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

SUPPLEMENTAL ANNOUNCEMENT ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2024

Reference is made to the annual report of Hanison Construction Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) for the year ended 31 March 2024 (the “**Annual Report**”). Unless otherwise defined herein, capitalised terms herein shall have the same meanings as those defined in the Annual Report.

IMPAIRMENT LOSS

As stated in the Annual Report, the Group recognised impairment losses on loans to joint ventures in the amount of approximately HK\$88,210,000 (the “**Impairment**”) for the financial year ended 31 March 2024 (“**FY2023/24**”) (2023: impairment loss of HK\$28,044,000). The Impairment was mainly attributable to a decline in asset values as a result of increased interest rates and a downturn in the Hong Kong property market during FY2023/24.

The loans in respect of which the Impairment were recognised concerned loans to three joint ventures (each a “**Joint Venture**”), each of which is held as to 50% by the Group as at 31 March 2024, and the major assets of each Joint Venture are property under development for sale (“**Property Under Development for Sale**”). Details of the key terms of the respective loans are as follows:

Loan to Joint Venture A and its subsidiary

Key information of shareholder loan

Date of relevant agreement:	30 June 2021
Net carrying amount of loan to joint venture as at 31 March 2024:	HK\$80,054,000
Interest rate:	Interest free
Maturity:	Repayable on demand
Security or guarantee:	None
Impairment recognised during the year:	HK\$13,241,000

Loan to Joint Venture B

Key information of shareholder loan

Date of relevant agreement:	31 March 2021
Net carrying amount of loan to joint venture as at 31 March 2024:	HK\$120,967,000
Interest rate:	4.25% per annum (revised to 3% per annum since 1 April 2024)
Maturity:	Repayable on demand
Security or guarantee:	None
Impairment recognised during the year:	HK\$34,458,000

Loan to Joint Venture C

Key information of shareholder loan

Date of relevant agreement:	20 February 2020
Net carrying amount of loan to joint venture as at 31 March 2024:	HK\$299,414,000
Interest rate:	4.25% per annum (revised to 3% per annum since 1 April 2024)
Maturity:	Repayable on demand
Security or guarantee:	None
Impairment recognised during the year:	HK\$40,511,000

The foregoing loans were granted to the Joint Ventures for providing financial assistance to the Joint Ventures for their respective property development projects in Hong Kong and were made in proportion to the Group's interest in the respective Joint Venture. Property development is an ordinary course business of the Group. The Company considers that it is market practice in Hong Kong for property development projects to be partially financed by bank borrowings and shareholder loans, and it is common in the market for shareholder loans advanced to joint ventures of this nature to be without security, without a fixed repayment term and may or may not be interest bearing. On this basis, the Company considered that the grant of the loans was in the interest of the Company and its shareholders as a whole.

The Group performs impairment assessment on loans to joint ventures under the expected credit loss ("ECL") model, under which factors including but not limited to the joint venture's operations, external market factors, changes in business, financial or economic conditions are considered in determining the credit risk of the joint ventures and whether any impairment should be recognised. The recoverability of loans to joint ventures is heavily dependent on the net realisable value of the property under development for sale held by the joint ventures, which in turn affects the credit risk of joint venture. Fluctuations in the real estate market will directly impact the ability of the Joint Ventures to sell and/or lease the Property Under Development for Sale (when they are completed) to repay the loans.

In determining the Impairment, the Group mainly considered the carrying value of the Property Under Development for Sale against the property valuations of the respective properties held by the Joint Ventures as at 31 March 2024, conducted by Colliers International (Hong Kong) Limited, an independent property valuer not connected with the Group. In assessing the property valuations of a Property Under Development for Sale, the independent property valuer adopted the market approach and mainly considered the selling price of similar properties in the market. In respect of the property valuations, comparable properties were selected based on their being at a similar location and of similar usage as the respective Property Under Development for Sale, and for which price information is available. For the valuation of the respective Property Under Development for Sale held by the Joint Ventures, five to seven comparable properties were considered by the independent property valuer. As a result of increased interest rates and a downturn in the Hong Kong property market during FY2023/24 as mentioned above, asset values further declined, which prompted the recognition of the Impairment.

As disclosed in the Annual Report, before granting the loans to joint ventures, the management of the Group will obtain an understanding of the financial background and business performance of the joint ventures. Being a shareholder of the Joint Ventures, the Group seeks to maintain a good understanding of the financial condition of the Joint Ventures, and the Group reduces its exposure to credit risks by continuously monitoring the operation of the Joint Ventures as well as the progress of the developments to manage the risks more effectively. After taking into account of the factors mentioned above, the Company determined that the Impairment recognised was fair and reasonable.

MATERIAL LENDING TRANSACTIONS DISCLOSURE

As disclosed in the Annual Report, the Group granted loans to joint ventures engaging in property development and property investment in Hong Kong. As at 31 March 2024, such loans amounted to HK\$1,037 million. The loans were granted to the joint venture companies for the purpose of providing financial assistance to the joint ventures for their respective property development projects in Hong Kong and were made in proportion to the Group's interest in the respective joint venture companies. Property development and property investment are part of the ordinary course business of the Group, and the grant of such loans to joint ventures is in line with the Group's regular operations and the market practice in Hong Kong for property development projects to be partially financed by bank borrowings and shareholder loans.

The above information does not affect other information contained in the Annual Report. Save as disclosed above, the contents of the Annual Report remain unchanged.

By order of the Board
Hanison Construction Holdings Limited
Wong Sue Toa, Stewart
Managing Director

Hong Kong, 5 December 2024

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, David (*General Manager*)

Mr. Chow Ka Fung

Independent Non-executive Directors

Mr. Chan Pak Joe

Dr. Lau Tze Yiu, Peter

Dr. Chan Fan Cheong, Tony

Ms. Hao Quan