SINO HARBOUR HOLDINGS GROUP LIMITED
漢 港 控 股 集 團 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1663)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

HIGHLIGHTS

— During the year, the Group achieved revenue of approximately RMB693.5 million, mainly attributable to the delivery of residential units of Nanchang Sino Harbour Kaixuan City Zone 3, Fuzhou Hua Cui Ting Yuan Phase 3 as well as Yichun Royal Lake City Phase 2.

— Gross profit margin increased from 13.4% for last year to 19.3% for the year ended 31 March 2017.

— The Group had recorded a profit after tax of approximately RMB73.7 million for the year ended 31 March 2017.

— Basic earnings per share for the year ended 31 March 2017 was approximately RMB2.13 cents.

— Cash and bank balances as at 31 March 2017 were approximately RMB264.4 million (31 March 2016: RMB119.5 million).

— The Group had bank and other loans of approximately RMB832.8 million as at 31 March 2017 (31 March 2016: RMB815.2 million).

— The Board has resolved to recommend the payment of a final dividend of HK1.0 cent per ordinary share for the year ended 31 March 2017.

ANNUAL RESULTS

The board of directors (the "**Directors**" and the "**Board**", respectively) of Sino Harbour Holdings Group Limited (the "**Company**") is pleased to announce the annual consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2017 ("**FY2017**") with comparative figures for the year ended 31 March 2016 ("**FY2016**") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	**2017** *RMB'000*	2016 *RMB'000*
Revenue	*4*	**693,512**	597,023
Cost of sales		**(559,414)**	(516,739)
Gross profit		**134,098**	80,284
Other income and other gains and losses	*4*	**53,929**	101,906
Selling and distribution expenses		**(17,920)**	(18,684)
Administrative expenses		**(40,341)**	(39,334)
Operating profit		**129,766**	124,172
Finance costs		**(5,888)**	–
Share of results of joint ventures		**(500)**	(916)
Share of result of an associate		**(414)**	(408)
Profit before income tax	*5*	**122,964**	122,848
Income tax expense	*6*	**(49,290)**	(29,743)
Profit for the year		**73,674**	93,105
Other comprehensive income (net of tax)			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of financial statements of foreign operations		**(566)**	(5,330)
Other comprehensive income for the year		**(566)**	(5,330)
Total comprehensive income for the year		**73,108**	87,775
Profit/(loss) for the year attributable to:			
Owners of the Company		**52,364**	94,966
Non-controlling interests		**21,310**	(1,861)
		73,674	93,105

	Notes	**2017** *RMB'000*	2016 *RMB'000*
Total comprehensive income attributable to:			
Owners of the Company		**51,798**	89,636
Non-controlling interests		**21,310**	(1,861)
		73,108	87,775
Earnings per share for profit attributable to the owners of the Company during the year			*(Restated)*
(in RMB cents)	*8*		
— Basic and diluted		**2.13**	3.88

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Notes	2017 RMB'000	2016 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**56,163**	58,696
Investment properties		**536,754**	491,934
Interests in joint ventures		**184,764**	185,264
Interest in an associate		**5,673**	6,087
Other financial assets		**8,627**	–
Financial assets at fair value through profit or loss		**7,070**	4,778
Pledged deposits		**5,500**	150,000
Deferred tax assets		**12,658**	15,012
		817,209	911,771
Current assets			
Properties held under development		**1,379,470**	1,312,497
Properties held for sale		**360,016**	729,576
Accounts receivable	*9*	**1,524**	2,657
Prepayments and other receivables		**106,664**	134,890
Tax recoverable		**20,813**	24,329
Structured bank balances		**1,500**	–
Pledged deposits		**216,058**	160,960
Cash and bank balances		**264,392**	119,526
		2,350,437	2,484,435
Current liabilities			
Accounts payable	*10*	**79,897**	48,809
Accruals, receipts in advance and other payables		**466,773**	813,281
Provision for tax		**110,863**	122,769
Bank and other loans	*11*	**228,258**	366,692
		885,791	1,351,551
Net current assets		**1,464,646**	1,132,884
Total assets less current liabilities		**2,281,855**	2,044,655
Non-current liabilities			
Bank and other loans	*11*	**604,565**	448,509
Deferred tax liabilities		**80,036**	72,400
		684,601	520,909
Net assets		**1,597,254**	1,523,746

	Notes	**2017**	2016
		RMB'000	*RMB'000*
EQUITY			
Equity attributable to the Company's owners			
Share capital		**20,735**	10,193
Reserves		**1,349,059**	1,307,803
		1,369,794	1,317,996
Non-controlling interests		**227,460**	205,750
Total equity		**1,597,254**	1,523,746

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in Bermuda on 5 January 2011 as an exempted company with limited liability under the Companies Act 1981 of Bermuda.

The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Room 1215, Tower B, Hunghom Commercial Centre, 37–39 Ma Tau Wai Road, Hunghom, Kowloon, Hong Kong.

The consolidated financial statements for the year ended 31 March 2017 have been prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**") (including all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (the "**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). In addition, the financial statements include the applicable disclosures required by the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis except for investment properties and financial assets at fair value through profit or loss which are stated at fair values.

The accounting policies used in preparing the consolidated financial statements are consistent with those used in the financial statements for the year ended 31 March 2016 with the addition of certain new and revised standards, amendments and interpretations (the "**new HKFRSs**") issued by the HKICPA and effective in the current year as described below.

3. ADOPTION OF NEW AND REVISED HKFRSs

In current year, the Group has applied, for the first time, the following new HKFRSs issued by the HKICPA which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2016:

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entitles: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisition of Interests In Joint Operations
HKFRS 14	Regulatory Deferral Accounts

The adoption of the new HKFRSs has no material impact on the Group's financial statements

The following new and amended HKFRSs which are potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[2]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[2]
HKFRS 16	Lease[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

4. REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES

Revenue, which is also the Group's turnover, other income and other gains and losses recognised during the year are as follows:

	2017	2016
	RMB'000	*RMB'000*
Revenue		
Sale of properties held for sale	**693,512**	597,023
Other income and other gains and losses		
Exchange loss, net	**(10,869)**	–
Government grants	**4,187**	–
Net fair value gain on investment properties and properties held for sale upon transfer to investment properties	**30,542**	71,953
Net fair value gain on financial assets at fair value through profit or loss	**2,292**	–
Interest income		
— from bank deposits	**4,876**	9,382
— from structured bank balances	**80**	–
	4,956	9,382
Rental income	**21,374**	19,657
Sundry income	**1,447**	914
	53,929	101,906

5. PROFIT BEFORE INCOME TAX

	2017 RMB'000	2016 RMB'000
Auditor's remuneration	**805**	748
Cost of properties held for sale recognised as expense	**526,658**	482,539
Depreciation	**3,053**	2,521
Operating lease charge in respect of land and buildings	**393**	341
Outgoings in respect of investment properties that generated rental income during the year	**278**	304
Employee costs, including Directors' emoluments		
— Wages and salaries	**27,028**	24,854
— Retirement benefit scheme contributions — defined contribution plans	**3,076**	2,830
Less: amount capitalised in properties held under development	**(7,129)**	(7,252)
	22,975	20,432

6. INCOME TAX EXPENSE

	2017 RMB'000	2016 RMB'000
Current tax — the People's Republic of China (the "PRC")		
Current year		
— Enterprise income tax ("**EIT**")	**34,234**	18,529
— Land appreciation tax ("**LAT**")	**6,815**	6,557
Over-provision in prior years		
— LAT	**(1,749)**	(13,332)
	39,300	11,754
Deferred income tax	**9,990**	17,989
Total income tax expense	**49,290**	29,743

EIT has been provided on the estimated profits of subsidiaries operating in the PRC at 25% (2016: 25%).

Under the law of the PRC on EIT, corporate withholding income tax is levied on the foreign investor for the dividends distributed out of the profits generated by the foreign investment enterprises. The Group's applicable withholding income tax rate is at 5% (2016: 5%).

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including cost of land use rights, borrowing costs, business tax and all property development expenditures. The tax is incurred upon transfer of property ownership. There are certain exemptions available for the sales of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such an exemption.

Hong Kong profits tax is calculated at 16.5% (2016: 16.5%) on the estimated assessable profits for the year. No Hong Kong profits tax has been provided as the Group had no estimated assessable profits arising in or derived from Hong Kong for both years.

7. DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of HK1.0 cent per ordinary share, amounting to HK$24,640,000 (equivalent to approximately RMB21,848,000) for the year ended 31 March 2017, and the payment of dividend is subject to the approval by the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting to be held on 27 July 2017 (the "**AGM**").

The Board did not recommend the payment of final dividend for the year ended 31 March 2016.

8. EARNINGS PER SHARE

	2017	2016
Profit attributable to the owners of the Company for the year ended 31 March (in RMB thousand dollars)	**52,364**	94,966
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share for the year ended 31 March (shares in thousands)		
Issued ordinary shares at 1 April	**1,232,000**	1,200,000
Effect of share issue under placing	**–**	14,339
Effect of bonus issue	**1,232,000**	1,232,000
Weighted average number of ordinary shares at 31 March	**2,464,000**	2,446,339
		(Restated)
Basic earnings per share for the year ended 31 March (in RMB cents)	**2.13**	3.88

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

On 27 May 2016, the Board resolved to allot and issue new ordinary shares of the Company (the "**Share(s)**") on the basis of one bonus Share for every one ordinary Share (the "**Bonus Issue**") to the Shareholders. After the ordinary resolution had been approved by the Shareholders at the annual general meeting held on 26 July 2016, a total of 1,232,000,000 new Shares were allotted and issued pursuant to the Bonus Issue on 11 August 2016. The weighted average number of ordinary shares for the purposes of calculating basic earnings per share for the year ended 31 March 2017 had been retrospectively adjusted to 2,464,000,000 Shares (for the year ended 31 March 2016: 2,446,338,798 Shares) after completion of the Bonus Issue on 12 August 2016.

9. ACCOUNTS RECEIVABLE

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

	2017 ***RMB'000***	2016 *RMB'000*
Based on invoice date		
Less than 3 months past due	**1,524**	2,657

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

10. ACCOUNTS PAYABLE

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

	2017	2016
	RMB'000	*RMB'000*
Less than 3 months	**1,687**	39,242
3 to 6 months	**1,363**	2,069
More than 6 months to 1 year	**50,263**	2,076
More than 1 year	**26,584**	5,422
	79,897	48,809

11. BANK AND OTHER LOANS

	2017	2016
	RMB'000	*RMB'000*
Current		
Portion of bank loans due for repayment within one year or on demand	**228,258**	201,692
Portion of other financial institution loans due for repayment within one year or on demand	**–**	165,000
	228,258	366,692
Non-current		
Portion of bank loans due for repayment after one year	**604,565**	423,509
Portion of other financial institution loans due for repayment after one year	**–**	25,000
	604,565	448,509
Total borrowings	**832,823**	815,201

12. CAPITAL EXPENDITURE

For the year ended 31 March 2017, there were additions to property, plant and equipment amounting to approximately RMB695,000 (2016: approximately RMB3.1 million).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL RESULTS IN FY2017 COMPARED TO FY2016

Revenue

In FY2017, the Group recorded revenue of approximately RMB693.5 million, representing an increase of 16.2% from approximately RMB597.0 million in FY2016.

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

The following table sets out an analysis of the revenue for (i) residential properties, (ii) commercial properties, and (iii) car parking spaces during FY2017:

	2017	2016	Percentage change %
(i) Residential			
— Gross floor area ("**GFA**") sold (in sq.m.)	**131,273**	119,015	10.3
— Average selling price ("**ASP**") (RMB per sq.m.)	**5,121**	4,918	4.1
— Revenue (approx. RMB'000)	**672,227**	585,333	14.8
(ii) Commercial			
— GFA sold (in sq.m.)	**1,376**	294	368.0
— ASP (RMB per sq.m.)	**12,300**	10,527	16.8
— Revenue (approx. RMB'000)	**16,925**	3,095	446.8
(iii) Car parking spaces			
— Revenue (approx. RMB'000)	**4,360**	8,595	(49.3)
Total revenue (approx. RMB'000)	**693,512**	597,023	16.2

Cost of Sales and Gross Profit Margin

Cost of sales increased from approximately RMB516.7 million in FY2016 to approximately RMB559.4 million in FY2017. In FY2017, a greater portion of the revenue of the Group was attributable to the delivery of residential units of Nanchang Sino Harbour Kaixuan City Zone 3, which had a higher gross profit margin compared with other residential units delivered. Consequently, gross profit margin increased from 13.4% in FY2016 to 19.3% in FY2017.

Other Income and Other Gains and Losses

Other income and other gains and losses decreased from approximately RMB101.9 million in FY2016 to approximately RMB53.9 million in FY2017. The decrease was mainly attributable to a decrease in net fair value gain for the Group's investment properties.

Selling and Distribution Expenses

Selling and distribution expenses decreased from approximately RMB18.7 million in FY2016 to approximately RMB17.9 million in FY2017. The lower selling and distribution expenses in FY2017 were mainly due to a decrease in the marketing expenses incurred for Yichun Royal Lake City.

Administrative Expenses

Administrative expenses increased by 2.6% to approximately RMB40.3 million in FY2017 from approximately RMB39.3 million in FY2016. The increase was mainly attributable to the increase in staff cost.

Finance Costs

The Group recorded approximately RMB5.9 million non-capitalised finance costs in FY2017 (FY2016: nil).

Profit for the Year

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB123.0 million in FY2017, compared to approximately RMB122.8 million in FY2016.

In line with the increase in taxable profits, income tax expenses increased to approximately RMB49.3 million in FY2017 from approximately RMB29.7 million in FY2016.

As a result, the Group had recorded a profit after tax of approximately RMB73.7 million in FY2017, representing a decrease of 20.9% from that of FY2016.

REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2017

Property, Plant and Equipment

As at 31 March 2017, the Group had property, plant and equipment of approximately RMB56.2 million, compared to approximately RMB58.7 million as at 31 March 2016. The decrease was mainly attributable to depreciation provided in FY2017.

Investment Properties

As at 31 March 2017, the Group had investment properties at fair value of approximately RMB536.8 million, compared to RMB491.9 million as at 31 March 2016. The increase comprised mainly the net fair value gain of the Group's investment properties.

Interest in an Associate

The Group had interest in an associate of approximately RMB5.7 million as at 31 March 2017 compared to approximately RMB6.1 million as at 31 March 2016, which represented a 30% equity interest in Zhejiang Davi Pharmaceutical Co., Ltd. ("**Davi Pharmaceutical**") as at 31 March 2017 and the share of results of an associate in FY2017.

Other Financial Assets

In FY2017, the Group acquired equity interests in a number of entities incorporated in the PRC at an aggregate consideration of approximately RMB8.6 million. The Group does not have control nor significant influence in these entities. The Group accounts for these investments as other financial assets.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss increased from RMB4.8 million as at 31 March 2016 to RMB7.1 million as at 31 March 2017 mainly due to an increased in the fair value of the profit guarantee as at 31 March 2017 in relation to the acquisition of a 30% equity interest in Davi Pharmaceutical.

Properties Held under Development

As at 31 March 2017, the Group's properties held under development increased to approximately RMB1,379.5 million from approximately RMB1,312.5 million as at 31 March 2016. The increase was in tandem with the construction progress of Han Zhi Yun Commercial Centre (漢之昀商業中心) (formerly known as Sino Harbour Kaixuan Square (漢港 • 凱旋廣場)).

Properties Held for Sale

Properties held for sale decreased from approximately RMB729.6 million as at 31 March 2016 to approximately RMB360.0 million as at 31 March 2017, mainly due to the handover of property units of Nanchang Sino Harbour Kaixuan City Zone 3, Fuzhou Hua Cui Ting Yuan Phase 3 as well as Yichun Royal Lake City Phase 2 to the buyers.

Accounts Receivable

As at 31 March 2017, the Group's accounts receivable amounted to approximately RMB1.5 million, compared to approximately RMB2.7 million as at 31 March 2016. The decrease was mainly due to the recovery of accounts receivable in FY2017. Since the balances were considered fully recoverable, no impairment provision was required.

Prepayments and Other Receivables

As at 31 March 2017, the Group's prepayments and other receivables amounted to approximately RMB106.7 million, compared to approximately RMB134.9 million as at 31 March 2016. The decrease was mainly due to a decrease in the prepayments to the contractors for the construction of the Group's project.

Tax Recoverable

Tax recoverable decreased to approximately RMB20.8 million as at 31 March 2017 from approximately RMB24.3 million as at 31 March 2016 mainly attributable to a decrease in prepayment of the PRC income tax during FY2017.

Structured Bank Balances

Structured bank balances represented structured bank balances which are placed in banks with enhance yield than general bank balances.

Pledged Deposits

Long-term and short-term pledged deposits decreased from approximately RMB311.0 million as at 31 March 2016 to approximately RMB221.6 million as at 31 March 2017. The decrease was mainly due to a decrease in deposits pledged against and secured for the bank and other loans to the Group.

Accounts Payable, Accruals, Receipts in Advance and Other Payables

Accounts payable increased to approximately RMB79.9 million as at 31 March 2017 from approximately RMB48.8 million as at 31 March 2016 due to an increase in amounts payable to the suppliers for construction costs incurred in respect of Fuzhou Hua Cui Ting Yuan Phase 3 and Yichun Royal Lake City Phase 2.

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 are based on the progress of project development but are not due for payment.

Accruals, receipts in advance and other payables decreased to approximately RMB466.8 million as at 31 March 2017 from approximately RMB813.3 million as at 31 March 2016. The decrease mainly represented the advance receipts realized as revenue in FY2017, which was partially offset by the receipts from customers for the deposits and prepayments for the Group's property pre-sales in FY2017.

Deferred Tax Liabilities

Deferred tax liabilities increased from approximately RMB72.4 million as at 31 March 2016 to approximately RMB80.0 million as at 31 March 2017 mainly attributable to the provision of deferred tax liabilities in respect of fair value gain of investment properties.

LIQUIDITY AND FINANCIAL RESOURCES

Cash Position

Cash and Bank Balances

In FY2017, the Group had recorded a net cash inflow of approximately RMB99.7 million from operating activities, mainly attributable to a decrease in properties held under development and properties held for sale.

Net cash inflow from investing activities in FY2017 was approximately RMB78.6 million, which was mainly due to a decrease in pledged deposits.

Net cash outflow from financing activities in FY2017 was approximately RMB33.9 million mainly attributable to the repayments of loan principals and interests and they were partially offset by the receipts from new bank and other loans.

As at 31 March 2017, the Group had cash and bank balances of approximately RMB264.4 million, of which mostly were denominated in RMB and Hong Kong dollars ("**HK$**") (31 March 2016: RMB119.5 million).

Bank and Other Loans

As at 31 March 2017, the Group had total borrowings of approximately RMB832.8 million, increased from approximately RMB815.2 million as at 31 March 2016. The slight increase mainly represented the addition of borrowings in FY2017. The Group's bank and other loans were denominated in RMB and United States dollars ("**US$**").

Gearing Ratio

Gearing ratio is measured by borrowings (total amount of bank and other loans) less related deposit collateral over total equity. As at 31 March 2017, the Group's gearing ratio was 42.4%. 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, 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 arises.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisition or disposal of assets, subsidiaries and affiliated companies during FY2017 (FY2016: nil).

No important events affecting the Group have occurred since 31 March 2017.

SIGNIFICANT INVESTMENT

The Group did not hold any significant investment in FY2017 (FY2016: nil).

CONTINGENT LIABILITIES

As at 31 March 2017, the Group had no significant contingent liabilities (31 March 2016: nil).

EMPLOYEE AND REMUNERATION POLICY

There were 242 employees in the Group as at 31 March 2017 (31 March 2016: 222). Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group. Employee costs, including Directors' emoluments, amounted to approximately RMB23.0 million in FY2017 (FY2016: approximately RMB20.4 million).

COMPANY UPDATE

Property Pre-sales

The cumulative results for the pre-sale and delivery of properties under each project up to 17 May 2017 are summarised as follows:

	Nanchang Sino Harbour Kaixuan City Zone 2 (南昌漢港凱旋城二組團)	Fuzhou Hua Cui Ting Yuan Phase 3 (撫州華萃庭院三期)	Yichun Royal Lake City Phase 2 (宜春御湖城二期)
Estimated total GFA released for sale (total units)	34,095 sq. m. (180 units)	117,177 sq. m. (1,127 units)	101,587 sq. m. (1,064 units)
Estimated total GFA pre-sold (total units)	18,378 sq. m. (99 units)	117,065 sq. m. (1,126 units)	100,612 sq. m. (1,054 units)
Percentage of pre-sale	54%	99%	99%
Pre-sale GFA (units pre-sold) not handed to buyers as at 31 March 2017^	15,131 sq. m. (86 units)	4,124 sq. m. (40 units)	10,164 sq. m. (93 units)
Pre-sale value not handed over to buyers as at 31 March 2017^	RMB208.18 million	RMB20.48 million	RMB42.56 million
ASP per sq. m.*	RMB13,759	RMB4,966	RMB4,187
Expected completion date	Completed	Completed	Completed

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

^: Pre-sale value not handed over to buyers is computed as follows: Pre-sales at the beginning of the year plus New pre-sales during the year less those handed over to buyers during the year (recognised as sales during the year).

FUTURE OUTLOOK

Property industry in China had shifted from a more relaxed environment to a more restricted environment during 2016. Despite that, market demand had remained strong driven by the country's "two-child policy" and Chinese citizens' advanced standard of living. The annual sales area of commodity housing in China grew by 22.5% year-on-year to 1.57 billion square metres. The sales amount of commodity housing also surged at an even higher rate by 34.8% to approximately RMB11,700 billion. Both the sales area and sales amount had hit historical highs. Since the Central Economic Work Conference has set "seeking progress while maintaining stability" as the main theme of the Chinese economy in 2017, the Group expects that China's property market will maintain a stable growth in 2017 and benefit from the intention of implementing different policies in different cities to reduce the stock of unsold homes cited at the National People's Congress and National Committee of the Chinese Peoples' Political Consultative Conference. The Group believes that these national industry policies will continue to create a favorable environment for the long term development of the property industry.

The Group has strived to achieve business diversification in recent years and identify opportunities to further its expansion. Observing China's strong support to the bio-pharmaceutical industry and that industry's great potential, the Group has seized early-mover opportunities and expanded into the industry since 2015. The Group set up a new subsidiary in January 2017 in order to expand its stem cell business to the Guangxi market. Looking ahead, according to the newly publicized "Development Plan and Guidance for the Pharmaceutical Industry", China will fully implement the "Healthy China" strategic directive during the 13th Five-Year Plan. The ageing population, rising health awareness of citizens and advances in new technologies should also promote the unprecedented rapid growth in China's pharmaceutical industry, making the pharmaceutical and healthcare industry one of the industries with the greatest potential in the country. Thus, the Group has strong confidence in the development prospects of the bio-pharmaceutical industry.

The Group will continue to keep a close watch on the changes in national policies and flexibly adjust its development strategies in order to maintain a stable growth in its property business. Meanwhile, the Group will also actively explore development opportunities in the bio-pharmaceutical industry, expand its existing business presence and diversify its business and income sources so as to generate higher returns for the Shareholders.

PROPOSED FINAL DIVIDEND

After reviewing the annual results and performance of the Group for FY2017 together with its working capital requirements, the Board has resolved to recommend the payment of a final dividend of HK1.0 cent per Share for FY2017 (the "**Final Dividend**") (FY2016: nil) to the Shareholders whose names appear on the register of members of the Company (the "**Register of Members**") on Thursday, 3 August 2017.

The proposed Final Dividend is subject to the approval by the Shareholders at the AGM. It is expected that the Final Dividend would be paid to the Shareholders on Tuesday, 15 August 2017.

CLOSURE OF REGISTER OF MEMBERS

In relation to AGM

The Register of Members will be closed from Monday, 24 July 2017 to Thursday, 27 July 2017, both days inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend the AGM to be held on Thursday, 27 July 2017, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited at 31/F., 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Friday, 21 July 2017.

In relation to proposed Final Dividend

For determining the Shareholders' entitlement to the proposed Final Dividend, the Register of Members will be closed from Wednesday, 2 August 2017 to Thursday, 3 August 2017, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the Final Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited at 31/F., 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 1 August 2017.

AGM

It is proposed that the AGM will be held at Room 1215, Tower B, Hunghom Commercial Centre, 37–39 Ma Tau Wai Road, Hunghom, Kowloon, Hong Kong at 10:00 a.m. on Thursday, 27 July 2017. The notice of the AGM will be published on the respective websites of the Stock Exchange and the Company and despatched to the Shareholders in due course.

SCOPE OF WORK OF BDO LIMITED ("BDO")

The figures in respect of the preliminary announcement of the Group's results for FY2017 have been agreed by the Group's independent auditor, BDO, to the amounts set out in the Group's draft consolidated financial statements for FY2017. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by BDO on the preliminary announcement.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The audit committee of the Company (the "**Audit Committee**") comprises three members, namely Mr. LEE Man To (who is also the chairman thereof), Mr. XIE Gang and Ms. ZHANG Juan, all being the independent non-executive Directors. The Audit Committee has discussed and reviewed with the management the annual results and consolidated financial statements of the Group for FY2017.

ISSUE OF EQUITY SECURITIES

On 27 May 2016, the Board resolved to allot and issue new Shares on the basis of one bonus Share for every one Share to the Shareholders. After the ordinary resolution had been approved by the Shareholders at the annual general meeting held on 26 July 2016, a total of 1,232,000,000 new Shares were allotted and issued pursuant to the Bonus Issue on 11 August 2016. The Bonus Issue was completed on 12 August 2016. Please refer to the announcements of the Company dated 27 May 2016, 20 June 2016 and 12 August 2016 and the circular of the Company dated 24 June 2016 for details.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

Save as disclosed in the paragraph headed "Issue of Equity Securities" above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during FY2017.

CORPORATE GOVERNANCE COMPLIANCE

The Company focuses on maintaining high standard of corporate governance in order to achieve sustainable development and enhance corporate performance especially the areas of internal control, fair disclosure and accountability to all Shareholders.

In the opinion of the Board, the Company has complied with all applicable code provisions as set out in the Corporate Governance Code set out in Appendix 14 to the Listing Rules, throughout the year under review.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct governing securities transactions by the Directors. Following a specific enquiry made by the Company with each of the Directors, all Directors have confirmed that they had complied with the required dealing standard set out in the Model Code and the Company's code of conduct throughout FY2017.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT, ANNUAL REPORT AND CIRCULAR

This annual results announcement is published on the respective websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.sinoharbour.com.hk). The 2016/17 Annual Report and a circular containing the notice of the AGM will be despatched to the Shareholders and published on the above websites in due course.

CAUTION STATEMENT

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

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

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

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

Hong Kong, 25 May 2017

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