controlling Shareholders and their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has any existing or proposed to enter into a service contract with any member of the Group which is not expiring or terminable by the Group within one year without payment of compensation (other than statutory compensation).

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

8. MATERIAL CONTRACTS

Save for the Land Resumption Agreement, as at the Latest Practicable Date, no contract (not being contracts entered into in the ordinary course of business) was entered into by members of the Group within two years immediately preceding the date of this circular and is or maybe material.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions and advice contained in this circular:

Name	Qualification
Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**Jones Lang LaSalle**")	Independent qualified professional valuer

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which it appears.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, the above expert was not beneficially interested in the share capital of any member of the Group, nor did it have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, the expert named above did not have any direct or indirect interest in any assets which had since 31 March 2020, being the date to which the latest published audited accounts of the Group were made up, been acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

10. DOCUMENT AVAILABLE FOR INSPECTION

Copy of the following documents will be available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Room 1215, Tower B, Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Hunghom, Kowloon, Hong Kong from the date of this circular, up to and including the date which is 14 days from the date of this circular:

a. the memorandum and articles of association of the Company;

b. the letter from the Board, the text of which is set out on pages 3 to 9 of this circular;

c. the Company's annual reports for the years ended 31 March 2018, 2019 and 2020 and the interim report for the six months ended 30 September 2020;

d. the property valuation report on the Resumed Land prepared by Jones Lang LaSalle, the text of which is set out in Appendix II to this circular;

e. the material contracts referred to in paragraph headed "8. Material contracts" in this appendix;

f. the letter of consent referred to under the paragraph headed “9. Expert and consent” in this appendix; and

g. this circular.

11. GENERAL

(a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda;

(b) The head office and principal place of business of the Company in Hong Kong is situated at Room 1215, Tower B, Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Hunghom, Kowloon, Hong Kong;

(c) The company secretary of the Company is Ms. Yue Sau Lan, who is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute in England;

(d) The branch share registrar and transfer office of the Company in Hong Kong is Boardroom Share Registrars (HK) Limited, Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong;

(e) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of Sino Harbour Property Group Limited (the "**Company**") will be held at Level 25, Sino Harbour Kaixuan Center, Nanchang Honggu Kaixuan, No. 1568 Honggu Avenue, Honggu Tan Central District, Nanchang City, Jiangxi Province, the People's Republic of China on Friday, 21 May 2021 at 10:00 a.m. for the purpose of considering and, if thought fit, passing each of the following resolutions with or without amendments as an ordinary resolution of the Company. Capitalised terms defined in the circular dated 30 April 2021 issued by the Company (the "**Circular**") shall have the same meanings when used herein unless otherwise specified:

ORDINARY RESOLUTIONS

"**THAT**

a) the land resumption agreement dated 26 March 2021 (the "**Land Resumption Agreement**" a copy of which is tabled at the meeting and marked A and initialed by the chairman of the meeting for identification purpose entered into between Leping City Fenghuang Jincheng Industry Co., Ltd.* (樂平市鳳凰金誠實業有限公司) and Leping City Natural Resources and Planning Bureau* (樂平市自然資源和規劃局) in respect of the resumption of the land located at the Hushan Meiyan Reclamation Farm, Leping City, Jingdezhen City, Jiangxi Province, the PRC with an aggregate site area of approximately 209,863.95 sq.m.), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

* The English translation of the Chinese name is for identification purposes and should not be regarded as the official English translation of such name.

b) any one director of the Company be and is hereby authorised for and on behalf of the Company to sign and execute all such other documents, instruments and agreements and to do all such acts or things and to take all such steps as the director in his/her sole opinion and absolute discretion may consider necessary, appropriate, desirable or expedient to give effect to the Land Resumption Agreement and the transactions contemplated thereunder."

By Order of the Board
Sino Harbour Holdings Group Limited
Wong Lam Ping
Chairman, Chief Executive Officer,
Executive Director and General Manager

Hong Kong, 30 April 2021

Notes:

1. For the purpose of determining shareholders' eligibility to attend and vote at the SGM, the register of members of the Company (the "**Register of Members**") will be closed from Monday, 17 May 2021 to Friday, 21 May 2021, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong for registration no later than 4:30 p.m. on Friday, 14 May 2021.

2. Any shareholder of the Company (the "**Shareholder**") entitled to attend and vote at the SGM is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. In light of the epidemic situation of Novel Coronavirus disease ("**COVID-19**"), Shareholders may consider appointing the chairman of the SGM as his/her proxy to vote on the resolutions, instead of attending the SGM in person. A Shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy needs not be a Shareholder.

3. In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude any Shareholder from attending and voting in person at the meeting or any adjourned meeting thereof should he so wishes.

4. In case of joint shareholdings, the vote of the senior joint Shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint Shareholder(s) and for this purpose seniority will be determined by the order in which the names stand in the Register of Members in respect of the joint shareholdings.

5. To ensure the health and safety of the attendees at the SGM, the Company intends to implement precautionary measures at the SGM including: (a) compulsory temperature checks at the entrance of the venue of the SGM; (b) attendees are required to wear their own surgical masks and those who had high temperature or not wearing surgical masks might be denied access to the venue of the SGM; (c) no corporate gift, refreshments or drinks will be provided at the SGM.

6. The Board is closely monitoring the impact of COVID-19. Should any changes be made to the SGM arrangements, the Company will notify Shareholders via an announcement to be posted on the Company's website (www.sinoharbour.com.hk) and the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).

As at the date of this notice, 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, namely Mr. CHAN Kin Sang; and three independent non-executive Directors, namely Mr. XIE Gang, Mr. HE Dingding and Mr. WONG Ping Kuen.