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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 2021

INTERIM RESULTS

For the six months ended 30 September 2021, Hanison Construction Holdings Limited (“Company”) and its subsidiaries (collectively “Group”) recorded the unaudited consolidated revenue of HK\$703.5 million, representing an increase of 7.6% from HK\$653.9 million for the corresponding period last year.

The unaudited consolidated profit attributable to owners of the Company for the six months ended 30 September 2021 was HK\$93.4 million, representing a decrease of 8.8%, as compared with that of HK\$102.5 million for the same period in 2020. The decline was mainly attributable to the decrease in gain on change in fair value of investment properties of the Group in the current period.

The basic earnings per share and diluted earnings per share for the six months ended 30 September 2021 was HK8.5 cents and HK8.4 cents respectively, representing decreases of 9.6% and 10.6% as compared to HK9.4 cents and HK9.4 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 2021 (for the six months ended 30 September 2020: HK2.5 cents per share) to the shareholders whose names appear on the register of members of the Company on 3 December 2021. The dividend is expected to be paid to the shareholders on 14 December 2021.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from 1 December 2021 to 3 December 2021, 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 2021. In order to qualify for the first interim dividend for the six months ended 30 September 2021, 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 2021.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	NOTES	For the six months ended	
		2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	703,472	653,878
Cost of sales		<u>(630,808)</u>	<u>(585,107)</u>
Gross profit		72,664	68,771
Other income		18,623	32,866
Other gains and losses		4,855	(11,183)
Loss on disposal of a subsidiary		(6)	–
Impairment losses under expected credit loss model, net		(17,728)	(9,044)
Marketing and distribution costs		(2,008)	(2,017)
Administrative expenses		(88,919)	(86,260)
Change in fair value of investment properties			
– Realised gains on disposals		35,142	–
– Unrealised gains		100,988	156,451
Share of (loss) profit of an associate		(12)	64
Share of losses of joint ventures		(6,950)	(30,035)
Finance costs		<u>(20,754)</u>	<u>(15,702)</u>
Profit before taxation	4	95,895	103,911
Taxation	5	<u>(2,477)</u>	<u>(1,440)</u>
Profit for the period		<u>93,418</u>	<u>102,471</u>
Earnings per share			
Basic (HK cents)	7	<u>8.5</u>	<u>9.4</u>
Diluted (HK cents)	7	<u>8.4</u>	<u>9.4</u>

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	For the six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	<u>93,418</u>	<u>102,471</u>
Other comprehensive income:		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	39	94
Share of exchange differences of a joint venture	<u>1,547</u>	<u>3,693</u>
	<u>1,586</u>	<u>3,787</u>
Total comprehensive income for the period	<u>95,004</u>	<u>106,258</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2021

	<i>NOTES</i>	30.9.2021 HK\$'000 (Unaudited)	31.3.2021 <i>HK\$'000</i> (Audited)
Non-current assets			
Investment properties	<i>8</i>	3,516,720	4,943,560
Property, plant and equipment	<i>8</i>	356,723	366,036
Right-of-use assets	<i>8</i>	5,501	2,855
Interest in an associate		10,728	10,740
Interests in joint ventures	<i>9</i>	165,524	148,030
Loans to joint ventures		754,924	560,231
Deferred tax assets		986	2,836
		4,811,106	6,034,288
Current assets			
Properties under development for sale		886,291	879,489
Inventories		8,437	12,857
Contract assets	<i>10</i>	292,677	264,800
Debtors, deposits and prepayments	<i>11</i>	143,068	164,171
Amount due from a joint venture		–	32,610
Financial assets at fair value through profit or loss		315	438
Taxation recoverable		5,707	5,042
Bank balances and cash		385,201	706,389
		1,721,696	2,065,796
Assets classified as held for sale		1,380,416	30,077
		3,102,112	2,095,873
Current liabilities			
Trade and other payables	<i>12</i>	633,698	640,536
Provisions		46,397	13,613
Lease liabilities		4,126	3,370
Taxation payable		72,685	68,515
Bank loans – amounts due within one year		1,274,365	3,184,500
		2,031,271	3,910,534
Liabilities associated with assets classified as held for sale		527,348	–
		2,558,619	3,910,534
Net current assets (liabilities)		543,493	(1,814,661)
Total assets less current liabilities		5,354,599	4,219,627

	<i>NOTE</i>	30.9.2021 HK\$'000 (Unaudited)	31.3.2021 HK\$'000 (Audited)
Non-current liabilities			
Bank loans – amounts due after one year		1,147,035	–
Provisions		13,349	70,609
Deferred tax liabilities		7,983	8,120
Lease liabilities		5,383	3,793
		<u>1,173,750</u>	<u>82,522</u>
		<u>4,180,849</u>	<u>4,137,105</u>
Capital and reserves			
Share capital	<i>13</i>	110,559	110,212
Reserves		4,070,290	4,026,893
		<u>4,180,849</u>	<u>4,137,105</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

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”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2021.

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 annual periods beginning on or after 1 April 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Covid-19 Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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:

Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2”

The Group has applied the amendments for the first time in the current interim period. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 “Financial Instruments: Disclosures”.

As at 1 April 2021, the Group has financial liabilities and lease liabilities, the interests of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform. The following table shows the total amounts of these outstanding contracts. The amounts of financial liabilities and lease liabilities are shown at their carrying amounts.

	HKD Hong Kong Interbank Offered Rate (“HIBOR”) <i>HK\$’000</i>
Bank loans	3,184,500
Lease liabilities	<u><u>7,163</u></u>

The amendments have had no impact on the condensed consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the current interim period. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank loans measured at amortised cost.

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, hotel operations and lease income from property investment during the period, and is analysed as follows:

Disaggregation of revenue

	For the six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Recognised over time:		
Revenue from construction contracts	619,818	451,702
Revenue from interior and renovation contracts	14,882	140,222
Revenue from installation of building materials	20,987	18,571
Revenue from hotel operations	–	773
Property management service income	2,481	2,774
Recognised at a point in time:		
Sales of health products	14,071	15,657
Property agency service income	1,559	2,651
Revenue from contracts with customers	673,798	632,350
Lease income from property investment	29,674	21,528
	<u>703,472</u>	<u>653,878</u>
Geographical market:		
Hong Kong	<u>703,472</u>	<u>653,878</u>

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 (including lease income from property investment and revenue from hotel operations), 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 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>

For the six months ended 30 September 2020 (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	451,702	140,222	18,571	15,657	22,301	-	5,425	653,878	-	653,878
Inter-segment sales	710	13,711	5,152	9	3,408	-	131	23,121	(23,121)	-
Total	<u>452,412</u>	<u>153,933</u>	<u>23,723</u>	<u>15,666</u>	<u>25,709</u>	<u>-</u>	<u>5,556</u>	<u>676,999</u>	<u>(23,121)</u>	<u>653,878</u>
RESULTS										
Segment results	<u>22,881</u>	<u>4,355</u>	<u>(47)</u>	<u>2,472</u>	<u>89,079</u>	<u>239</u>	<u>110</u>	<u>119,089</u>	<u>-</u>	<u>119,089</u>
Unallocated expenses										(15,178)
Profit before taxation										<u>103,911</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:

	30.9.2021 HK\$'000 (Unaudited)	31.3.2021 HK\$'000 (Audited)
<u>Segment assets</u>		
Construction	633,089	751,766
Interior and renovation	116,092	145,533
Building materials	52,165	51,899
Health products	35,188	32,265
Property investment	5,188,191	5,271,947
Property development	1,671,013	1,503,261
Property agency and management	42,070	40,686
	<hr/>	<hr/>
Total segment assets	7,737,808	7,797,357
Unallocated assets	175,410	332,804
	<hr/>	<hr/>
Consolidated assets	7,913,218	8,130,161
	<hr/> <hr/>	<hr/> <hr/>
<u>Segment liabilities</u>		
Construction	475,744	489,566
Interior and renovation	39,481	35,172
Building materials	5,902	5,810
Health products	3,516	3,780
Property investment	2,489,573	2,733,702
Property development	537,857	545,936
Property agency and management	1,376	911
	<hr/>	<hr/>
Total segment liabilities	3,553,449	3,814,877
Unallocated liabilities	178,920	178,179
	<hr/>	<hr/>
Consolidated liabilities	3,732,369	3,993,056
	<hr/> <hr/>	<hr/> <hr/>

4. PROFIT BEFORE TAXATION

	For the six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	10,275	15,048
<i>Less:</i> Depreciation expenses included in the cost of sales	<u>(562)</u>	<u>(1,029)</u>
	9,713	14,019
Depreciation of right-of-use assets	2,151	2,899
<i>Less:</i> Depreciation expenses included in the cost of sales	<u>(1,613)</u>	<u>(1,280)</u>
	538	1,619

5. TAXATION

	For the six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
The charge comprises:		
Hong Kong Profits Tax		
Current tax	1,149	3,038
Overprovision in prior years	<u>(385)</u>	<u>(991)</u>
	764	2,047
Deferred taxation	<u>1,713</u>	<u>(607)</u>
	2,477	1,440

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\$55,275,000 in respect of the year ended 31 March 2021 (for the six months ended 30 September 2020: final dividend of HK5.0 cents per share totalling HK\$54,546,000 in respect of the year ended 31 March 2020) was paid to shareholders.

Subsequent to 30 September 2021, the board of directors of the Company has resolved to declare an interim dividend of HK2.5 cents per share totalling not less than HK\$27,640,000 for the six months ended 30 September 2021 (for the six months ended 30 September 2020: HK2.5 cents per share totalling HK\$27,273,000).

7. EARNINGS PER SHARE

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

	For the six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<u>Earnings</u>		
Earnings for the purpose of basic and diluted earnings per share	93,418	102,471
	1,104,061	1,090,925
	2,361	–
	1,106,422	1,090,925

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

Investment properties

	1.4.2021	1.4.2020
	to	to
	30.9.2021	30.9.2020
	HK\$'000	HK\$'000
FAIR VALUE		
At the beginning of the period (audited)	4,943,560	2,858,773
Additions	17,190	10,457
Acquisition of a subsidiary	–	1,599,849
Disposal of a subsidiary	(261,960)	–
Change in fair value	136,130	155,613
Transfer from property, plant and equipment (<i>Note</i>)	–	724,400
Transfer to assets classified as held for sale	(1,318,200)	(32,210)
	3,516,720	5,316,882
At the end of the period (unaudited)	3,516,720	5,316,882

Note: During the six months ended 30 September 2020, properties with total carrying value of HK\$735,667,000 at date of transfer were transferred from property, plant and equipment to investment properties, which was evidenced by the observable actions taken to support the change in use. The difference between fair value of the properties at date of transfer amounting to HK\$724,400,000 and the carrying value was recognised in profit or loss which amounted to HK\$11,267,000.

The fair values of the Group's investment properties at 30 September 2021 have been arrived at on the basis of valuation carried out by Colliers International (Hong Kong) Limited ("Colliers") and Jones Lang LaSalle Limited ("JLL"), independent property valuers not connected with the Group (31 March 2021: Colliers and JLL). 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\$1,375,700,000 (31 March 2021: HK\$2,281,800,000) was arrived at by reference to market evidence of transaction prices of similar properties. The valuations of other properties amounting to HK\$2,141,020,000 (31 March 2021: HK\$2,661,760,000) 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	
		30.9.2021 <i>HK\$'000</i> (Unaudited)	31.3.2021 <i>HK\$'000</i> (Audited)
Commercial	Capitalisation approach	1,978,280	1,978,640
Commercial	Direct comparison method	785,800	782,800
Industrial	Capitalisation approach	162,740	683,120
Industrial	Direct comparison method	51,900	973,000
Residential	Direct comparison method	538,000	526,000
		<u>3,516,720</u>	<u>4,943,560</u>

Property, plant and equipment

During the six months ended 30 September 2021, the Group acquired property, plant and equipment at approximately HK\$932,000 (six months ended 30 September 2020: HK\$4,673,000).

During the current interim period, the Group disposed of certain property, plant and equipment with carrying amount of HK\$2,000 (six months ended 30 September 2020: HK\$518,000), at a sale proceed of HK\$50,000 (six months ended 30 September 2020: HK\$195,000) and resulting a gain on disposal of HK\$48,000 (six months ended 30 September 2020: a loss on disposal of HK\$323,000).

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 2020: 1 year to 2 years). On lease commencement, the Group recognised HK\$4,797,000 (six months ended 30 September 2020: HK\$749,000) of right-of-use assets and HK\$4,797,000 (six months ended 30 September 2020: HK\$749,000) of lease liabilities.

9. INTERESTS IN JOINT VENTURES

	30.9.2021 <i>HK\$'000</i> (Unaudited)	31.3.2021 <i>HK\$'000</i> (Audited)
Interests in joint ventures comprise:		
Cost of unlisted investments in joint ventures	223,060	200,427
Share of post acquisition losses and other comprehensive expense, net of dividends received	<u>(57,536)</u>	<u>(52,397)</u>
	<u>165,524</u>	<u>148,030</u>

10. CONTRACT ASSETS

	30.9.2021 HK\$'000 (Unaudited)	31.3.2021 <i>HK\$'000</i> (Audited)
Construction contracts	<u>292,677</u>	<u>264,800</u>

The Group has rights to considerations from customers for construction contracts, interior and renovation contracts and installation of building materials contracts. Contract assets arise when the Group has right to consideration for completion of construction contracts, interior and renovation contracts and installation of building materials contracts and not yet billed under the relevant contracts, and their right is conditioned on factors other than passage of time. Any amount previously recognised as a contract asset is reclassified to trade debtors when such right becomes unconditional.

Included in carrying amount of contract assets comprises retention money of HK\$143,789,000 (31 March 2021: HK\$134,690,000) as at 30 September 2021. Retention money is unsecured and interest-free and represented the monies withheld by customers of contract works fully recoverable within 1 to 2 years from the date of completion of construction contracts, in accordance with the terms specified in the relevant contracts. Upon satisfactory completion of contract work as set out in the contract, the architect for the building project will issue a practical completion certificate. Generally, upon the issuance of the practical completion certificate, half of the retention money of such contract work will be released to the Group, while the remaining half will be released to the Group upon the issuance of the certificate that identified defects in respect of the entire building project have been made good.

The retention money would be settled, based on the expiry of the defect liability period, at the end of each reporting period as follows:

	30.9.2021 HK\$'000 (Unaudited)	31.3.2021 <i>HK\$'000</i> (Audited)
Amount receivable within one year	23,604	19,018
Amount receivable after one year	<u>120,185</u>	<u>115,672</u>
	<u>143,789</u>	<u>134,690</u>

Included in the above contract assets are amounts due from related parties of trading nature as follows:

	30.9.2021 HK\$'000 (Unaudited)	31.3.2021 <i>HK\$'000</i> (Audited)
Joint ventures	1,706	670
Subsidiaries of Million Hope Industries Holdings Limited ("Million Hope") (<i>Note</i>)	<u>137</u>	<u>–</u>

Note: Million Hope is regarded as a related company in which CCM Trust (Cayman) Limited ("CCM Trust"), a substantial shareholder of the Company, and certain discretionary trusts, of which certain directors of the Company are among the members of the class of discretionary beneficiaries, have beneficial interests.

11. 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 2021: 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:

	30.9.2021 HK\$'000 (Unaudited)	31.3.2021 <i>HK\$'000</i> (Audited)
Within 30 days	94,827	92,872
31 – 60 days	5,727	2,883
61 – 90 days	2,693	1,347
Over 90 days	4,559	12,821
	107,806	109,923

12. 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:

	30.9.2021 HK\$'000 (Unaudited)	31.3.2021 <i>HK\$'000</i> (Audited)
Within 30 days	60,815	87,787
31 – 60 days	473	128
61 – 90 days	2	13
Over 90 days	951	3,749
	62,241	91,677

13. SHARE CAPITAL

	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised:		
Shares of HK\$0.10 each		
Balance as at 1 April 2020, 31 March 2021 and 30 September 2021	<u>1,500,000,000</u>	<u>150,000</u>
Issued and fully paid:		
Shares of HK\$0.10 each		
Balance as at 1 April 2020	1,090,924,676	109,092
Issue of shares upon exercise of share options (<i>Note</i>)	<u>11,200,000</u>	<u>1,120</u>
Balance as at 31 March 2021	1,102,124,676	110,212
Issue of shares upon exercise of share options (<i>Note</i>)	<u>3,461,000</u>	<u>347</u>
Balance as at 30 September 2021	<u><u>1,105,585,676</u></u>	<u><u>110,559</u></u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

Overview

For the six months ended 30 September 2021, the Group's unaudited consolidated revenue amounted to HK\$703.5 million (for the six months ended 30 September 2020: HK\$653.9 million).

Construction Division

The revenue of the Construction Division for the six months ended 30 September 2021 was HK\$620.1 million (for the six months ended 30 September 2020: HK\$452.4 million).

Contracts on hand as at 30 September 2021 for the Construction Division amounted to HK\$2,017.6 million.

Major construction work completed during the period under review:

- (1) Construction of sports centre, community hall and football pitches in Area 1, Tai Po, New Territories

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 No. 8, Star Street, Wan Chai, Hong Kong
- (3) Construction of the proposed residential redevelopment at Tuen Mun Town Lot No. 516, New Territories
- (4) Construction of public housing development at Java Road, North Point, Hong Kong
- (5) Construction of public housing development at Hin Fat Lane, Tuen Mun, New Territories
- (6) Construction of the proposed residential development at No. 57A Nga Tsin Wai Road, Kowloon

Interior and Renovation Division

For the six months ended 30 September 2021, the revenue of the Interior and Renovation Division was HK\$56.1 million (for the six months ended 30 September 2020: HK\$153.9 million).

Contracts on hand as at 30 September 2021 for the Interior and Renovation Division amounted to HK\$631.7 million.

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) 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
- (7) 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
- (8) HKHA District Term Contract (2021-2024) for the Maintenance, Improvement and Vacant Flat Refurbishment for Hong Kong Island and Islands (2)
- (9) Renovation works at Carolina Gardens, 20-34 Coombe Road, The Peak, Hong Kong

Building Materials Division

The Building Materials Division recorded a revenue of HK\$32.3 million for the six months ended 30 September 2021 (for the six months ended 30 September 2020: HK\$23.7 million).

Contracts on hand as at 30 September 2021 for the Building Materials Division amounted to HK\$325.8 million.

Major contract works completed during the period under review:

- (1) Construction of The Hong Kong Palace Museum for The West Kowloon Cultural District Authority – Design, Supply and Installation of Cement Ceiling System at Balcony and G/F
- (2) Construction of Station Square at Kai Tak Phase 1 Covered Walkway – Design, Supply and Installation of Suspended Ceiling System
- (3) Construction of Sports Center, Community Hall and Football Pitches in Area 1, Tai Po – Design, Supply and Installation of Suspended Ceiling System, Fire Resistance Enclosure System & Hardwood Sport Flooring System

Major contract works undertaken 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 under Transfer Plate (T1 to T8)
- (3) Construction of Public Rental Housing Development at Queen's Hill Site 1, Phase 1 & Portion of Phase 6 – Design, Supply and Installation of External Ceiling System at G/F
- (4) Proposed Residential and Commercial Development at No. 33-47 Catchick Street, Kennedy Town – Supply and Installation of Suspended Ceiling System

Major contract works awarded 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

Property Development Division

The Property Development Division recorded no revenue for the six months ended 30 September 2021 (for the six months ended 30 September 2020: nil).

As for the joint venture project, Mount Vienna, the low-density residential project in Fo Tan, New Territories in which the Group has 25% interest. All of the units were sold and delivered to customers.

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 214 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 197 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. Land premium were determined in October 2020 and all balance of the land premium had been paid up to February 2021. The land grant document has been executed and the development of the site is in progress.

In March 2021, the Group entered into the sale and purchase agreement with an independent third party to dispose of 50% interest of a piece of land at No. 57A Nga Tsin Wai Road, Kowloon Tong, Kowloon and a joint venture was formed with the objective of developing the property into a premium residential project. Lease modification for redevelopment has been approved and we are in the course of negotiating the land premium with Lands Department.

For the pieces of agricultural land at Tong Yan San Tsuen in Yuen Long, a land exchange application for residential use was made in 2012 with the Lands Department. Land premium has been determined and was fully paid in April 2021. In March 2021, the Group entered into the sale and purchase agreement with an independent third party to dispose of 50% interest of the land and a joint venture was formed with the objective of developing the property into a residential project. The development of the site is in progress.

As for the joint venture project, Johnson Place, located at No. 14-16 Lee Chung Street, Chai Wan, Hong Kong, 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.

In May 2021, the Group entered into the sale and purchase agreement with an independent third party to dispose of 50% interest of West Castle and a joint venture was formed with the objective of developing the property into a brand new industrial property with bonus plot ratio. The demolition works of the existing building is in progress.

In July 2021, the Group entered into the sale and purchase agreement with an independent third party to dispose of 50% interest of Minibox Tower and a joint venture will be formed with the objective of developing the property into a brand new industrial property. Building plans for the development with bonus plot ratio has been approved and demolition works will be commenced soon.

Property Investment Division

The Property Investment Division recorded a revenue of HK\$34.1 million for the six months ended 30 September 2021 (for the six months ended 30 September 2020: HK\$25.7 million).

Strata sale of West Park was launched in January 2020. All of the residential units (i.e. 63 units) were sold and delivered to customers.

In September 2021, the Group entered into the sale and purchase agreement with an independent third party to dispose certain industrial units and car parking spaces at Kwun Tong Industrial Centre. The transaction was expected to be completed in November 2021.

In July 2021, the Group entered into a preliminary sale and purchase agreement with an independent third party to dispose Hay Nien Building in Kwun Tong. A formal sale and purchase agreement was entered into in October 2021. The transaction will be completed in December 2021.

Investment properties of the Group including various units at Shatin Industrial Centre, some units at Kings Wing Plaza 1 in Shek Mun, Hollywood Hill at No. 222 Hollywood Road, No. 31 Wing Wo Street in Sheung Wan, some units at Kin Wing Industrial Building in Tuen Mun, various land lots in D.D. 76 Ping Che in Fanling, retail shops of The Austine Place in Tsim Sha Tsui, Hay Nien Building in Kwun Tong, Minibox Tower in Chai Wan, certain industrial units and car parking spaces at Chaiwan Industrial Centre and Kwun Tong Industrial Centre, The Mercer in Sheung Wan, and following property in which the Group has 50% interest: The Connaught at No. 138 Connaught Road West, all contributed rental incomes to the Group during the period under review.

Renovation of The Edward were completed and is now available for rent.

Property Agency and Management Division

For the period under review, the revenue of the Property Agency and Management Division was HK\$4.1 million (for the six months ended 30 September 2020: HK\$5.6 million).

In Hong Kong, our Property Agency and Management Division acted as the marketing and project manager for The Grampian at No. 11 Grampian Road, Mount Vienna at Lok Lam Road, PeakCastle in Cheung Sha Wan, The Connaught at No. 138 Connaught Road West, Johnson Place in Chai Wan, The Austine Place at No. 38 Kwun Chung Street and Hay Nien Building at No. 1 Tai Yip Street. This Division also provided property management services to The Austine Place in Tsim Sha Tsui, 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, Hay Nien Building at No. 1 Tai Yip Street, The Mercer at No. 29 Jervois Street, West Park in Cheung Sha Wan and The Edward in Mong Kok.

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\$14.1 million for the six months ended 30 September 2021 (for the six months ended 30 September 2020: HK\$15.7 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

With the availability of COVID-19 vaccines, global economic activity is returning to normal gradually. Global growth is estimated at 6.0% for this year and moderating to 4.4% in coming year according to the International Monetary Fund (“IMF”). The projections reflect confidence in the anticipated vaccine-powered recovery in the second half of this year. However, certain doubt surrounds this outlook, stemming from such uncertainties as the path of the pandemic, the effectiveness of policy support to provide a bridge to vaccine-powered normalisation, and the evolution of financial conditions. Besides, the tight property policies which impose control on the debt level of the developers maintained by the Chinese Government also brings uncertainty to the economy recovery.

The Hong Kong Government announced during its budget speech for 2021-22 that annual capital works expenditure will exceed HK\$100 billion in the coming years in order to support the local construction industry and the economy as a whole. In addition, annual total construction output will increase to around HK\$300 billion which will create over 300,000 employment opportunities in the sector. The Government and the Construction Industry Council have been providing professional and comprehensive training programmes for construction workers to solve the shortage of skilled labour and ageing workforce which are long-standing labour supply problems of this sector. The Hong Kong Institute of Construction also has an established training system in place offering career progression paths for its trainees. The Group looks forward to having more young and enthusiastic practitioners in the construction industry. In addition to a fast evolving operating environment, the current economic climate also poses tremendous challenges to the construction industry, which include stiff competition. Companies will therefore need to innovate and keep a tight rein on tendering practices and expenses so as to improve their competitiveness and be more resilient to margin pressures. Furthermore, they must be attentive to new technologies and information systems, as well as be able to be among the early adopters of advanced tools for boosting the efficiency and effectiveness of construction processes.

In most instances, renovation of property will usually elevate its market value. Hence, many Hong Kong property owners and investors will choose to undertake renovation projects before putting their properties on market for sale to look for a bigger return. However, due to the social distancing measures during COVID-19 pandemic, many shopping malls, restaurants and retailers remain deserted, while many office buildings are vacant. The Hong Kong Government announced the abolishment of the double stamp duty (DSD) for non-residential properties in November 2020 which revitalised the investment properties market in Hong Kong. As a result of the recovery of investment properties market, though intense competition will persist, the interior and renovation business is expected to make a recovery.

Our building materials division is also benefited from the recovery of construction industry. Already, the winning of the design, supply, fabrication, assembly and installation of main roof baffle ceiling, lower-level roof baffle and external metal ceiling at Terminal 2 Building of the Hong Kong International Airport with contract sum of around HK\$300 million was a breakthrough for the division; marking entry into a new market segment that possesses enormous growth potential. This division should see a sustaining growth.

Despite rising unemployment and economic contraction due to the impact of the COVID-19 pandemic, the Hong Kong property market has still seen a strong rebound since the first quarter of this year. Supported by a strong market demand for residential properties, together with the low interest-rate environment, the relaxed loan leverage on certain low price flats and higher accumulative wealth of the citizens, property prices have remained stable and the number of transactions have rebounded strongly in the start of 2021. For property leasing market, tenants are still quite prudent in rental cost control, hence stiff competition is expected to remain in 2022 especially in the office building market. For Hanison, we will take every opportunity to realise the gains from our properties portfolio and adopt a prudent approach to maintain our cash flow at a healthy level.

The Group's property management and leasing division provides bespoke integrated solutions to meet the needs of our clients. The skilled and experienced team of property management and leasing managers, engineers, security personnel and administrators ensure that the management process is handled smoothly, with meticulous organisation and an open line of communication throughout.

Since the Hong Kong Government implemented travel restrictions and social distancing measures in early 2020 to prevent the spread of the COVID-19 virus, tourism and local consumption have been hard hit, and the impact is still ongoing. The health products division has reacted swiftly by placing greater effort into the development of online sales channels, both in Hong Kong and Mainland China.

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\$706.4 million as at 31 March 2021 to HK\$438.4 million (included the bank balances shown under assets classified as held for sale) at 30 September 2021. As at the period end date, the current ratio (current assets divided by current liabilities) increased from 0.54 time as at 31 March 2021 to 1.21 time.

For the purposes of maintaining flexibility in funding and day-to-day financial management, the Group has accessed to facilities from banks and an insurance company with an aggregate amount of HK\$4,226.7 million (HK\$2,915.4 million was secured by first charges over certain leasehold land and buildings, investment properties and assets classified as held for sale of the Group), of which HK\$2,935.4 million bank loans (included the bank loans shown under liabilities associated with assets classified as held for sale) have been drawn down and approximately HK\$173.1 million has been utilised for the issuance of performance bonds as at 30 September 2021. The bank loans under these banking facilities bear interest at prevailing market interest rates.

With its cash holdings and available facilities from banks and an insurance company, 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 2020/2021.

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\$2,935.4 million from banks (as at 31 March 2021: HK\$3,184.5 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 lending spread over a year. Interest is based on Hong Kong Interbank Offered Rate with a competitive margin.

As at 30 September 2021, 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 59.7% (as at 31 March 2021: 59.9%).

MAJOR DISPOSALS

On 31 May 2021, an indirect wholly-owned subsidiary of the Company, Colourful Bloom Limited, entered into a sale and purchase agreement with an independent third party to dispose of 50% of the issued share capital in Esteemed Virtue Limited, together with its wholly-owned subsidiary, Befit Limited ("Befit") at a consideration of HK\$130,000,000, subject to adjustment. Befit is a property holding company. The major asset of Befit represented a property named "WEST CASTLE" located in Hong Kong. The transaction was completed on 30 June 2021.

On 30 July 2021, a direct wholly-owned subsidiary of the Company, Hanison Construction Holdings (BVI) Limited, entered into a sale and purchase agreement with an independent third party to dispose of 50% of the issued share capital in Excess Wonder Limited, together with its wholly owned subsidiary, Rainbow Jade Enterprises Limited ("Rainbow Jade") at a consideration of HK\$305,000,000, subject to adjustment. Rainbow Jade is a property holding company. The major asset of Rainbow Jade represented a property named "MINIBOX TOWER" located in Hong Kong. The transaction was expected to be completed on 30 December 2021.

On 30 July 2021, an indirect wholly-owned subsidiary of the Company, Golden Stream Ventures Limited, entered into a preliminary sale and purchase agreement with an independent third party to dispose of 100% of the issued share capital in Great Virtue Ventures Limited ("Great Virtue") at a consideration of HK\$628,000,000, subject to adjustment. Great Virtue is a property holding company. The major asset of Great Virtue represented a property named "HAY NIEN BUILDING" located in Hong Kong. A formal sale and purchase agreement was entered into on 22 October 2021. The transaction was expected to be completed on 1 December 2021.

On 1 September 2021, an indirect wholly-owned subsidiary of the Company, Storage Holding I Ltd, entered into a sale and purchase agreement with an independent third party to dispose of certain units and car parking spaces of an industrial property named "KWUN TONG INDUSTRIAL CENTRE" located in Hong Kong at a consideration of HK\$129,200,000. The transaction was expected to be completed on 30 November 2021.

COLLATERAL

As at 30 September 2021, the Group's Hong Kong dollar loans of HK\$2,505.4 million (as at 31 March 2021: HK\$2,634.5 million) were secured by first charges over certain leasehold land and buildings, investment properties and assets classified as held for sale of the Group, at the carrying value of approximately HK\$4,146.0 million (as at 31 March 2021: HK\$4,055.5 million).

PERFORMANCE BONDS

As at 30 September 2021, the Group had outstanding performance bonds in respect of construction contracts amounting to approximately HK\$173.1 million (as at 31 March 2021: HK\$195.3 million).

COMMITMENTS

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

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

	30.9.2021 <i>HK\$'000</i> (unaudited)	31.3.2021 <i>HK\$'000</i> (audited)
Commitments to provide loans	<u>1,407,263</u>	<u>1,515,106</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 2021, the Company has complied with all the Code Provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules, except for Code Provision E.1.2 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 unable to attend the Company's 2021 annual general meeting due to other engagement. The Managing Director took the chair of that meeting in accordance with the articles of association of the Company.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors of the Company, all directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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 2021.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2021, the Group (excluding its joint ventures) had 482 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 2021. 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, 16 November 2021

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