興勝創建控股有限公司
HANISON CONSTRUCTION HOLDINGS LIMITED

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

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

SUMMARY OF RESULTS

For the year ended 31 March 2022, Hanison Construction Holdings Limited ("Company") and its subsidiaries (collectively "Group") recorded revenue of HK$1,438.3 million, which was comparable with the previous financial year (2021: HK$1,451.6 million). Consolidated profit attributable to owners of the Company amounted to HK$154.3 million (2021: HK$275.0 million), a decrease of 43.9% as compared with last year. There was an overall decline in the bottom line profit due to (a) lack of exceptionally large gain on disposals of self-used properties and subsidiaries as compared with the last financial year; and (b) a reduction in government subsidies received in this financial year.

The basic earnings per share and diluted earnings per share for the year were HK14.0 cents and HK13.9 cents, representing decreases of 44.4% and 44.8% respectively when compared with HK25.2 cents and HK25.2 cents respectively last year.

As at 31 March 2022, the net asset value of the Group amounted to HK$4,216.4 million (2021: HK$4,137.1 million), representing an increase of 1.9% compared with last year. Net asset value per share as at 31 March 2022 was HK$3.81 (2021: HK$3.75).

DIVIDEND

The board of directors of the Company ("Board") has declared a second interim dividend (in lieu of a final dividend) of HK5.0 cents per share for the year ended 31 March 2022 (2021: HK5.0 cents per share) to shareholders whose names appear on the register of members of the Company on 5 July 2022. This, together with the first interim dividend of HK2.5 cents per share (2021: HK2.5 cents per share) distributed during the year, gives a total dividend of HK7.5 cents per share for the year (2021: HK7.5 cents per share). The second interim dividend will be paid on 15 July 2022.

CLOSURE OF REGISTER OF MEMBERS FOR SECOND INTERIM DIVIDEND

The register of members of the Company will be closed from 30 June 2022 to 5 July 2022, both days inclusive, for the purpose of determining the identity of members who are entitled to the second interim dividend for the year ended 31 March 2022. In order to qualify for the second 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 29 June 2022.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from 18 August 2022 to 23 August 2022, both days inclusive, for the purpose of determining the identity of members who are entitled to attend and vote at the Company's forthcoming annual general meeting ("AGM") scheduled to be held on 23 August 2022. In order to be eligible to attend and vote at the AGM, 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 17 August 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2022

	NOTES	**2022** **HK$'000**	2021 HK$'000
Revenue	3	**1,438,340**	1,451,560
Cost of sales		**(1,299,021)**	(1,314,320)
Gross profit		**139,319**	137,240
Other income		**32,758**	50,584
Other gains and losses	5	**4,865**	(1,556)
Gain on disposal of property, plant and equipment		**90**	199,618
Gain on disposal of subsidiaries		**22,597**	116,497
Reversal of impairment losses (impairment losses) under expected credit loss model, net		**368**	(24,849)
Marketing and distribution costs		**(4,135)**	(4,334)
Administrative expenses		**(199,208)**	(191,091)
Gain on change in fair value of investment properties		**207,515**	57,874
Share of (loss) profit of an associate		**(17)**	3,226
Share of loss of joint ventures		**(8,073)**	(31,971)
Finance costs		**(33,363)**	(38,048)
Profit before taxation	6	**162,716**	273,190
Taxation	7	**(8,373)**	1,796
Profit for the year		**154,343**	274,986
Earnings per share			
Basic (HK cents)	9	**14.0**	25.2
Diluted (HK cents)	9	**13.9**	25.2

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	HK$'000	*HK$'000*
Profit for the year	**154,343**	274,986
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**96**	189
Share of exchange differences of a joint venture	**3,794**	7,111
	3,890	7,300
Total comprehensive income for the year	**158,233**	282,286

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2022

	NOTES	31.3.2022 HK$'000	31.3.2021 HK$'000
Non-current assets			
Investment properties		**3,140,000**	4,943,560
Property, plant and equipment		**293,376**	366,036
Right-of-use assets		**3,693**	2,855
Interest in an associate		**10,723**	10,740
Interests in joint ventures		**186,012**	148,030
Loans to joint ventures		**974,529**	560,231
Deferred tax assets		**595**	2,836
		4,608,928	6,034,288
Current assets			
Properties under development for sale		**907,553**	879,489
Inventories		**5,998**	12,857
Contract assets		**265,020**	264,800
Debtors, deposits and prepayments	10	**148,366**	164,171
Amounts due from joint ventures		**10,015**	32,610
Financial assets at fair value through profit or loss		**346**	438
Taxation recoverable		**6,383**	5,042
Bank balances and cash		**602,528**	706,389
		1,946,209	2,065,796
Assets classified as held for sale	11	**163,664**	30,077
		2,109,873	2,095,873
Current liabilities			
Trade and other payables	12	**581,677**	640,536
Provisions		**16,605**	13,613
Lease liabilities		**3,478**	3,370
Taxation payable		**68,747**	68,515
Bank loans – amounts due within one year		**644,365**	3,184,500
		1,314,872	3,910,534
Liabilities associated with assets classified as held for sale	11	**2,388**	–
		1,317,260	3,910,534
Net current assets (liabilities)		**792,613**	(1,814,661)
Total assets less current liabilities		**5,401,541**	4,219,627

	NOTE	31.3.2022 HK$'000	31.3.2021 HK$'000
Non-current liabilities			
Bank loans – amounts due after one year		**1,147,035**	–
Provisions		**27,543**	70,609
Deferred tax liabilities		**6,357**	8,120
Lease liabilities		**4,168**	3,793
		1,185,103	82,522
		4,216,438	4,137,105
Capital and reserves			
Share capital	*13*	**110,559**	110,212
Reserves		**4,105,879**	4,026,893
		4,216,438	4,137,105

NOTES:

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operating existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except for the investment properties and certain financial instruments, which are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, 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 consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

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

2.1 Impacts 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 year. 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" ("HKFRS 7").

As at 1 April 2021, the Group has bank loans amounting to HK$3,184,500,000, the interests of which are indexed to benchmark rates that may be subject to interest rate benchmark reform.

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. 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, if any.

2.2 Impacts on application of the agenda decision of the Committee – Cost necessary to sell inventories (HKAS 2 "Inventories")

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group's accounting policy prior to the Committee's agenda decision was to determine the net realisable value of inventories taking into consideration incremental costs only. Upon application of the Committee's agenda decision, the Group changed its accounting policy to determine the net realisable value of inventories taking into consideration both incremental costs and other cost necessary to sell inventories. The new accounting policy has been applied retrospectively.

The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 Effective for annual periods beginning on or after a date to be determined

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 3 "Reference to the Conceptual Framework"

The amendments:

- update a reference in HKFRS 3 "Business Combinations" ("HKFRS 3") so that it refers to the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "Conceptual Framework") instead of Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting 2010 issued in October 2010);

- add a requirement that, for transactions and other events within the scope of HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" ("HKAS 37") or HK(IFRIC)-Int 21 "Levies" ("HK(IFRIC) -Int 21"), an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Group will apply the amendments prospectively to business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 April 2022.

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2021)"

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date.

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 "Financial Instruments: Presentation".

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 March 2022, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 "Making Materiality Judgements" (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies.

Amendments to HKAS 8 "Definition of Accounting Estimates"

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 "Income Taxes" ("HKAS 12") so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for the Group's annual reporting periods beginning on or after 1 April 2023, with early application permitted. As at 31 March 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to HK$3,693,000 and HK$7,646,000 respectively. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 37 "Onerous Contracts – Cost of Fulfilling a Contract"

The amendments specify that, when an entity assesses whether a contract is onerous in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the unavoidable costs under the contract should 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. Costs of fulfilling the contract include incremental costs and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

3. REVENUE

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 year, and is analysed as follows:

Disaggregation of revenue

	2022	2021
	HK$'000	*HK$'000*
Recognised over time:		
Revenue from construction contract work	**1,197,468**	1,147,285
Revenue from interior and renovation contracts	**86,704**	167,736
Revenue from installation of building materials	**68,535**	36,905
Property management service income	**5,076**	5,792
Revenue from hotel operations	**–**	773
Recognised at a point in time:		
Sales of health products	**22,607**	32,180
Property agency service income	**3,272**	5,227
Revenue from contracts with customers	**1,383,662**	1,395,898
Lease income from property investment	**54,678**	55,662
	1,438,340	1,451,560
Geographical market:		
Hong Kong	**1,438,340**	1,451,560

4. 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 year ended 31 March 2022

	Construction	**Interior and renovation**	**Building materials**	**Health products**	**Property investment**	**Property development**	**Property agency and management**	**Segment total**	**Eliminations**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE										
External sales	**1,197,468**	**86,704**	**68,535**	**22,607**	**54,678**	**–**	**8,348**	**1,438,340**	**–**	**1,438,340**
Inter-segment sales	**592**	**71,505**	**15,205**	**15**	**8,751**	**–**	**120**	**96,188**	**(96,188)**	**–**
Total	**1,198,060**	**158,209**	**83,740**	**22,622**	**63,429**	**–**	**8,468**	**1,534,528**	**(96,188)**	**1,438,340**
RESULTS										
Segment result	**24,054**	**6**	**752**	**681**	**159,306**	**10,040**	**213**	**195,052**	**–**	**195,052**
Unallocated expenses										**(32,336)**
Profit before taxation										**162,716**

For the year ended 31 March 2021

	Construction	Interior and renovation	Building materials	Health products	Property investment	Property development	Property agency and management	Segment total	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE										
External sales	1,147,285	167,736	36,905	32,180	56,435	–	11,019	1,451,560	–	1,451,560
Inter-segment sales	955	27,925	11,954	16	7,288	–	6,278	54,416	(54,416)	–
Total	1,148,240	195,661	48,859	32,196	63,723	–	17,297	1,505,976	(54,416)	1,451,560
RESULTS										
Segment result	33,712	1,811	1,346	2,537	2,470	265,561	349	307,786	–	307,786
Unallocated expenses										(34,596)
Profit before taxation										273,190

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) Other Information

Year ended 31 March 2022

	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$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment results or segment assets:									
Depreciation of property, plant and equipment	**4,454**	**1,714**	**1,305**	**89**	**1,717**	**–**	**1,885**	**9,084**	**20,248**
Depreciation of right-of-use assets	**3,463**	**–**	**–**	**1,149**	**–**	**–**	**–**	**–**	**4,612**
Gain on change in fair value of investment properties	**–**	**–**	**–**	**–**	**(207,515)**	**–**	**–**	**–**	**(207,515)**
Loss on change in fair value of financial assets at fair value through profit or loss ("FVTPL")	**92**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**92**
Reversal of write-down of inventories	**–**	**–**	**–**	**(715)**	**–**	**–**	**(8)**	**–**	**(723)**
(Gain) loss on disposal of property, plant and equipment	**(92)**	**–**	**–**	**2**	**–**	**–**	**–**	**–**	**(90)**
Gain on disposal of subsidiaries	**–**	**–**	**–**	**–**	**(22,597)**	**–**	**–**	**–**	**(22,597)**
Impairment losses (reversal of impairment losses) under expected credit loss ("ECL") model, net	**381**	**363**	**28**	**–**	**8,247**	**(9,387)**	**–**	**–**	**(368)**
Gain on disposal of assets classified as held for sale	**–**	**–**	**–**	**–**	**–**	**(4,910)**	**–**	**–**	**(4,910)**
Interest income	**(283)**	**(35)**	**(10)**	**–**	**(11)**	**(18,530)**	**–**	**(65)**	**(18,934)**
Share of loss of an associate	**–**	**–**	**–**	**–**	**17**	**–**	**–**	**–**	**17**
Share of loss of joint ventures	**–**	**–**	**–**	**–**	**–**	**8,073**	**–**	**–**	**8,073**
Finance costs	**137**	**–**	**–**	**59**	**31,692**	**1,475**	**–**	**–**	**33,363**
Additions to non-current assets (note)	**4,166**	**–**	**279**	**2,093**	**30,153**	**–**	**–**	**–**	**36,691**
Interest in an associate	**–**	**–**	**–**	**–**	**10,723**	**–**	**–**	**–**	**10,723**
Interests in joint ventures	**–**	**–**	**–**	**–**	**–**	**186,012**	**–**	**–**	**186,012**
Loans to joint ventures	**–**	**–**	**–**	**–**	**138,603**	**835,926**	**–**	**–**	**974,529**
Amounts regularly provided to the chief operating decision makers but not included in the measure of segment results:									
Income tax expenses (credit)	**3,734**	**(81)**	**185**	**–**	**703**	**3,932**	**(100)**	**–**	**8,373**

Note: Non-current assets exclude deferred tax assets, interest in an associate, interests in joint ventures and loans to joint ventures.

Year ended 31 March 2021

	Construction	Interior and renovation	Building materials	Health products	Property investment	Property development	Property agency and management	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts included in the measure of segment results or segment assets:									
Depreciation of property, plant and equipment	5,282	666	362	87	6,471	–	1,828	11,445	26,141
Depreciation of right-of-use assets	2,623	530	575	1,738	–	–	–	–	5,466
Revaluation loss on property, plant and equipment upon transfer to investment properties	–	–	–	–	11,267	–	–	–	11,267
Gain on change in fair value of investment properties	–	–	–	–	(57,874)	–	–	–	(57,874)
Gain on change in fair value of financial assets at FVTPL	(119)	–	–	–	–	–	–	–	(119)
Write-down (reversal of write-down) of inventories	–	–	–	892	–	–	(687)	–	205
Loss (gain) on disposal of property, plant and equipment	112	–	–	–	12	(199,742)	–	–	(199,618)
Gain on disposal of subsidiaries	–	–	–	–	–	(116,497)	–	–	(116,497)
Impairment losses (reversal of impairment losses) under ECL model, net	525	(8)	22	–	5,316	18,994	–	–	24,849
Gain on disposal of assets classified as held for sale	–	–	–	–	(249)	–	–	–	(249)
Gain on disposal of joint ventures	–	–	–	–	–	(9,098)	–	–	(9,098)
Interest income	(498)	(147)	(29)	–	(124)	(16,666)	(1)	(23)	(17,488)
Share of profit of an associate	–	–	–	–	(3,226)	–	–	–	(3,226)
Share of loss of joint ventures	–	–	–	–	28,353	3,618	–	–	31,971
Finance costs	185	30	33	101	23,505	14,194	–	–	38,048
Additions to non-current assets (note)	3,256	–	–	518	32,854	–	1,498	–	38,126
Interest in an associate	–	–	–	–	10,740	–	–	–	10,740
Interests in joint ventures	–	–	–	–	–	148,030	–	–	148,030
Loans to joint ventures	–	–	–	–	132,203	428,028	–	–	560,231
Amounts regularly provided to the chief operating decision makers but not included in the measure of segment results:									
Income tax expenses (credit)	1,519	(43)	(202)	–	(3,320)	–	250	–	(1,796)

Note: Non-current assets exclude deferred tax assets, interest in an associate, interests in joint ventures and loans to joint ventures.

Geographical information

The Group's revenue which is generated from customers located in Hong Kong, the Company's place of domicile, amounted to HK$1,438,340,000 (2021: HK$1,451,560,000). Accordingly, no further analysis of the Group's revenue by geographical market based on geographical location of customers has been presented.

The analysis of the Group's non-current assets by geographical location of assets is presented as follows (note):

	31.3.2022	31.3.2021
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**3,540,098**	5,372,282
The People's Republic of China (the "PRC")	**93,706**	98,939
	3,633,804	5,471,221

Note: Interest in an associate and interests in joint ventures are analysed by geographical location of their respective operations.

Non-current assets excluded loans to joint ventures and deferred tax assets.

Information about major customers

Revenue from customers of the corresponding years individually contributing over 10% of the total revenue of the Group is as follows:

	2022	2021
	HK$'000	*HK$'000*
Customer A (Note a)	**389,147**	N/A*
Customer B (Note a)	**275,364**	508,247
Customer C (Note a)	**163,853**	246,661
Customer D (Note a)	**163,536**	N/A*
Customer E (Note b)	**N/A***	150,483
Customer F (Note a)	**N/A***	145,318

Notes:

(a) The revenue is income from construction contracts within the construction segment.

(b) The revenue is income from interior and renovation contracts within the interior and renovation segment.

* The corresponding revenue does not contribute over 10% of the total revenue of the Group in the respective year.

5. OTHER GAINS AND LOSSES

	2022	2021
	HK$'000	*HK$'000*
Gain on disposal of assets classified as held for sale	**4,910**	249
Gain on disposal of joint ventures	**–**	9,098
Net exchange gain	**47**	245
(Loss) gain on change in fair value of financial assets at FVTPL	**(92)**	119
Revaluation loss on property, plant and equipment upon transfer to investment properties	**–**	(11,267)
	4,865	(1,556)

6. PROFIT BEFORE TAXATION

	2022	2021
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**20,248**	26,141
Less: Depreciation expenses included in the cost of sales	**(1,102)**	(1,867)
	19,146	24,274
Depreciation of right-of-use assets	**4,612**	5,466
Less: Depreciation expenses included in the cost of sales	**(3,677)**	(2,712)
	935	2,754
Auditor's remuneration	**3,500**	3,500
Contract costs recognised as expenses in cost of sales	**1,255,811**	1,264,371
Costs of inventories recognised as expenses in cost of sales	**23,045**	27,616
(Reversal of write-down) write-down of inventories in cost of sales	**(723)**	205
Gross rental income under operating leases on:		
Investment properties	**(54,678)**	(55,662)
Other properties	**–**	(32)
Less: Direct operating expenses that generated rental income during the year	**9,843**	7,382
	(44,835)	(48,312)
Expenses included in cost of sales:		
Depreciation of property, plant and equipment	**1,102**	1,867
Depreciation of right-of-use assets	**3,677**	2,712
Short-term leases expense in respect of plant and machinery	**16,109**	17,549

7. TAXATION

	2022	2021
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
Current year	**3,675**	8,816
Under(over)provision in prior years	**3,090**	(1,646)
	6,765	7,170
Deferred taxation	**1,608**	(8,966)
	8,373	(1,796)

Hong Kong Profits Tax for both years is calculated at 16.5% of the estimated assessable profits for the year, 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%.

8. DIVIDENDS

	2022	2021
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Ordinary shares:		
2022 first interim dividend – HK2.5 cents per share (2021: 2021 first interim dividend – HK2.5 cents per share)	**27,640**	27,273
2021 second interim dividend – HK5.0 cents per share (2021: nil)	**55,275**	–
2020 final dividend – HK5.0 cents per share (2022: nil)	**–**	54,546
	82,915	81,819
Proposed second interim dividend for the financial year ended 31 March 2022 of HK5.0 cents per share (2021: for the financial year ended 31 March 2021 of HK5.0 cents per share)	**55,279**	55,106

9. EARNINGS PER SHARE

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

	2022	2021
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**154,343**	274,986

	2022	2021
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue during the year for the purpose of calculating basic earnings per share	**1,104,821**	1,091,444
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options granted by the Company	**3,750**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,108,571**	1,091,444

The computation of diluted earnings per share for the year ended 31 March 2021 did not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of the shares.

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 (2021: 30 to 90 days and not more than 90 days), respectively, to its customers. Before accepting any new customer, the Group will internally assess the credit quality of the potential customers and define appropriate credit limit. Other receivables are unsecured, interest-free and repayable on demand.

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:

	31.3.2022	31.3.2021
	HK$'000	*HK$'000*
Within 30 days	**100,834**	92,872
31 – 60 days	**2,844**	2,883
61 – 90 days	**1,385**	1,347
Over 90 days	**9,236**	12,821
	114,299	109,923

11. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

During the year ended 31 March 2022, the Group entered into a provisional sale and purchase agreement with an independent third party to dispose of its 100% equity interest in Emwell Limited, an indirect wholly owned subsidiary of the Company, at an aggregate consideration of HK$205,000,000, subject to adjustments. Emwell Limited directly holds the legal and beneficial ownership of certain units and car parking spaces in an industrial property located in Hong Kong. The disposal was completed in May 2022. The Group also entered into a provisional sale and purchase agreement with an independent third party to dispose of certain units and car parking spaces in an industrial property located in Hong Kong with carrying value amounting to HK$10,931,000 as at 31 March 2022, at an aggregate consideration of HK$79,000,000. The directors of the Company considered that the held-for-sale criteria as set out in HKFRS 5 were met, by taking into account the fact that the subject equity interest was immediately available for sale, and the sale is to be highly probable as appropriate level of management had committed to a plan to sell the equity interest. Accordingly, the respective assets and liabilities were classified as assets held for sale and liabilities associated with assets classified as held for sale as at 31 March 2022.

During the year ended 31 March 2021, the Group launched certain car parking spaces located in Hong Kong for sale in the market. For the car parking spaces without sale and purchase agreements and offered for sales as at 31 March 2021, the directors of the Company considered that the held-for-sale criteria as set out in HKFRS 5 were met, by taking into account the fact that the subject investment properties were immediately available for sale, and the sale was highly probable as appropriate level of management had committed to a plan to sell the investment properties. Accordingly, the subject investment properties were classified as assets held for sale as at 31 March 2021. The car parking spaces with carrying value amounting to HK$6,300,000 remain unsold as at 31 March 2022.

During the year ended 31 March 2021, the Group had entered into a sale and purchase agreement with an independent third party to dispose of a residential investment property located in Hong Kong with carrying value amounting to HK$9,200,000. Accordingly, the property was presented as assets held for sale as at 31 March 2021. The transaction was completed during the year ended 31 March 2022.

During the year ended 31 March 2021, an indirect wholly owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party to dispose of its 25% interest in a joint venture, AG Acquisition M (BVI) Limited together with its wholly owned subsidiaries. The directors of the Company considered that the held-for-sale criteria as set out in HKFRS 5 were met, by taking into account the fact that the subject equity interest was immediately available for sale, and the conditions to be met to complete the disposal as set out in the terms of the relevant agreement. The carrying amount of 25% interests in the joint venture of HK$14,577,000 as at 31 March 2021 was reclassified from interest in a joint venture to assets classified as held for sale. The transaction was completed during the year ended 31 March 2022.

As at 31 March 2022, fair value of the investment properties classified as held for sale amounting to HK$134,050,000 (2021: HK$15,500,000) were determined by Colliers International (Hong Kong) Limited, an independent property valuer, taking into consideration the contracted selling price, if any. Change in fair value of investment properties amounting to nil (2021: HK$838,000) is recognised in profit or loss during the year ended 31 March 2022.

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:

	31.3.2022	31.3.2021
	HK$'000	*HK$'000*
Within 30 days	**79,494**	87,787
31 – 60 days	**–**	128
61 – 90 days	**–**	13
Over 90 days	**431**	3,749
	79,925	91,677

13. SHARE CAPITAL

	No. of shares	*HK$'000*
Authorised:		
Shares of HK$0.10 each		
Balance as at 1 April 2020, 31 March 2021 and 31 March 2022	1,500,000,000	150,000
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 (Note)	11,200,000	1,120
Balance as at 31 March 2021	1,102,124,676	110,212
Issue of shares upon exercise of share options (Note)	3,461,000	347
Balance as at 31 March 2022	1,105,585,676	110,559

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

OPERATIONS REVIEW

CONSTRUCTION DIVISION

The revenue for the Construction Division was HK$1,198.1 million for the year ended 31 March 2022 (2021: HK$1,148.2 million).

During the year, the Construction Division continued to work on the projects on hand. The total amount of contracts on hand as at 31 March 2022 for the Construction Division amounted to HK$1,449.0 million.

Major Project Completed

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

Major Projects Undertaken

(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 Tong, Kowloon

(7) Construction of the industrial redevelopment at No. 22 Yip Shing Street, Kwai Chung, New Territories

Major Project Awarded After the Financial Year Ended 31 March 2022

(1) Construction of the proposed industrial redevelopment at No. 18 Lee Chung Street, Chai Wan, Hong Kong

INTERIOR AND RENOVATION DIVISION

For the year ended 31 March 2022, the Interior and Renovation Division recorded a revenue of HK$158.2 million, as compared with HK$195.7 million last year.

The total amount of contracts on hand as at 31 March 2022 for the Interior and Renovation Division amounted to HK$541.0 million.

Major Projects Undertaken

(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, Nos. 20-34 Coombe Road, The Peak, Hong Kong

BUILDING MATERIALS DIVISION

The Group's Building Materials Division specialises in the supply and installation of different types of suspended ceiling system, metal cladding system, fire rated enclosure system and timber flooring.

For the year ended 31 March 2022 the revenue of the Building Materials Division was HK$83.7 million compared with that of HK$48.9 million last year.

The total amount of contracts on hand as at 31 March 2022 for the Building Materials Division amounted to HK$299.5 million.

Major Projects Completed

(1) 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) Station Square at Kai Tak Phase 1 Covered Walkway – Design, supply and installation of external ceiling system

(3) Sports center, community hall and football pitches in Area 1, Tai Po – Design, supply and installation of suspended ceiling system, fire rated enclosure system and hardwood sport flooring system

(4) 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

Major Projects Undertaken

(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) Proposed residential development of Wong Chuk Hang Station Site A property development – Supply and installation of suspended ceiling system at podium level

(4) Proposed residential and commercial development at Nos. 33-47 Catchick Street, Kennedy Town – Supply and installation of suspended ceiling system

Major Projects Awarded During the Financial Year Ended 31 March 2022

(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 development at TKOTL 70RP, Phase 11, Lohas Park, Tseung Kwan O, New Territories – Supply and installation of external baffle ceiling and gypsum board ceiling system

PROPERTY DEVELOPMENT DIVISION

The Property Development Division recorded no revenue during the year ended 31 March 2022 (2021: 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 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 211 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.

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 for redevelopment has been approved and we are in the course of negotiating the land premium with Lands Department.

For the 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 made in 2012 with the Lands Department. Land premium has been determined and was fully paid 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.

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 was completed in December 2021.

In July 2021, the Group entered into the sale and purchase agreement with an independent third party to dispose of 50% interest of No. 18 Lee Chung Street, Chai Wan, Hong Kong and a joint venture was 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 was completed in April 2022.

PROPERTY INVESTMENT DIVISION

The Property Investment Division recorded a revenue of HK$63.4 million for the year ended 31 March 2022 (2021: HK$63.7 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 of certain industrial units and car parking spaces at Kwun Tong Industrial Centre. The transaction was completed in December 2021.

In October 2021, the Group entered into the sale and purchase agreement with an independent third party to dispose of Hay Nien Building in Kwun Tong. The transaction was completed in December 2021.

In February 2022, the Group entered into the sale and purchase agreement with an independent third party to dispose of The Edward in Mong Kok. The transaction was completed in March 2022.

In February 2022, the Group entered into the sale and purchase agreement with an independent third party to dispose of certain industrial units at Shatin Industrial Centre. The transaction was completed in March 2022.

In April 2022, the Group entered into the sale and purchase agreement with an independent third party to dispose of certain industrial units and car parking space at Shatin Industrial Centre. The transaction is expected to be completed in October 2022.

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

Investment properties of the Group including PeakCastle in Cheung Sha Wan, 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, retail shops of The Austine Place in Tsim Sha Tsui, Hay Nien Building in Kwun Tong (which was disposed of in December 2021), certain industrial units and car parking spaces at Chaiwan Industrial Centre and Kwun Tong Industrial Centre (which was disposed of in December 2021), The Mercer in Sheung Wan 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 financial year.

PROPERTY AGENCY AND MANAGEMENT DIVISION

The revenue of the Property Agency and Management Division for the year ended 31 March 2022 was HK$8.5 million (2021: HK$17.3 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, The Austine Place at No. 38 Kwun Chung Street, Mount Vienna at Lok Lam Road (terminated in August 2021) and Hay Nien Building at No. 1 Tai Yip Street (terminated in December 2021). 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, The Mercer at No. 29 Jervois Street, West Park in Cheung Sha Wan, Hay Nien Building at No. 1 Tai Yip Street (terminated in December 2021) and The Edward in Mong Kok (terminated in March 2022).

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

For the year ended 31 March 2022, the Health Products Division recorded revenue of HK$22.6 million, compared to HK$32.2 million last year.

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.

FINANCIAL REVIEW

Group Liquidity and Financial Resources

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

For day-to-day liquidity management and to maintain flexibility in funding, the Group has access to facilities from banks with an aggregate amount of HK$3,361.4 million (HK$2,091.4 million was secured by first charges over certain leasehold land and buildings and investment properties of the Group), of which HK$1,791.4 million bank loans have been drawn down and approximately HK$136.8 million has been utilised mainly for the issuance of performance bonds as at 31 March 2022. The bank loans under these banking facilities bear interests at prevailing market interest rates.

The Group follows a prudent policy in managing its cash balance, and endeavours to maintain its sound cash flow generating capability, its ability to take on investments and acquisition projects, in order to enhance shareholder wealth. The total cash and bank balances of the Group amounted to HK$609.3 million (included the bank balances shown under assets classified as held for sale) as at 31 March 2022 (2021: HK$706.4 million), and accounted for 28.9% of the current assets (2021: 33.7%).

During the year, the Group has a net cash outflow of HK$178.5 million in its operating activities (mainly due to increase in properties under development for sale, utilisation of provisions and decrease in trade and other payables), a net cash inflow of HK$1,209.4 million in its investing activities (mainly due to net cash inflows on disposals of subsidiaries, proceeds from disposal of investment properties and, netting off loans made to joint ventures), and a net cash outflow of HK$1,128.0 million in its financing activities (mainly due to dividends paid to shareholders and repayment of bank loans, netting off new bank loans raised). Net bank borrowings (total bank loans less total bank balances and cash) amounted to HK$1,182.1 million as at 31 March 2022 (2021: net bank borrowings of HK$2,478.1 million). Accordingly, the gearing ratio of the Group, calculated on the basis of the Group's net bank borrowings to shareholders' funds, was 28.0% (2021: 59.9%). As at year-end date, the Group was with a net current assets of HK$792.6 million (2021: net current liabilities of HK$1,814.7 million) and the current ratio (current assets divided by current liabilities) was 1.6 times (2021: 0.54 time).

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 Policy

The aim of the Group's treasury policy is to minimise its exposure to fluctuations in the exchange rate and not to engage in any highly leveraged or speculative derivative products. Treasury transactions unrelated to underlying financial exposure are not undertaken. Foreign currency exposures of the Group arise mainly from the purchase of goods. The Group will determine if any hedging is required, on an individual basis, depending upon the size and nature of the exposure, and the prevailing market circumstances.

In order to enhance the deployment of internal funds with maximum benefit, to achieve better risk control, and to minimise cost of funds, the Group's treasury activities are centralised and scrutinised by the top management.

The surplus cash which is generally placed with reputable financial institutions is mostly denominated in Hong Kong dollar. Most of the income, expenses, assets and liabilities of the Group are denominated in Hong Kong dollars. The Group therefore does not have any significant exposure to gains or losses arising from the movement of foreign currency exchange rate against the Hong Kong dollar.

Shareholders' Funds

At the year-end date, shareholders' funds of the Group were HK$4,216.4 million including reserves of HK$4,105.9 million, an increase of HK$79.0 million from HK$4,026.9 million at 31 March 2021. On that basis, the consolidated net asset value of the Group as at 31 March 2022 was HK$3.81 per share, compared to the consolidated net asset value of HK$3.75 per share as at 31 March 2021. The increase in shareholders' funds was mainly attributable to profits retained after payments of cash dividends and exercise of share options.

Capital Structure

The Group intends to keep an appropriate mix of equity and debt to ensure an efficient capital structure over time. As at 31 March 2022, the Group borrowed Hong Kong dollar loans amounting to HK$1,791.4 million from the banks (at 31 March 2021: HK$3,184.5 million). The borrowings have been used as general working capital for financing the properties for development and investment purposes over the years. The maturity profile of the loans spread over a period of three years with HK$644.4 million repayable within the first year, HK$16.0 million repayable within the second year and HK$1,131.0 million repayable within the third year. Interest is based on Hong Kong Interbank Offered Rate plus a competitive margin.

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% interest 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, 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% interest 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 completed on 1 December 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% interest 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 completed on 26 January 2022.

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 completed on 17 December 2021.

On 15 February 2022, an indirect wholly-owned subsidiary of the Company, Towering Glory Limited has entered into a sale and purchase agreement with an independent third party to dispose of its 100% interest in Regal Prosper Limited at an aggregate consideration of HK$280,000,000, subject to adjustment. Regal Prosper Limited directly holds the legal and beneficial ownership of a commercial property named "The Edward" located in Hong Kong. The disposal was completed on 15 March 2022.

On 22 February 2022, the Group has entered into a sale and purchase agreement with an independent third party to dispose of its 100% interest in Superior Future Limited, an indirect wholly-owned subsidiary of the Company, at an aggregate consideration of HK$54,200,000, subject to adjustments. Superior Future 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 15 March 2022.

Collateral

As at 31 March 2022, certain leasehold land and buildings and investment properties of the Group, at the carrying value of approximately HK$2,704.8 million (at 31 March 2021: certain leasehold land and buildings and investment properties of the Group, at the carrying value of approximately HK$4,055.5 million), were pledged to the banks to secure the Hong Kong dollar loans of HK$1,691.4 million (at 31 March 2021: HK$2,634.5 million).

Performance Bonds

As at 31 March 2022, the Group had outstanding performance bonds in respect of construction contracts amounting to HK$136,833,000 (2021: HK$195,272,000).

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:

	31.3.2022	31.3.2021
	HK$'000	*HK$'000*
Commitments to provide loans	**1,907,197**	1,515,106

Employees and Remuneration Policy

As at 31 March 2022, the Group (excluding its joint ventures) had 440 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.

PROSPECTS

According to the International Monetary Fund, the war in Ukraine will slow global growth to 3.6% in 2022. War-induced commodity price increases and broadening price pressures have led to 2022 inflation projections of 5.7% in advanced economies and 8.7% in emerging markets and developing economies. China's economic growth is also expected to cool in 2022, slowing to around 5.1% due to COVID-19 outbreaks in the first quarter of 2022, diminished support from exports, and the government's continued deleveraging efforts, according to the World Bank. It is believed that a severe and prolonged downturn in the highly leveraged property sector poses another downside risk which could also have significant economy-wide impacts.

With the Hong Kong government expecting to increase its public infrastructure project spending to reach an annual capital works expenditure of HK$100 billion, in addition to various land and housing supply initiatives, the Group is optimistic about the prospects offered by the city's construction sector. In a bid to address the labour shortage issue, the government indicated in early 2022 that the construction sector can expect a supply of around 27,000 semi-skilled and skilled workers in the coming years as part of a HK$1 billion plan to boost training and recruitment within the industry. 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.

Regarding the property sector, given the relatively uncertain economic and interest rate environment, both globally and in Hong Kong, the management will continue to adopt a pragmatic and well-considered strategy in respect of the Group's future development and investment projects. Moving forward, our development projects will primarily consist of joint ventures with investment horizons of three to five years. This will not only help to mitigate risks, but also allow us to benefit from the strengths and advantages of our joint venture partners.

CORPORATE GOVERNANCE

The corporate governance principles of the Company emphasise a quality board of directors and transparency and accountability to all shareholders.

Throughout the year ended 31 March 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 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 and to respond to questions and enquiries from the shareholders at the meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS 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 during the year ended 31 March 2022.

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 year ended 31 March 2022.

REVIEW OF ANNUAL RESULTS

The Group's consolidated financial statements for the year ended 31 March 2022 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board of Directors. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

Hong Kong, 14 June 2022

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

Non-executive Chairman
Mr. Cha Mou Daid, Johnson

Executive Directors
Mr. Wong Sue Toa, Stewart *(Managing Director)*
Mr. Tai Sai Ho *(General Manager)*
Mr. Chow Ka Fung

Non-executive Director
Dr. Lam Chat Yu

Independent Non-executive Directors
Mr. Chan Pak Joe
Dr. Lau Tze Yiu, Peter
Dr. Sun Tai Lun