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(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 896)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

INTERIM RESULTS

For the six months ended 30 September 2022, Hanison Construction Holdings Limited (“Company”) and its subsidiaries (collectively “Group”) recorded the unaudited consolidated revenue of HK\$566.4 million, representing a decrease of 19.5% from HK\$703.5 million for the corresponding period last year.

The unaudited consolidated loss of the Group for the six months ended 30 September 2022 was HK\$77.6 million, as opposed to a net profit of HK\$93.4 million for the same period in 2021. The net loss in the current period is mainly attributable to decrease in revaluation of investment properties and impairment loss on properties under development for sale held by the Group and joint ventures. Such losses are recognised through loss on change in fair value of investment properties, impairment loss on properties under development for sale and share of losses of joint ventures in the current period.

The basic loss per share and diluted loss per share for the six months ended 30 September 2022 were HK7.0 cents and HK7.0 cents respectively, as opposed to a basic earning per share and diluted earning per share of HK8.5 cents and HK8.4 cents for the corresponding period last year.

DIVIDEND

The board of directors of the Company (“Board”) has resolved to pay a first interim dividend of HK2.5 cents per share for the six months ended 30 September 2022 (for the six months ended 30 September 2021: HK2.5 cents per share) to the shareholders whose names appear on the register of members of the Company on 5 December 2022. The dividend is expected to be paid to the shareholders on 14 December 2022.

CLOSURE OF REGISTER OF MEMBERS FOR FIRST INTERIM DIVIDEND

The register of members of the Company will be closed from 1 December 2022 to 5 December 2022, both dates inclusive, for the purpose of determining the identity of members who are entitled to the first interim dividend for the six months ended 30 September 2022. In order to qualify for the first interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 30 November 2022.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	NOTES	For the six months ended	
		2022	2021
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	566,384	703,472
Cost of sales		<u>(512,588)</u>	<u>(630,808)</u>
Gross profit		53,796	72,664
Other income		17,595	18,623
Other gains and losses		48,575	4,855
Loss on disposal of a subsidiary		–	(6)
Impairment losses under expected credit loss model, net		(13,057)	(17,728)
Marketing and distribution costs		(885)	(2,008)
Administrative expenses		(61,102)	(88,919)
(Loss) gain on change in fair value of investment properties		(22,137)	136,130
Impairment loss on properties under development for sale		(28,437)	–
Share of loss of an associate		–	(12)
Share of losses of joint ventures		(52,659)	(6,950)
Finance costs		<u>(17,799)</u>	<u>(20,754)</u>
(Loss) profit before taxation	4	(76,110)	95,895
Taxation	5	<u>(1,479)</u>	<u>(2,477)</u>
(Loss) profit for the period		<u><u>(77,589)</u></u>	<u><u>93,418</u></u>
(Loss) earnings per share			
Basic (HK cents)	7	<u><u>(7.0)</u></u>	<u><u>8.5</u></u>
Diluted (HK cents)	7	<u><u>(7.0)</u></u>	<u><u>8.4</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	For the six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss) profit for the period	<u>(77,589)</u>	<u>93,418</u>
Other comprehensive (expense) income:		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(242)	39
Share of exchange differences of a joint venture	<u>(9,868)</u>	<u>1,547</u>
	<u>(10,110)</u>	<u>1,586</u>
Total comprehensive (expense) income for the period	<u><u>(87,699)</u></u>	<u><u>95,004</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2022

	<i>NOTES</i>	30.9.2022 HK\$'000 (Unaudited)	31.3.2022 <i>HK\$'000</i> (Audited)
Non-current assets			
Investment properties	<i>8</i>	3,052,240	3,140,000
Property, plant and equipment	<i>8</i>	308,097	293,376
Right-of-use assets	<i>8</i>	2,347	3,693
Interest in an associate		573	10,723
Interests in joint ventures	<i>9</i>	123,485	186,012
Loans to joint ventures		963,894	974,529
Deferred tax assets		531	595
		4,451,167	4,608,928
Current assets			
Properties under development for sale		900,000	907,553
Inventories		3,007	5,998
Contract assets		220,030	265,020
Debtors, deposits and prepayments	<i>10</i>	134,544	148,366
Amounts due from joint ventures		–	10,015
Financial assets at fair value through profit or loss		352	346
Taxation recoverable		3,226	6,383
Bank balances and cash		578,268	602,528
		1,839,427	1,946,209
Assets classified as held for sale		19,366	163,664
		1,858,793	2,109,873
Current liabilities			
Trade and other payables	<i>11</i>	527,173	581,677
Provisions		17,775	16,605
Lease liabilities		2,801	3,478
Taxation payable		18,480	68,747
Bank loans – amounts due within one year		494,365	644,365
		1,060,594	1,314,872
Liabilities associated with assets classified as held for sale		–	2,388
		1,060,594	1,317,260
Net current assets		798,199	792,613
Total assets less current liabilities		5,249,366	5,401,541

	<i>NOTE</i>	30.9.2022 HK\$'000 (Unaudited)	31.3.2022 HK\$'000 (Audited)
Non-current liabilities			
Bank loans – amounts due after one year		1,131,069	1,147,035
Provisions		28,919	27,543
Deferred tax liabilities		6,384	6,357
Lease liabilities		3,478	4,168
		<u>1,169,850</u>	<u>1,185,103</u>
		<u>4,079,516</u>	<u>4,216,438</u>
Capital and reserves			
Share capital	<i>12</i>	111,168	110,559
Reserves		3,968,348	4,105,879
		<u>4,079,516</u>	<u>4,216,438</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from the application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and application of an accounting policy which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2022.

Accounting policy newly applied by the Group

Equity instruments

Repurchase of the Company’s own equity instruments is recognised and deducted in equity. No gain or loss is recognised in profit or loss on the repurchase, sale, issue or cancellation of the Company’s own equity instruments.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 April 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

Except as described below, the application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies on application of Amendments to HKFRS 3 “Reference to the Conceptual Framework”

2.1.1 Accounting policies

For business combinations in which the acquisition date is on or after 1 April 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the “Conceptual Framework for Financial Reporting 2018” issued in June 2018 (the “Conceptual Framework”) except for transactions and events within the scope of HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” or HK(IFRIC)-Int 21 “Levies”, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

2.1.2 Transition and summary of effects

The Group will apply the amendments to business combinations for which the acquisition date is on or after 1 April 2022, if any. The application of the amendments in the current period had no impact on the condensed consolidated financial statements.

2.2 Impacts and changes in accounting policies on application of Amendments to HKAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”

2.2.1 Accounting policies

Provisions

Onerous contracts

For assessment of outstanding unfulfilled contracts as at 1 April 2022, the unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. When assessing whether a contract is onerous or loss-making, the Group includes costs that relate directly to the contract, consisting of both the incremental costs such as direct labour and materials, and an allocation of other costs such as depreciation charge for an item of property, plant and equipment used in fulfilling that contract that relate directly to fulfilling contracts.

2.2.2 Transition and summary of effects

The Group has applied the amendments to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application, 1 April 2022. Specifically, the Group’s assessment of onerous contracts in relation to construction, interior and renovation and installation of building materials contracts.

The application of the amendments has had no material impact on the Group’s financial position and performance.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the aggregate of the amounts received or receivable from construction contracts, interior and renovation contracts, installation of building materials, sales of health products, provision of property agency and management services and lease income from property investment during the period, and is analysed as follows:

Disaggregation of revenue

	For the six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Recognised over time:		
Revenue from construction contract work	416,916	619,818
Revenue from interior and renovation contracts	89,527	14,882
Revenue from installation of building materials	19,431	20,987
Property management service income	6,644	2,481
Recognised at a point in time:		
Sales of health products	6,088	14,071
Property agency service income	2,262	1,559
Revenue from contracts with customers	540,868	673,798
Lease income from property investment	25,516	29,674
	566,384	703,472
Geographical market:		
Hong Kong	566,384	703,472

Segment information

The Group is organised into seven operating divisions: construction, interior and renovation works, design, supply and installation of building materials, sales of health products, property investment (representing lease income from property investment), property development and provision of property agency and management services. These divisions are the basis on which the Group reports its financial information internally and are regularly reviewed by the executive directors of the Company, being the chief operating decision makers, for the purpose of allocating resources to segments and assessing their performance.

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For the six months ended 30 September 2022 (unaudited)

	Construction HK\$'000	Interior and renovation HK\$'000	Building materials HK\$'000	Health products HK\$'000	Property investment HK\$'000	Property development HK\$'000	Property agency and management HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE										
External sales	416,916	89,527	19,431	6,088	25,516	–	8,906	566,384	–	566,384
Inter-segment sales	577	26,109	1,047	18	4,376	–	37	32,164	(32,164)	–
Total	<u>417,493</u>	<u>115,636</u>	<u>20,478</u>	<u>6,106</u>	<u>29,892</u>	<u>–</u>	<u>8,943</u>	<u>598,548</u>	<u>(32,164)</u>	<u>566,384</u>
RESULTS										
Segment results	<u>5,649</u>	<u>17</u>	<u>(1,164)</u>	<u>(924)</u>	<u>14,729</u>	<u>(78,280)</u>	<u>22</u>	<u>(59,951)</u>	<u>–</u>	<u>(59,951)</u>
Unallocated expenses										(16,159)
Loss before taxation										<u>(76,110)</u>

For the six months ended 30 September 2021 (unaudited)

	Construction HK\$'000	Interior and renovation HK\$'000	Building materials HK\$'000	Health products HK\$'000	Property investment HK\$'000	Property development HK\$'000	Property agency and management HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE										
External sales	619,818	14,882	20,987	14,071	29,674	–	4,040	703,472	–	703,472
Inter-segment sales	233	41,228	11,317	11	4,376	–	26	57,191	(57,191)	–
Total	<u>620,051</u>	<u>56,110</u>	<u>32,304</u>	<u>14,082</u>	<u>34,050</u>	<u>–</u>	<u>4,066</u>	<u>760,663</u>	<u>(57,191)</u>	<u>703,472</u>
RESULTS										
Segment results	<u>10,938</u>	<u>–</u>	<u>962</u>	<u>1,867</u>	<u>105,207</u>	<u>(6,267)</u>	<u>13</u>	<u>112,720</u>	<u>–</u>	<u>112,720</u>
Unallocated expenses										(16,825)
Profit before taxation										<u>95,895</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of administration costs incurred by head office and the inactive subsidiaries. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged by reference to market prices.

(b) *Segment assets and liabilities*

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

	30.9.2022 HK\$'000 (Unaudited)	31.3.2022 HK\$'000 (Audited)
<u>Segment assets</u>		
Construction	733,307	830,173
Interior and renovation	131,723	150,747
Building materials	76,241	73,443
Health products	17,430	27,289
Property investment	3,350,083	3,516,992
Property development	1,786,979	1,939,948
Property agency and management	38,307	39,969
	<hr/>	<hr/>
Total segment assets	6,134,070	6,578,561
Unallocated assets	175,890	140,240
	<hr/>	<hr/>
Consolidated assets	6,309,960	6,718,801
	<hr/> <hr/>	<hr/> <hr/>
<u>Segment liabilities</u>		
Construction	384,046	396,661
Interior and renovation	36,326	45,527
Building materials	21,128	22,713
Health products	2,538	3,167
Property investment	1,671,195	1,845,231
Property development	374	8,475
Property agency and management	2,673	1,044
	<hr/>	<hr/>
Total segment liabilities	2,118,280	2,322,818
Unallocated liabilities	112,164	179,545
	<hr/>	<hr/>
Consolidated liabilities	2,230,444	2,502,363
	<hr/> <hr/>	<hr/> <hr/>

4. (LOSS) PROFIT BEFORE TAXATION

	For the six months ended 30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
(Loss) profit before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	8,340	10,275
<i>Less:</i> Depreciation expenses included in the cost of sales	<u>(343)</u>	<u>(562)</u>
	<u>7,997</u>	<u>9,713</u>
Depreciation of right-of-use assets	2,138	2,151
<i>Less:</i> Depreciation expenses included in the cost of sales	<u>(1,288)</u>	<u>(1,613)</u>
	<u>850</u>	<u>538</u>

5. TAXATION

	For the six months ended 30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
The charge (credit) comprises:		
Hong Kong Profits Tax		
Current tax	777	1,149
Under(over)provision in prior years	<u>611</u>	<u>(385)</u>
	1,388	764
Deferred taxation	<u>91</u>	<u>1,713</u>
	<u>1,479</u>	<u>2,477</u>

Hong Kong Profits Tax for both periods is calculated at 16.5% of the estimated assessable profits for the period, except for the group entity which is a qualifying corporation under the two-tiered profits tax rates regime. For this group entity, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

6. DIVIDENDS

During the period, second interim dividend of HK5.0 cents per share, totalling HK\$55,279,000 in respect of the year ended 31 March 2022 (six months ended 30 September 2021: HK5.0 cents per share, totalling HK\$55,275,000 in respect of the year ended 31 March 2021) was paid to shareholders.

Subsequent to 30 September 2022, the board of directors of the Company has resolved to declare an interim dividend of HK2.5 cents (six months ended 30 September 2021: HK2.5 cents) per share amounting to HK\$27,709,000 in aggregate (six months ended 30 September 2021: HK\$27,640,000) for the six months ended 30 September 2022, which will be paid to the owners of the Company whose names appear in the register of members on 5 December 2022.

7. (LOSS) EARNINGS PER SHARE

The calculation of basic and diluted (loss) earnings per share for the period attributable to owners of the Company based on the following data:

	For the six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share	<u>(77,589)</u>	<u>93,418</u>

	For the six months ended 30 September	
	2022	2021
	'000	'000
<u>Number of shares</u>		
Weighted average number of ordinary shares in issue for the purpose of calculating basic (loss) earnings per share	1,106,462	1,104,061
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options granted by the Company	<u>—</u>	<u>2,361</u>
Weighted average number of ordinary shares for the purpose of calculating diluted (loss) earnings per share	<u>1,106,462</u>	<u>1,106,422</u>

The weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss) earnings per share has taken into account the ordinary shares repurchased from the market during the period ended 30 September 2022 including those cancelled after the respective reporting date.

For the six months ended 30 September 2022, the diluted loss per share was the same as the basic loss per share as the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options because it will otherwise result in a decrease in loss per share.

8. MOVEMENTS IN INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Investment properties

	1.4.2022	1.4.2021
	to	to
	30.9.2022	30.9.2021
	HK\$'000	HK\$'000
FAIR VALUE		
At the beginning of the period (audited)	3,140,000	4,943,560
Additions	6,367	17,190
Disposals	(57,000)	–
Disposal of a subsidiary	–	(261,960)
Change in fair value	(37,127)	136,130
Transfer to assets classified as held for sale	–	(1,318,200)
	<u>–</u>	<u>(1,318,200)</u>
At the end of the period (unaudited)	<u>3,052,240</u>	<u>3,516,720</u>

The fair values of the Group's investment properties at 30 September 2022 have been arrived at on the basis of valuation carried out by Colliers International (Hong Kong) Limited ("Colliers") and Jones Lang LaSalle Limited ("JLL") (31 March 2022: Colliers and JLL), independent property valuers not connected with the Group. The valuers have appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation of properties amounting to HK\$1,269,000,000 (31 March 2022: HK\$1,351,200,000) was arrived at by reference to market evidence of transaction prices of similar properties, with adjustments on adopted market prices. The valuations of other properties amounting to HK\$1,783,240,000 (31 March 2022: HK\$1,788,800,000) were arrived at by reference to the income capitalisation method which is based on the capitalisation of the net income potential by adopting an appropriate capitalisation rate, which is derived from analysis of sale transactions and interpretation of prevailing investor requirements or expectations.

Analysis of investment properties held by the Group in the condensed consolidated statement of financial position

Investment properties	Valuation method	Fair value as at	
		30.9.2022 <i>HK\$'000</i> (Unaudited)	31.3.2022 <i>HK\$'000</i> (Audited)
Commercial	Income capitalisation approach	1,749,800	1,753,810
Commercial	Direct comparison method	752,000	770,200
Industrial	Income capitalisation approach	33,440	34,990
Industrial	Direct comparison method	–	53,000
Residential	Direct comparison method	517,000	528,000
		<u>3,052,240</u>	<u>3,140,000</u>

Property, plant and equipment

During the current interim period, the Group acquired property, plant and equipment at approximately HK\$25,457,000 (six months ended 30 September 2021: HK\$932,000).

During the current interim period, the Group disposed of certain fully depreciated property, plant and equipment at a sales proceed of HK\$131,000. During the six months ended 30 September 2021, the Group disposed of certain property plant and equipment with carrying amount of HK\$2,000, at a sale proceed of HK\$50,000. A gain on disposal of HK\$131,000 (six months ended 30 September 2021: a gain on disposal of HK\$48,000) was recognised.

Right-of-use assets

During the current interim period, the Group entered or renewed lease agreements for offices for the periods covering 1 year to 2 years (six months ended 30 September 2021: 1 year to 2 years). On lease commencement, the Group recognised HK\$792,000 (six months ended 30 September 2021: HK\$4,797,000) of right-of-use assets and HK\$792,000 (six months ended 30 September 2021: HK\$4,797,000) of lease liabilities.

9. INTERESTS IN JOINT VENTURES

	30.9.2022 <i>HK\$'000</i> (Unaudited)	31.3.2022 <i>HK\$'000</i> (Audited)
Interests in joint ventures comprise:		
Cost of unlisted investments in joint ventures	242,424	242,424
Share of post acquisition results and other comprehensive expense, net of dividends received	<u>(118,939)</u>	<u>(56,412)</u>
	<u>123,485</u>	<u>186,012</u>

10. DEBTORS, DEPOSITS AND PREPAYMENTS

For the business of construction services and others, the Group generally allows a credit period of 30 to 90 days and not more than 90 days (31 March 2022: 30 to 90 days and not more than 90 days), respectively, to its customers.

The aged analysis of trade debtors net of allowance for credit losses presented based on the invoice date or agreement date, as appropriate, at the end of the reporting period is as follows:

	30.9.2022 HK\$'000 (Unaudited)	31.3.2022 HK\$'000 (Audited)
Within 30 days	83,847	100,834
31-60 days	14,555	2,844
61-90 days	4,246	1,385
Over 90 days	3,023	9,236
	105,671	114,299

11. TRADE AND OTHER PAYABLES

The aged analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	30.9.2022 HK\$'000 (Unaudited)	31.3.2022 HK\$'000 (Audited)
Within 30 days	29,753	79,494
31-60 days	4,104	–
61-90 days	391	–
Over 90 days	426	431
	34,674	79,925

12. SHARE CAPITAL

	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised:		
Shares of HK\$0.10 each		
Balance as at 1 April 2021, 31 March 2022 and 30 September 2022	1,500,000,000	150,000
Issued and fully paid:		
Shares of HK\$0.10 each		
Balance as at 1 April 2021	1,102,124,676	110,212
Issue of shares upon exercise of share options (<i>note</i>)	3,461,000	347
Balance as at 31 March 2022	1,105,585,676	110,559
Issue of shares upon exercise of share options (<i>note</i>)	6,097,000	609
Balance as at 30 September 2022	1,111,682,676	111,168

Note: The new shares issued rank pari passu in all respects with the existing share in issue.

During the current interim period, the Company repurchased 2,568,000 ordinary shares through the Stock Exchange and the ordinary shares were cancelled in October 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

Overview

For the six months ended 30 September 2022, the Group's unaudited consolidated revenue amounted to HK\$566.4 million (for the six months ended 30 September 2021: HK\$703.5 million).

Construction Division

The revenue of the Construction Division for the six months ended 30 September 2022 was HK\$417.5 million (for the six months ended 30 September 2021: HK\$620.1 million).

Contracts on hand as at 30 September 2022 for the Construction Division amounted to HK\$1,554.4 million.

Major construction work completed during the period under review:

- (1) Construction of the proposed residential redevelopment at No. 8 Star Street, Wan Chai, Hong Kong

Major construction works undertaken during the period under review:

- (1) Construction of the proposed residential and commercial development at Nos. 33-47 Catchick Street, Kennedy Town, Hong Kong
- (2) Construction of the proposed residential redevelopment at Tuen Mun Town Lot No. 516, New Territories
- (3) Construction of public housing development at Java Road, North Point, Hong Kong
- (4) Construction of public housing development at Hin Fat Lane, Tuen Mun, New Territories
- (5) Construction of the proposed residential redevelopment at No. 57A Nga Tsin Wai Road, Kowloon
- (6) Construction of the industrial redevelopment at No. 22 Yip Shing Street, Kwai Chung, New Territories
- (7) Construction of the proposed industrial redevelopment at No. 18 Lee Chung Street, Chai Wan, Hong Kong

Interior and Renovation Division

For the six months ended 30 September 2022, the revenue of the Interior and Renovation Division was HK\$115.6 million (for the six months ended 30 September 2021: HK\$56.1 million).

Contracts on hand as at 30 September 2022 for the Interior and Renovation Division amounted to HK\$521.8 million.

Major contract work completed during the period under review:

- (1) Conversion of offices and data centre into wet laboratories at Yellow Zone on 2/F, Yeung Kin Man Academic Building for the City University of Hong Kong

Major contract works undertaken during the period under review:

- (1) 3-year general building maintenance term contract (2019-2022) for the City University of Hong Kong
- (2) Façade repair works for campus buildings (2019-2022) for the City University of Hong Kong
- (3) Builder's works term contract (2020-23) for Hong Kong Baptist University
- (4) 2-year term tenancy works contract (2020-2022) for shopping centres, car parks, markets & cooked-food stalls for Hong Kong Island, Kowloon East, New Territories East and Tseung Kwan O (Region 2) for the Link
- (5) Improvement works for Haking Wong Building for The University of Hong Kong
- (6) Main contract for toilet improvement works at shopping centres of Chuk Yuen South, Fu Shin, Stanley, Tai Hing, Tai Wo, Yu Chui and Temple Mall for the Link
- (7) HKHA District Term Contract (2021-2024) for the Maintenance, Improvement and Vacant Flat Refurbishment for Hong Kong Island and Islands (2)
- (8) Renovation works at Carolina Gardens, Nos. 20-34 Coombe Road, The Peak, Hong Kong

Major contract works awarded during the period under review:

- (1) Building works term contract (2022-2025) for shopping centres, car parks, markets & cooked-food stalls in Tin Shui Wai, Tuen Mun, New Territories North and Ma On Shan (Region 1) for the Link
- (2) 2-year term tenancy works contract (2022-2024) for shopping centres, car parks, markets & cooked-food stalls for Hong Kong Island, Kowloon East, New Territories East and Tseung Kwan O (Region 2) for the Link

Building Materials Division

The Building Materials Division recorded a revenue of HK\$20.5 million for the six months ended 30 September 2022 (for the six months ended 30 September 2021: HK\$32.3 million).

Contracts on hand as at 30 September 2022 for the Building Materials Division amounted to HK\$283.6 million.

Major contract works completed during the period under review:

- (1) MTR SCL Contract No. 1123 – Exhibition Station and Western Approach Tunnel – Design, Supply and Installation of Suspended Ceiling System
- (2) Tai Wai Station Property Development – External Ceiling System at Transfer Plate

- (3) Proposed Residential Development of Wong Chuk Hang Station Site A Property Development – Supply and Installation of Suspended Ceiling System at Podium Level

Major contract works undertaken during the period under review:

- (1) HKIA Contract 3508 Terminal 2 Expansion Works – Design, Supply and Installation of Main Roof Baffle Ceiling System
- (2) HKIA Contract 3508 Terminal 2 Expansion Works – Design, Supply and Installation of Lower-Level Baffle and External Ceiling System
- (3) Construction of A Swimming Pool Complex and Open Space in Area 107, Tin Shui Wai – Design, Supply and Installation of Suspended Ceiling System
- (4) Proposed Residential and Commercial Development at Nos. 33-47 Catchick Street, Kennedy Town – Supply and Installation of Suspended Ceiling System

Major contract work awarded during the period under review:

- (1) Proposed Residential Development at TKOTL 70RP, Phase 11, Lohas Park, Tseung Kwan O, N.T. – Supply and Installation of Baffle Ceiling and Gypsum Board Ceiling System

Property Development Division

The Property Development Division recorded no revenue for the six months ended 30 September 2022 (for the six months ended 30 September 2021: nil).

LUXÉAST, the Group's 49% interest in the parcel of land situated at 中華人民共和國浙江省海寧市區文苑路西側、後富亭港南側 (West of Wenyuan Road and South of Houfutinggang, Haining, Zhejiang Province, the People's Republic of China) for the development and construction of office, retail, car parking spaces and other development pertaining to the land. The respective 房屋所有權證 (Building Ownership Certificates) have been issued in March 2015. A total of 221 商品房買賣合同 (Sale and Purchase Agreement for Commodity Flat) have been signed up to the end of the reporting period in which 212 units had been delivered to customers.

For the proposed residential development project with Sun Hung Kai Properties Limited at So Kwun Wat, Tuen Mun, a land exchange application to convert the land to residential use has been completed and the land premium involved has been fully settled. The development of the site is in progress.

A piece of land at No. 57A Nga Tsin Wai Road, Kowloon Tong, Kowloon in which the Group has 50% interest with the objective of developing the property into a premium residential project, lease modification and general building plans for redevelopment have been approved and we are in the course of negotiating the land premium with Lands Department.

For the piece of land at Tong Yan San Tsuen in Yuen Long in which the Group has 50% interest with the objective of developing the property into a residential project, a land exchange application for residential use was completed in April 2021. The development of the site is in progress.

As for the joint venture project, Johnson Place, located at Nos. 14-16 Lee Chung Street, Chai Wan, Hong Kong in which the Group has 50% interest, will be redeveloped into a brand new industrial property, the planning application for bonus plot ratio has been approved. Demolition of the existing building will be commenced soon.

As for the joint venture project, West Castle, located at No. 22 Yip Shing Street, Kwai Chung in which the Group has 50% interest, will be redeveloped into a brand new industrial property with bonus plot ratio. The demolition work was completed in December 2021.

For the joint venture project at No. 18 Lee Chung Street, Chai Wan, Hong Kong, in which the Group has 50% interest, will be redeveloped into a brand new industrial property. Building plans for the development with bonus plot ratio have been approved and demolition work was completed in April 2022.

Property Investment Division

The Property Investment Division recorded a revenue of HK\$29.9 million for the six months ended 30 September 2022 (for the six months ended 30 September 2021: HK\$34.1 million).

In April 2022, the Group has entered into a sale and purchase agreement with an independent third party to dispose of certain units and a car parking space at Shatin Industrial Centre. The disposal was completed in October 2022.

In May 2022, the Group has entered into a sale and purchase agreement with an independent third party to dispose of certain units and car parking spaces at Shatin Industrial Centre. The disposal was completed in May 2022.

In August 2022, the Group entered into a sale and purchase agreement with an independent third party to dispose of certain industrial units and car parking spaces at Chaiwan Industrial Centre. The transaction was completed in September 2022.

Investment properties of the Group including PeakCastle in Cheung Sha Wan, The Mercer in Sheung Wan, Hollywood Hill at No. 222 Hollywood Road, No. 31 Wing Wo Street in Sheung Wan, certain industrial units and car parking spaces at Chaiwan Industrial Centre (which were disposed of in September 2022), certain units at Shatin Industrial Centre (which were partly disposed of in May 2022), and The Connaught at No. 138 Connaught Road West in which the Group has 50% interest, all contributed rental incomes to the Group during the period.

Property Agency and Management Division

For the period under review, the revenue of the Property Agency and Management Division was HK\$8.9 million (for the six months ended 30 September 2021: HK\$4.1 million).

In Hong Kong, our Property Agency and Management Division acted as the marketing and project manager for Johnson Place and No. 18 Lee Chung Street in Chai Wan, West Castle at No. 22 Yip Shing Street, No. 57A Nga Tsin Wai Road, PeakCastle in Cheung Sha Wan, The Grampian at No. 11 Grampian Road, The Connaught at No. 138 Connaught Road West and The Austine Place at No. 38 Kwun Chung Street. This Division also provided property management services to The Austine Place at No. 38 Kwun Chung Street, The Bedford in Tai Kok Tsui, Eight College and One LaSalle in Kowloon Tong, PeakCastle in Cheung Sha Wan, Mount Vienna at Lok Lam Road, The Connaught at No. 138 Connaught Road West, Hollywood Hill at No. 222 Hollywood Road, The Mercer at No. 29 Jervois Street and West Park in Cheung Sha Wan.

Other services of this Division include rental collection and leasing agency services to 8 Hart Avenue and The Cameron in Tsim Sha Tsui.

Health Products Division

The Health Products Division recorded a revenue of HK\$6.1 million for the six months ended 30 September 2022 (for the six months ended 30 September 2021: HK\$14.1 million).

The Health Products Division focuses on retail and wholesale of Bu Yick Fong – 28 Chinese Herbal Soup and Chinese and Western nutritional supplements under the brand “HealthMate”, management of a club and e-commerce business.

Coronavirus infection discouraged tourists and local consumption, the business environment for retail trade has become more difficult. Online shopping is an ideal channel which benefits both customers and sellers. We continue to develop e-shopping channel to draw customers from different regions.

OUTLOOK

The recent inflationary pressures around the world triggered a sharp increase in the interest rate in most of the economies and it affected every industries, investors and consumers. A global slowdown or even recession is expected due to implementation of a very tough monetary policy in tackling the problem of inflation by some major economies, say for example United States of America. Together with the complications of the war in Ukraine, the cost of energy and commodity may persist at a high level.

These factors posed additional challenges to Hong Kong, whose economy was still in a slow recovering situation as a result of the fifth wave of outbreaks of the COVID-19 virus in early 2022. The Government of the HKSAR has recently eased the social distancing restrictions in the territory to a “0 + 3” policy which enable more social and economic activities, with a view to striking a balance between transmission risk and economic vitality. However, further relaxation of Hong Kong’s social distancing measures may be required to enable and encourage the resumption of business travel and tourist activities in the foreseeable future and hence to catch up the recovery of economy among the Asia area.

Despite the challenging market environment, Hong Kong’s construction sector currently offers ample opportunities. The Northern Metropolis Development Strategy and the Lantau Tomorrow Vision project, both of which were mentioned in the 2022-23 Budget Speech, are important initiatives to increase land supply and will see capital works expenditure substantially rise in order to improve housing stock. The expansion of the railway network supporting these new development projects will further unlock the potential of economic activities in their respective districts and the neighbouring areas. Indeed, the government is actively pushing forward on a series of transport infrastructure projects, and the railway schemes for the Tung Chung Line Extension and Tuen Mun South Extension have already been announced. The Group is optimistic about the prospects offered by the city’s construction sector. With shipping and logistics costs expected to remain high, and the war in Ukraine leading to further inflationary pressure, raw material and construction costs will continue to soar. In response, the Group will strive to control costs and increase operational efficiency. Besides, in response to problems such as shortages of skilled labour and high raw material costs, the government has continued to implement initiatives centred on “innovation”, “professionalisation” and “revitalisation” under its “Construction 2.0” strategy, with the ultimate aim of upgrading the city’s construction industry. It has also promoted the wider use of Innovation and Technology (I&T) and Modular Integrated Construction (MiC) to shorten construction times, reduce manpower and enhance safety standards at construction sites. Although labour and cost issues did affect the profitability of our projects, the Group is optimistic about the sector’s prospects going forward.

Going forward, the interior and renovation business is expected to enjoy positive prospects alongside the recovery of the construction sector. In order to grasp the emerging opportunities, the Group's Interior and Renovation Division will endeavour to provide innovative and unique design services that combine visual appeal with functionality and are offered at competitive prices. With awareness of environmental protection increasing worldwide and a greater emphasis on sustainable buildings, the Group is also exploring ways to integrate environmental technology into green construction, including the research and application of green construction materials. In order to further develop this segment and position itself as a leading interior and renovation company, the Group will continue to strive for excellence while maintaining a culture of continuous improvement and commitment to surpassing client expectations.

With the prospects of the materials market being so closely linked to the development of the construction market, the former is expected to enjoy significant growth alongside the Northern Metropolis development plan and the expansion of the Harbour Metropolis, which will utilise the land reclaimed under the Lantau Tomorrow Vision project. The Hong Kong government has also identified land parcels where some 330,000 public housing units will be constructed in the next 10-year period. In addition, the government has set a target to secure approximately 170 hectares of land in the coming 10 years, with the aim of making sites with capacity for around 100,000 private housing units available to the market. These initiatives all offer the potential to lay a solid foundation for the future demand growth of construction materials.

Regarding the property sector, given the relatively uncertain economic and interest rate environment, both globally and in Hong Kong, the market is likely to face challenges and the effect is reflected in the recent decline in the property price. It dampened demand from homebuyers. From a longer-term perspective, Hong Kong should continue to have plenty of business opportunities in terms of capital investments thanks to its role as an international financial centre. Offering a prime location for financial services and with a large number of financial institutions having a presence in the city, Hong Kong will continue to be a vibrant and resilient hub to connect with the Mainland, international trade, and the professional services sector. The Group's Property Development and Investment Divisions closely monitor local and global economic and political developments and act and adapt accordingly. Going forward, the Group will continue to employ a cautious approach to the management of its property portfolio and actively seek new opportunities to realise further growth. Ultimately, generating positive cash flow and maintaining a reasonably low gearing ratio will ensure the Group is well positioned to face whatever market developments may arise.

With a focus on optimising the rental incomes and values of these properties, the Group strive to ensure the management process runs smoothly, with meticulous organisation and an open line of communication throughout. The ongoing COVID-19 pandemic has highlighted the importance of quality property management, especially in terms of effective sanitation processes, in order to ensure the safety of tenants and users.

The Group's Health Products Division will continue to explore options to expand its online sales channels and engage different forms of social media promotion to attract consumers according to their purchasing behaviours. The increasing number of health-conscious consumers, bolstered by the ongoing COVID-19 pandemic, has accelerated the development of new consumption patterns worldwide, and, in turn, created new and potentially lucrative opportunities for the Group.

FINANCIAL REVIEW

GROUP LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity and financing requirements are regularly reviewed.

The Group's financial position continued to be healthy. The total bank balances and cash had decreased from HK\$609.3 million (included the bank balances shown under assets classified as held for sale) as at 31 March 2022 to HK\$578.3 million at 30 September 2022. As at the period end date, the current ratio (current assets divided by current liabilities) increased from 1.60 times as at 31 March 2022 to 1.75 times.

For the purposes of maintaining flexibility in funding and day-to-day financial management, the Group has accessed to facilities from banks with an aggregate amount of HK\$3,345.4 million (HK\$2,075.4 million was secured by first charges over certain leasehold land and buildings and investment properties of the Group), of which HK\$1,625.4 million bank loans have been drawn down and approximately HK\$137.9 million has been utilised for the issuance of performance bonds as at 30 September 2022. The bank loans under these banking facilities bear interest at prevailing market interest rates.

With its cash holdings and available facilities from banks, the Group's liquidity position will remain healthy in the coming year, with sufficient financial resources to meet its obligations, operation and future development requirements.

TREASURY POLICIES

In order to minimise the cost of funds and to achieve better risk control, the treasury activities of the Group are centralised and scrutinised by the top management. The Group's treasury policies remain unchanged from those described in the Company's annual report 2021/2022.

CAPITAL STRUCTURE

It is the intention of the Group to keep a proper combination of equity and debt to ensure an efficient capital structure over time. During the period under review, the Group has borrowed Hong Kong dollar loans amounting to HK\$1,625.4 million from banks (as at 31 March 2022: HK\$1,791.4 million). The loans have been used for financing the acquisition of properties for investment and development purposes and as general working capital. The maturity profile of the loans spread over a period of two years with HK\$494.4 million repayable within the first year and HK\$1,131.0 million repayable within the second year. Interest is based on Hong Kong Interbank Offered Rate with a competitive margin.

As at 30 September 2022, the Group's gearing ratio, calculated on the basis of the net borrowing of the Group (total bank loans less total bank balances and cash) over shareholders' funds, was 25.7% (as at 31 March 2022: 28.0%).

MAJOR DISPOSALS

On 13 April 2022, the Group has entered into a sale and purchase agreement with an independent third party to dispose of certain units and a car parking space in an industrial property named “Shatin Industrial Centre” located in Hong Kong at a consideration of HK\$79.0 million. The disposal was completed on 14 October 2022.

On 3 May 2022, the Group has entered into a sale and purchase agreement with an independent third party to dispose of its 100% interest in Emwell Limited, an indirect wholly-owned subsidiary of the Company, at an aggregate consideration of HK\$205.0 million, subject to adjustments. Emwell Limited directly holds the legal and beneficial ownership of certain units in an industrial property named “Shatin Industrial Centre” located in Hong Kong. The disposal was completed on 13 May 2022.

On 25 August 2022, an indirect wholly-owned subsidiary of the Company, Ready Glory Holdings Limited, entered into a sale and purchase agreement with an independent third party to dispose of certain units and a car parking space of an industrial property named “Chaiwan Industrial Centre” located in Hong Kong at a consideration of HK\$55.0 million. The transaction was completed on 26 September 2022.

COLLATERAL

As at 30 September 2022, the Group’s Hong Kong dollar loans of HK\$1,525.4 million (as at 31 March 2022: HK\$1,691.4 million) were secured by first charges over certain leasehold land and buildings and investment properties of the Group, at the carrying value of approximately HK\$2,680.4 million (as at 31 March 2022: HK\$2,704.8 million).

PERFORMANCE BONDS

As at 30 September 2022, the Group had outstanding performance bonds in respect of construction contracts amounting to approximately HK\$137.9 million (as at 31 March 2022: HK\$136.8 million).

COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

The Group’s share of the commitments made jointly with other joint venturers relating to the joint ventures, but not recognised at the end of the reporting period is as follows:

	30.9.2022	31.3.2022
	<i>HK\$’000</i>	<i>HK\$’000</i>
Commitments to provide loans	<u>1,743,967</u>	<u>1,907,197</u>

CORPORATE GOVERNANCE

The corporate governance principles of the Company emphasise a quality board of directors and transparency and accountability to all shareholders. Throughout the six months ended 30 September 2022, the Company has complied with all applicable code provisions of the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Listing Rules, except for Code Provision F.2.2 of the CG Code which stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board, Mr. Cha Mou Daid, Johnson, was not present at the Company’s 2022 annual general meeting due to other engagement. The Managing Director took the chair of that meeting and responded to questions from the shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2022, the Company repurchased a total of 2,568,000 shares of the Company on the Stock Exchange for a total consideration (before expenses) of HK\$2,972,540. All the shares repurchased were subsequently cancelled. Particulars of the share repurchases are as follows:

Month	Number of shares repurchased	Purchase price per share		Total consideration (before expenses)
		Highest	Lowest	
		HK\$	HK\$	HK\$
September 2022	<u>2,568,000</u>	1.16	1.15	<u>2,972,540</u>

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 September 2022.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2022, the Group (excluding its joint ventures) had 422 full time employees. The Group offers competitive remuneration packages, including discretionary bonus and share option scheme, to its employees, commensurable to market level and their qualifications. The Group also provides retirement schemes, medical benefits and both in-house and external training courses for employees.

REVIEW OF INTERIM RESULTS

The Company has engaged Messrs. Deloitte Touche Tohmatsu, the Group's auditor, to assist the Audit Committee of the Company to review the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2022. The unaudited condensed consolidated financial statements for the period have been reviewed by the Audit Committee.

On behalf of the Board
Hanison Construction Holdings Limited
Cha Mou Daid, Johnson
Chairman

Hong Kong, 15 November 2022

As at the date of this announcement, the Board comprises:

Non-executive Chairman

Mr. Cha Mou Daid, Johnson

Non-executive Director

Dr. Lam Chat Yu

Executive Directors

Mr. Wong Sue Toa, Stewart (*Managing Director*)

Mr. Tai Sai Ho (*General Manager*)

Mr. Chow Ka Fung

Independent Non-executive Directors

Mr. Chan Pak Joe

Dr. Lau Tze Yiu, Peter

Dr. Sun Tai Lun