
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, together with the enclosed form of proxy, to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or to the transferee.

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Sino Harbour Holdings Group Limited **漢港控股集團有限公司**

(Incorporated in Bermuda with limited liability)

(Stock Code: 1663)

MAJOR TRANSACTION

COMMERCIAL SPACE CO-OPERATION AGREEMENT

Capitalised terms used in this cover page have the same meanings as defined in this circular.

A letter from the Board is set out on pages 4 to 12 of this circular.

The transaction being the subject matter of this circular has been approved by written shareholders' approval pursuant to the Listing Rules and this circular is being despatched to the Shareholders for information only.

Hong Kong, 13 January 2023

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DEFINITIONS

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

“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)
“Commercial Space Co-operation Agreement”	the commercial space co-operation agreement dated 21 December 2022 entered into between the Lessor, Hangzhou Gangyu and Hangzhou Ganglian in relation to lease arrangement of the Property
“Company”	Sino Harbour Holdings Group Limited, a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Directors(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“Handover Date”	on or before 30 June 2024, subject to completion of construction work and fulfilment of handover conditions as agreed by the parties in the Commercial Space Co-operation Agreement
“Hangzhou Ganglian”	Hangzhou Ganglian Real Estate Company Limited* (杭州港聯置業有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Hangzhou Gangyu”	Hangzhou Gangyu Enterprises Management Company Limited* (杭州港譽企業管理有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“HKFRS”	Hong Kong Financial Reporting Standards
“Independent Property Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited

DEFINITIONS

“Independent Third Party(ies)”	any person(s) or companies and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are third part(ies) independent of the Company and connected persons (as defined under the Listing Rules) of the Company
“Latest Practicable Date”	10 January 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lessor”	Greentown Property Management Service Group Company Limited* (綠城物業服務集團有限公司), a company incorporated in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wong”	Mr. Wong Lam Ping, the chairman, chief executive officer, executive Director and general manager of the Company
“Ms. Chan”	Ms. Chan Heung Ling, the wife of Mr. Wong
“Operation Contract”	Zhejiang University Alumni Enterprise Headquarters Economic Park Phase II Space Operation Overall Lease Operation Contract* (《浙江大學校友企業總部經濟園二期空間運營整體租賃運營合同》) entered by and between the Property Owner and the Lessor
“PRC”	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
“Property”	the commercial space of ZJU Economic Park comprising of overground and underground shops, public area, coherent facilities and equipment, which is located at the west of Lvting Road Planned River Course, the east of Longzhou Road, the north of Yuhangtang River, south of Yongle Village Land, including 3 block areas of Yu Zheng Gong Chu [2019] No. 28 (Area C), Yu Zheng Gong Chu [2019] No. 29 (Area B) and Yu Zheng Gong Chu [2019] No. 16 (Area D)
“Property Owner”	Zhejiang University Innovation and Entrepreneurship Research Institute Co., Ltd.* (浙江大學創新創業研究院有限公司)
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary shares of the Company
“Shareholder(s)”	holders of the ordinary shares of the Company
“SHCM”	Hangzhou Sino Harbour Commercial Management Co., Ltd., a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“ZJU Economic Park”	Zhejiang University Alumni Enterprise Headquarters Economic Park Phase II
“%”	percentage

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

LETTER FROM THE BOARD



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:

Mr. WONG Lam Ping (*Chairman, Chief Executive Officer
and General Manager*)

Mr. SHI Feng (*Deputy Chairman*)

Mr. WONG Lui

Ms. GAO Lan

Non-Executive Director:

Mr. CHAN Kin Sang

Independent Non-Executive Directors:

Mr. XIE Gang

Mr. HE Dingding

Mr. 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

13 January 2023

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

COMMERCIAL SPACE CO-OPERATION AGREEMENT

INTRODUCTION

Reference is made to the announcement of the Company dated 21 December 2022 in relation to, among other things, the Commercial Space Co-Operation Agreement and the transactions contemplated thereunder.

The purpose of this circular is to provide you with, among other things, further particulars of the transaction and other information as required under the Listing Rules.

LETTER FROM THE BOARD

THE COMMERCIAL SPACE CO-OPERATION AGREEMENT

On 21 December 2022, Hangzhou Gangyu (as the lessee), Hangzhou Ganglian (as the guarantor), both being indirect wholly-owned subsidiaries of the Company, and the Lessor (as the lessor) entered into the Commercial Space Co-operation Agreement in respect of leasing the Property for a lease term of 10 years commencing from the Handover Date.

Principal terms of the Commercial Space Co-operation Agreement

Date:	21 December 2022 (after trading hours)
Parties:	(1) The Lessor, as the lessor (2) Hangzhou Gangyu, as the lessee (3) Hangzhou Ganglian, as the guarantor
Property:	the commercial space of ZJU Economic Park comprising of overground and underground shops, public area, coherent facilities and equipment, which is located at the west of Lvting Road Planned River Course, the east of Longzhou Road, the north of Yuhangtang River, south of Yongle Village Land, including 3 block areas of Yu Zheng Gong Chu [2019] No. 28 (Area C), Yu Zheng Gong Chu [2019] No. 29 (Area B) and Yu Zheng Gong Chu [2019] No. 16 (Area D), Yuhang District, Hangzhou, PRC.
Planned area and actual area:	Planned area is the planned gross floor area of the Property, which is 39,153 sq.m. Actual area is the area being stated in the survey report issued by the relevant department responsible for surveying the Property upon completion and inspection. If the Property's actual area is different from the planned area, then the rent payable will be adjusted according to the actual area.
Use of the Property:	The Property is for commercial use.
Lease Term:	10 years commencing from the Handover Date (" Lease Term "), which is expected to be on or before 30 June 2024, subject to the expiry date of the lease period under the Operation Contract for the leasing of the commercial space by the Property Owner to the Lessor. For the avoidance of doubt, the expiry date of the lease period under the Operation Contract is 10 years from the handover date as set out in the notice of handover of property assets signed by the Lessor and the Property Owner. The first 10 months of the Lease Term Is a rent-free period (" Rent-free Period ").

LETTER FROM THE BOARD

Rent: Rent includes the rent payable to lease the Property, which does not include property management fees, water usage fees, electricity usage fees, telecommunication fees, air-conditioner fees and other actual fees incurred when using the Property. Hangzhou Gangyu should bear the property management fees, water usage fees, electricity usage fees, telecommunication fees, air-conditioner fees and other actual fees incurred when operating the Property.

Based on the planned area, the total rent payable is RMB350,362,575 (tax included). In addition, the Lessor agreed to grant a renovation subsidy of RMB10,000,000 (tax included) to Hangzhou Gangyu in order to support its operation of the Property, which is reflected through deduction of rent payable for the first 5 rental periods. Therefore the total net rent payable for the whole lease term is RMB340,362,575 (tax included).

The rent of the Property shall accrue from the Handover Date.

Rent payable (tax included) for each rental period is as follows:

Rental period	Unit rent (RMB/ sq.m./day)	Annual rent payable (RMB)	Renovation subsidy (RMB)	Annual net rent payable (RMB)
1st year (first 10 month as Rent-free Period)	1.8	4,298,999	(4,000,000)	298,999
2nd year	1.8	25,723,521	(3,000,000)	22,723,521
3rd year	1.8	25,723,521	(1,000,000)	24,723,521
4th year	2.3	32,868,943	(1,000,000)	31,868,943
5th year	2.4	34,391,995	(1,000,000)	33,391,995
6th year	2.5	35,727,112	-	35,727,112
7th year	2.9	41,443,450	-	41,443,450
8th year	3.3	47,159,788	-	47,159,788
9th year	3.35	48,005,493	-	48,005,493
10th year	3.85	55,019,753	-	55,019,753
Total		<u>350,362,575</u>	<u>(10,000,000)</u>	<u>340,362,575</u>

LETTER FROM THE BOARD

The rent under the Commercial Space Co-operation Agreement has been determined after arm's length negotiations between the parties with reference to the prevailing market rent for comparable premises in the vicinity of the Property and with the support of the rental valuation report on market rent of the Commercial Space Co-operation Agreement issued by the Independent Property Valuer.

- Payment terms: During the lease term, under the principle of "pay before use", rent shall be payable in advance every six months (each payment term of six months). Hangzhou Gangyu shall pay the rent in the form of RMB bank transfer as agreed in the Commercial Space Co-operation Agreement. If there is any overdue payment of rent, Hangzhou Gangyu will be subject to a daily penalty fee of 0.05% of the overdue amount.
- Rental deposit: Hangzhou Gangyu shall pay rental deposit of RMB6,430,880 to the Lessor. The first rental deposit of RMB2,000,000 is payable within 15 days upon execution of the Commercial Space Co-operation Agreement and second rental deposit of RMB4,430,880 is payable by 31 December 2023 or within 5 working days from the date of receipt of inspection notice from the Lessor, whichever is earlier.
- Rental deposit serves as a guarantee against Hangzhou Gangyu for fulfillment of its obligations under the Commercial Space Co-operation Agreement, rather than prepayment of rent and other fees. If Hangzhou Gangyu fails to fulfill its obligations under the Commercial Space Co-operation Agreement, the Lessor possesses the right to compensate its costs incurred and losses suffered thereof by deducting the rental deposit.
- Pre-emptive rental rights: If the Lessor develops new commercial space (other than business office space) in the ZJU Economic Park, it shall provide written notice to Hangzhou Gangyu in advance and Hangzhou Gangyu possesses the pre-emptive rights to lease the new commercial space on the same commercial terms. Hangzhou Gangyu is required to provide written response to the Lessor by 15 Business Days or it will be deemed as renouncing the rights.
- Property management services: Hangzhou Gangyu will engage the Lessor (as the service provider) in relation to provision of standardised property management services with respect to the Property. Both parties will enter into a separate "Property Service Agreement" to agree the relevant terms.
- Renewal or termination of the Commercial Space Co-operation Agreement: Hangzhou Gangyu shall provide written request to the Lessor on renewal of the Commercial Space Co-operation Agreement nine months prior to the expiration of the lease term, then both parties shall consider negotiating the renewal of the Commercial Space Co-operation Agreement.

LETTER FROM THE BOARD

The Commercial Space Co-operation Agreement may be terminated in specific circumstances set out in the Commercial Space Co-operation Agreement. In particular, Hangzhou Gangyu is entitled to terminate the Commercial Space Co-operation Agreement under certain circumstances without breach of contract or liquidated damages payment.

Otherwise, if Hangzhou Gangyu terminates the Commercial Space Co-operation Agreement for other reasons not specified therein, it shall pay liquidated damages to the Lessor according to the terms of the Commercial Space Co-operation Agreement.

Other material terms: Hangzhou Ganglian shall guarantee, jointly and severally, the performance and assumption of all the rights, obligations and liabilities of Hangzhou Gangyu under the Commercial Space Co-operation Agreement.

The rent and its payment arrangement were determined after arm's length negotiations between the Parties with reference to (i) the prevailing market rent of the comparable properties; (ii) the leasable area, geographic location and surrounding conditions of the Property; (iii) an increment in rental fee at a rate ranging from 0% to 28% throughout the lease term having taken into account the growth trend of the rental fee in Hangzhou commercial property markets and incentive provided by the Lessor for zero increment rate in early years of the lease term; and (iv) the expected profit in subleasing of the Property. In particular, the Independent Property Valuer has assessed the market rents of the Property in the amount of RMB2,880,000 per month as at 21 December 2022 and issued the valuation report on 13 January 2023, which is set out in Appendix II to this circular. Based on the lease term of 10 years (i.e. 120 months) and the market rents of the Property in the amount of RMB2,880,000 per month as at 21 December 2022, the total market rents of the Property would be approximately RMB346 million, which is comparable with the expected total net rent payable in the amount of RMB340 million under the Commercial Space Co-operation Agreement.

THE RIGHT-OF-USE ASSETS

The unaudited value of the right-of-use assets to be recognised by the Company amounted to approximately RMB193.9 million which is calculated with reference to the present value of the lease payment under the Commercial Space Co-operation Agreement. The discount rates of approximately 8.29% is applied to compute the present value of the lease payments under the Commercial Space Co-operation Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTION UNDER THE COMMERCIAL SPACE CO-OPERATION AGREEMENT

The Group is principally engaged in property development and other businesses in the second and third tier cities in the PRC. The property development business includes development of residential properties, detached housing, apartments, retails as well as commercial properties. The Group's other businesses include pharmaceutical inspection business and medical service business.

LETTER FROM THE BOARD

SHCM, a wholly-owned subsidiary of the Company, has been providing property operation services to the Group's self-owned commercial properties. Hangzhou Gangyu is the wholly-owned subsidiary of SHCM. SHCM has built a team with strong business acumen in the field of retail and commercial spaces as well as extensive experience in tenant-sourcing and operation since its establishment in late 2020.

Execution of the Commercial Space Co-operation Agreement between Hangzhou Gangyu and the Lessor serves as an important step taken by SHCM to enter the business of serving external property owners or lessors.

The Property is superiorly located in the Hangzhou Future Sci-tech City zone (Note) of Yuhang District of Hangzhou City, which is 2 kilometers from Hangzhou West Railway Station and 300 meters from the Longzhou North Road Station of Hangzhou Subway Line 3. The Property is owned by the Property Owner. The Lessor and the Property Owner entered into the Operation Contract, pursuant to which the lessor shall lease the industrial space, commercial space and operate the ZJU Economic Park of the Property Owner. The Property is positioned as the coherent commercial property of the ZJU Economic Park and targeted to serve the customer group of employees of enterprises and organisations resided in the ZJU Economic Park and surrounding residents.

When considering leasing of the Property, Hangzhou Gangyu had carried out detailed project assessment, including the hardware quality of the Property, future development planning of surrounding area, demand of consumer group nearby, current rental prices of surrounding shops and potential growth rate of rental prices. Based on strategic positioning of developing high-quality "boutique" commercial property projects, the Group plans to sublease the individual units of the Property to third party tenants engaging in businesses, including but not limited to restaurants, coffee shops, banks, retail shops, convenience stores and beauty centre. SHCM had prepared a thorough tenant sourcing and operation plan about the Property in order to generate stable rental return in the long term and establish its brand recognition in the Zhejiang Province, the PRC.

The rent under the Commercial Space Co-operation Agreement has been determined after arm's length negotiations between the parties with reference to the prevailing market rent for comparable premises in the vicinity of the Property and with the support of the rental valuation report on market rent of the Commercial Space Co-operation Agreement issued by the Independent Property Valuer.

Based on the aforesaid, the Directors (including the independent non-executive Directors) considers that the terms of the Commercial Space Co-operation Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group, are fair and reasonable, on normal commercial terms or better, and are in the interests of the Company and the Shareholders as a whole.

Note:

INFORMATION ON HANGZHOU FUTURE SCI-TECH CITY

As one of the four major future sci-tech cities in the PRC, Hangzhou Future Sci-Tech City is among the third batch of national innovation and start-up base for overseas high-caliber talents. It is also the innovation hub of Hangzhou Chengxi Sci-Tech Innovation Zone, which is a key development project in Zhejiang Province.

LETTER FROM THE BOARD

Financial Effects on the entering into the Commercial Space Co-operation Agreement

The unaudited value of the right-of-use assets to be recognised by the Group under the Commercial Space Co-operation Agreement amounted to approximately RMB193.9 million which is calculated with reference to the to the present value of the lease payment under the Commercial Space Co-operation Agreement. The discount rates of approximately 8.29% is applied to compute the present value of the lease payments under the Commercial Space Co-operation Agreement. Interest expenses on the lease liabilities will be recognised at the rate of 8.29% per annum. After the commencement date of the leases, the lease liabilities are adjusted by the interest accretion and lease payments.

Upon commencement of the lease term under the Commercial Space Co-operation Agreement, the consolidated total assets of the Group are expected to increase by approximately RMB193.9 million, and a corresponding amount of lease liabilities of approximately RMB193.9 million will be recognised at the same time.

The Handover Date of the Property is on or before 30 June 2024 under the Commercial Space Co-operation Agreement. Based on the latest communication among the Property Owner, the Lessor and the Group, the Handover Date and thus commencement of the lease term are expected to be beyond 31 March 2023 according to the construction progress. The Group expects that there's no financial effect in the financial year ended 31 March 2023 except the payment of the first rental deposit of RMB2,000,000 by the Group to the Lessor.

INFORMATION ON THE PARTIES

The Lessor

The Lessor is a company established in the PRC with limited liability which is principally engaged in property management. The Lessor is an indirect wholly-owned subsidiary of Greentown Service Group Co. Ltd., which is incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock code: 2869).

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Lessor and its ultimate beneficial owner(s) (if applicable) are Independent Third Parties.

To the best of the directors' knowledge, information and belief having made all reasonable enquiries, there is, and in the past twelve months, there has been, no material loan arrangement between (a) Greentown Property Management Service Group Company, any of its directors and legal representatives and/or any ultimate beneficial owner(s) of Greentown Property Management Service Group Company who can exert influence on the transaction; and (b) the Company, any connected person at the Company's level and/or any connected person at the subsidiary level (to the extent that such subsidiary/subsidiaries is/are involved in the transaction).

The Lessee

Hangzhou Gangyu is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. Hangzhou Gangyu is a commercial property operation service provider and its principal businesses include lease of non-residential properties and provision of marketing and sales planning services.

LETTER FROM THE BOARD

The Guarantor

Hangzhou Ganglian is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. Hangzhou Ganglian is a company engaging in property development and its principal businesses include development and operation of commercial and business use properties on the Hang Zheng Chu Chu (2013) No. 22 land parcel, property management and business advisory (other than commodity agency).

The Group

The Company is a company incorporated in Bermuda with limited liability and is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the property development in the second and third tier cities in the PRC and other business. The property development includes residential properties, detached housing, apartments, retails as well as commercial properties. The other business includes investment and operation in chemistry, manufacturing and control process and medical service sector.

Property Owner

The Property Owner is Zhejiang University Innovation and Entrepreneurship Research Institute Co., Ltd.* (浙江大學創新創業研究院有限公司). Having made such enquiry with respect to the Property Owner as is reasonable in the circumstances, the Group confirms that Zhejiang University Education Foundation* (浙江大學教育基金會) (“**Zhejiang University Education Foundation**”) is the de facto controller of the Property Owner. Zhejiang University Education Foundation is affiliated to the Ministry of Education of the People’s Republic of China (“**Ministry of Education**”). The Property Owner, Zhejiang University Education Foundation and the Ministry of Education are all Independent Third Parties.

LISTING RULES IMPLICATION

Pursuant to HKFRS 16, the Company will recognise the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the Property under the Commercial Space Co-operation Agreement. Therefore, the entering into of the Commercial Space Co-operation Agreement and the transaction contemplated thereunder will be regarded as an acquisition of assets by the Group under the Listing Rules. The unaudited value of right-of-use assets to be recognised by the Company under the Commercial Space Co-operation Agreement amounted to approximately RMB193.9 million.

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

LETTER FROM THE BOARD

SHAREHOLDERS' WRITTEN APPROVAL

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has a material interest in the Commercial Space Co-operation Agreement and as such, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Commercial Space Co-operation Agreement. As at the Latest Practicable Date, Extra Good Enterprises Ltd. owns 1,011,885,120 Shares representing 41.07% of the entire issued share capital of the Company. In addition, Mr. Wong Lam Ping, the Chairman, Chief Executive Officer and General Manager of the Company, and his spouse, Ms. Chan Heung Ling, together beneficially hold 243,296,033 Shares representing 9.87% of the entire issued share capital of the Company. Extra Good Enterprises Ltd., Mr. Wong Lam Ping and Ms. Chan Heung Ling have formed a closely allied group of Shareholders and together beneficially hold 1,255,181,153 Shares representing 50.94% of the entire issued share capital of the Company. Written approval of the Commercial Space Co-operation Agreement has been obtained from Extra Good Enterprises Ltd., Mr. Wong Lam Ping and Ms. Chan Heung Ling, and accordingly, no general meeting of the Company will be convened for the purpose of approving the Commercial Space Co-operation Agreement.

RECOMMENDATION

The Directors (including all the independent non-executive Directors) consider that the terms of the Commercial Space Co-operation Agreement are on normal commercial terms, fair and reasonable so far as the Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. The Directors would recommend the Shareholders to vote in favour of the Commercial Space Co-operation Agreement and the transactions contemplated thereunder if a physical meeting were to be held.

ADDITIONAL INFORMATION

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

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

* *For identification purpose only*

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*

1. FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 March 2020, 2021 and 2022 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinoharbour.com.hk):

- annual report of the Company for the year ended 31 March 2020 published on 21 July 2020 (pages 95 to 228):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0721/2020072100609.pdf>

- annual report of the Company for the year ended 31 March 2021 published on 20 July 2021 (pages 111 to 232):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0720/2021072001083.pdf>

- annual report of the Company for the year ended 31 March 2022 published on 28 July 2022 (pages 119 to 240):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0728/2022072801024.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 November 2022, being the latest practicable date for the purpose of this statement of indebtedness, the Group's indebtedness includes:

- (i) secured and guaranteed bank loans of approximately RMB425,425,000;
- (ii) unsecured and guaranteed other loans of approximately RMB13,730,000; and
- (iii) financial guarantees of approximately RMB980,329,000.

Borrowings and pledged assets:

As at the close of business on 30 November 2022, the Group's bank borrowings were secured by:

- (i) investment properties of the Group with a carrying amount of RMB1,165,237,000;
- (ii) property, plant and equipment of the Group with a carrying amount of RMB45,690,000; and
- (iii) bank deposit of the Group of RMB5,500,000.

Financial guarantee

As at the close of business on 30 November 2022, the Group provided guarantees to the extent of approximately RMB980,329,000 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 30 November 2022, 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.

3. 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 Commercial Space Co-operation Agreement, the Group will have sufficient working capital for its present requirements for a period of twelve months from the date of this circular.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. FINANCIAL AND TRADING PROSPECTS

Upon completion of the Commercial Space Co-operation Agreement, the Group will continue to principally engage in the property development in the second and third tier cities in China as well as engage in provision of property operational services to external commercial property owners or lessors.

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 opinion of market rent of the property interest to be leased by the Company or its subsidiaries as at 21 December 2022.



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

13 January 2023

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,

Re: To determine the market rent of the commercial space of Zhejiang University Alumni Enterprise Headquarters Economic Park Phase II (the “property”) as if completed as at the valuation date located at the northern side of Yuhangtang River and the western side of Lvting Road, Yuhang District, Hangzhou City, Zhejiang Province, the People’s Republic of China (the “PRC”)

INSTRUCTIONS, PURPOSE AND VALUATION DATE

In accordance with the instructions of Sino Harbour Holdings Group Limited (the “**Company**”) to provide an opinion of market rent of the property to be leased by the Company or its subsidiaries in 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 rent of the property as if completed as at 21 December 2022 (the “**valuation date**”) for circular purpose.

BASIS OF VALUATION

Our valuation is carried out on a market rent basis. Market rent is defined by the IVS and followed by the HKIS Valuation Standards as “the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION ASSUMPTIONS

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interest valued nor for any expenses which may be incurred in effecting a tenancy. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its rental value.

Our rental opinion is carried out on the assumptions that the monthly rent is inclusive of value-added tax (“VAT”), but exclusive of building management fees and utilities charges.

Our valuation excludes an estimated rental inflated or deflated by special terms or circumstances such as a typical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the letting, or any element of value available only to a specific lessor or lessee.

As at the valuation date, the property is under construction and we have not been provided with any Real Estate Title Certificates (for building) of the property. In the course of valuation, we have assumed that the property is completed, all proper title documents of the property have been obtained and the property could be freely leased as at the valuation date.

Our valuation has been made on the assumption that the lessor leases or lets 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 market rent of the property interest.

METHOD OF VALUATION

We have adopted the Direct Comparison Approach in our valuation of market rent as at the valuation date by referring to comparable market rent transactions/asking rent in our assessment of the market rent of a property. This approach rests on the wide acceptance of the market rent transactions as the best indicator and pre-supposes that evidence of relevant rent transactions in the marketplace can be extrapolated to similar properties, subject to allowances for variable factors.

VALUATION STANDARDS

In the course of our valuation, we have complied with all the requirements contained in 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.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, floor area and all other relevant matters. Dimensions and measurements are based on the copies of documents collected from the Company and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Company and the Property Owner. We have also been advised by the Company that no material factors have been omitted from the information to reach an informed view and we have no reason to suspect that any material information has been withheld.

DOCUMENT AND TITLE INVESTIGATION

We have been shown copies of title documents including Real Estate Title Certificate (for land), Construction Work Planning Permits, Construction Work Commencement Permit and other official plans relating to the property interest and have made relevant enquiries. However, we have not examined the original documents relating to the property and assumed that the copies of the documents obtained are consistent with their originals and the lease is valid and effective under the applicable laws.

AREA MEASUREMENT AND INSPECTION

We have not carried out detailed measurements to verify the correctness of the area in respect of the property but have assumed that the area 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.

Inspection of the property was carried out in September 2022 by Mr. Simo Wu, who has 2 years' experience in the valuation of properties.

CURRENCY

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

COMMENTARY ON THE IMPACT OF COVID-19 ON VALUATION

We are instructed to provide our opinion of market rent 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 the 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 remains 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.

VALUATION

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 28 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	Description and tenure	Particulars of occupancy	Market rent as if completed as at 21 December 2022 RMB														
The commercial space of Zhejiang University Alumni Enterprise Headquarters Economic Park Phase II located at the northern side of Yuhangtang River and the western side of Lvting Road Yuhang District Hangzhou City Zhejiang Province The PRC	The property comprises the overground and underground shops, public area, coherent facilities and equipment of the commercial space of Zhejiang University Alumni Enterprise Headquarters Economic Park Phase II, which is scheduled to be completed in December 2023. As advised by the Company, the property has a planned total gross floor area of approximately 39,152.95 sq.m. The details are set out as below:	As at the valuation date, the property was under construction.	2,880,000 (TWO MILLION EIGHT HUNDRED AND EIGHTY THOUSAND) per month, inclusive of VAT, but exclusive of building management fees and utilities charges														
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Floor</th> <th style="text-align: right;">Planned Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>B1</td> <td style="text-align: right;">6,635.68</td> </tr> <tr> <td>1F</td> <td style="text-align: right;">13,237.55</td> </tr> <tr> <td>2F</td> <td style="text-align: right;">11,119.70</td> </tr> <tr> <td>3F</td> <td style="text-align: right;">5,381.46</td> </tr> <tr> <td>4F</td> <td style="text-align: right;">2,778.56</td> </tr> <tr> <td style="border-top: 1px solid black;">Total:</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">39,152.95</td> </tr> </tbody> </table>	Floor	Planned Gross Floor Area (sq.m.)	B1	6,635.68	1F	13,237.55	2F	11,119.70	3F	5,381.46	4F	2,778.56	Total:	39,152.95		
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B1	6,635.68																
1F	13,237.55																
2F	11,119.70																
3F	5,381.46																
4F	2,778.56																
Total:	39,152.95																

The land use rights of the property have been granted to Zhejiang University Innovation and Entrepreneurship Research Institute Co., Ltd. for a term expiring on 13 July 2070 for industrial use.

Notes:

- Pursuant to 3 Real Estate Title Certificates – Zhe (2020) Yu Hang Qu Bu Dong Chan Quan Di Nos. 0099854, 0099873 and 0099995, the land use rights of a parcel of land (including the land use rights of the property) with a total site area of approximately 147,321.00 sq.m. have been granted to Zhejiang University Innovation and Entrepreneurship Research Institute Co., Ltd. (浙江大學創新創業研究院有限公司, the “**Property Owner**”) for a term expiring on 13 July 2070 for industrial use.
- Pursuant to 3 Construction Work Planning Permits – Jian Zi Di Nos. 330110202034028, 330110202034037 and 330110202034047 in favour of the Property Owner, Zhejiang University Alumni Enterprise Headquarters Economic Park Phase II with a total gross floor area of approximately 946,869.80 sq.m. have been approved for construction.
- Pursuant to 3 Construction Work Commencement Permits – Nos. 330110202009250901, 330110202011030401 and 330110202011100501 in favour of the Property Owner, permissions by the relevant local authority were given to commence the construction of Zhejiang University Alumni Enterprise Headquarters Economic Park Phase II with a total gross floor area of approximately 946,869.80 sq.m.
- As at the valuation date, the property was under construction. As advised by the Company, the property has a planned total gross floor area of approximately 39,152.95 sq.m.

5. In the valuation of this property, we have made the following assumptions:
- a. We have assumed that the property is completed, all proper title documents of the property have been obtained and the property could be freely leased as at the valuation date;
 - b. The property is to be leased for a term of 10 years;
 - c. The monthly rent is inclusive of VAT, but exclusive of building management fees and utilities charges; and
 - d. The property is to be leased with bare shell condition and main utility facilities including water and power supply are available to 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, after 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. SHARE CAPITAL

The number of issued Shares as at the Latest Practicable Date are 2,464,000,000 Shares.

All existing issued Shares rank *pari passu* in all respects, including the rights as to dividend, voting rights and capital.

No part of the equity or debt securities of the Company is listed or dealt in, nor is listing or permission to deal in the Shares or loan capital of the Company being, or proposed to be, sought on any other stock exchange.

There are no arrangements under which future dividends will be waived or agreed to be waived. As at the Latest Practicable Date, no capital of any member of the Group was under option or agreed conditionally or unconditionally to be put under option.

As at the Latest Practicable Date, no shares, options, warrants, conversion rights or any equity or debt securities of the Company was outstanding or was proposed to be issued for cash or otherwise and no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any such capital.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors and Chief Executive

As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be (i) 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 (ii) entered in the register kept by the Company pursuant to section 352 of the SFO, or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) were as follows:

(i) Long positions in the Shares

Name of Directors/Chief executive	Capacity/Nature of interest	Number of Shares held/interested	Total	Approximate percentage of the Company's issued Shares*
Mr. Wong	Beneficial owner	192,549,643	1,255,181,153	50.94%
	Interest of a controlled corporation (Note 1)	1,011,885,120		
	Interest of spouse (Note 1)	50,746,390		
Mr. XIE Gang	Interest of spouse (Note 2)	5,902,663	5,902,663	0.24%

Notes:

- 1,011,885,120 Shares are held by Extra Good Enterprises Ltd. (“**Extra Good**”), a company incorporated in the British Virgin Islands and the issued share capital of which is owned as to 52% and 48% by Mr. Wong and his wife, Ms. Chan respectively. Also, 50,746,390 Shares are held by Ms. Chan. 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.
- 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.

* 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.

(ii) Long position in the shares of associated corporations

Name of Director/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	Extra Good Enterprises Ltd. ("Extra Good")	Beneficial owner	52 ordinary shares (52%)	100 ordinary shares
Mr. Wong	Extra Good	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 the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be (i) 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 (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors was a director or employee of a company that had an interest or short position in the shares and underlying shares that would need to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group which did not expire or was not determinable by the relevant member of the Group within one year without payment of any compensation (other than statutory compensation).

5. 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 against any member of the Group.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, in so far as the Directors are aware, none of the Directors or any of their respective close associates had an interest in a business that 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.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date and save as disclosed in the announcement of the Company dated 21 November 2022 in relation to profit warning, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2022, being the date to which the latest published audited accounts of the Group were made up.

8. MATERIAL CONTRACTS

The following contracts (being contracts entered into outside the ordinary course of business carried on by the Group) had been entered into by the members of the Group within the two years preceding the date of this circular and up to the Latest Practicable Date and is or may be material:

1. Commercial Space Co-operation Agreement;
2. the finance lease agreements entered into on 16 July 2021 between Jiangsu Financial Leasing Co., Ltd. (江蘇金融租賃股份有限公司), as the lessor, and Zhejiang IPS Pharmaceutical Technology Company Limited (浙江美測醫藥科技有限公司), as the lessee, in respect of, among others things, (i) certain medical service equipment, which were sold by Hangzhou Ruiteshi Technology Co., Ltd.* (杭州瑞特世科技有限公司) to the lessor ; (ii) such equipment then being leased to the lessee by the lessor for a term of five years with the total lease payment of RMB30,592,320 payable by 60 monthly instalments during the lease period; and (iii) upon expiration of the lease period, the lessor will transfer such equipment to the lessee at a consideration of RMB300 in nominal value;
3. the agreement dated 26 March 2021 entered into by and between Leping City Fenghuang Jincheng Industry Co., Ltd.* (樂平市鳳凰金誠實業有限公司) and the Leping City Natural Resources and Planning Bureau* (樂平市自然資源和規劃局) in relation to the resumption of the land located at the Hushan Meiyuan Reclamation Farm, Leping City, Jingdezhen City, Jiangxi Province, the PRC with an aggregate site area of approximately 209,863.95 sq.m. at a consideration by way of cash compensation of RMB222,760,000; and

4. the capital increase agreement dated 23 November 2022 entered into among Leping City Fenghuang Jincheng Industry Co., Ltd.* (樂平市鳳凰金誠實業有限公司), Fuzhou Jinpeng Real Estate Co., Ltd.* (撫州鯨鵬置業有限公司), as the investor, and Leping Runze Real Estate Development Co., Ltd. (樂平市潤澤房地產開發有限公司) in relation to the investor's contribution of additional capital to the registered capital of Leping Runze Real Estate Development Co., Ltd. in an amount of RMB162 million.

9. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given its opinions or advices which are contained in this circular:

Name	Qualification
Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL")	independent professional property valuer

As at the Latest Practicable Date, JLL did not have any direct or indirect interest in any asset which had been acquired, 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, since 31 March 2022, being the date to which the latest published audited accounts of the Group were made up; and was not beneficially interested in the share capital of any member of the Group and had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

JLL 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 they respectively appear.

10. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, and the head office and the principal place of business in Hong Kong is at Room 1215, Tower B, Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Hunghom, Kowloon, Hong Kong.
- (b) The branch share registrar and transfer office of the Company is Boardroom Share Registrars (HK) Limited Room located at 2103B, 21/F., 148 Electric Road, North Point, Hong Kong.
- (c) The secretary of the Company is Ms. YUE Sau Lan.
- (d) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2022, being the date to which the latest published audited accounts of the Company were made up.

- (e) As at the Latest Practicable Date, none of the Directors was materially interested in any contract, save for service contracts, or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the date of this circular and which is significant in relation to the business of the Group.
- (f) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinoharbour.com.hk) for a period of 14 days from the date of this circular:

- (a) the valuation report, the text of which is set out in Appendix II to this circular;
- (b) the consent letter as referred to in the section headed “Qualification and Consent of Expert” in this Appendix;
- (c) the Commercial Space Co-operation Agreement; and
- (d) this circular.