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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 2023**

### **INTERIM RESULTS**

For the six months ended 30 September 2023, Hanison Construction Holdings Limited (“Company”) and its subsidiaries (collectively “Group”) recorded the unaudited consolidated revenue of HK\$659.8 million, representing an increase of 16.5% from HK\$566.4 million for the corresponding period last year.

The unaudited consolidated loss of the Group for the six months ended 30 September 2023 was HK\$108.1 million, while a net loss of HK\$77.6 million was recorded for the same period in 2022. The net loss increased by 39.3% when compared to last period. The net loss is mainly due to increase in interest expenses in the current period and a further decrease in revaluation of investment properties and properties under development for sale held by the Group and joint ventures. Such decrease in revaluation is recognised through loss on change in fair value of investment properties, write-down of properties under development for sale and share of losses of joint ventures in the current period.

The basic loss per share and diluted loss per share for the six months ended 30 September 2023 were HK9.9 cents and HK9.9 cents respectively. The basic loss per share and diluted loss per share were HK7.0 cents and HK7.0 cents for the corresponding period last year.

### **DIVIDEND**

The board of directors of the Company (“Board”) has resolved to pay an interim dividend of HK1.0 cent per share for the six months ended 30 September 2023 (six months ended 30 September 2022: HK2.5 cents) to the shareholders whose names appear on the register of members of the Company on 27 November 2023. The dividend is expected to be paid to the shareholders on 8 December 2023.

### **CLOSURE OF REGISTER OF MEMBERS FOR INTERIM DIVIDEND**

The register of members of the Company will be closed from 23 November 2023 to 27 November 2023, both dates inclusive, for the purpose of determining the identity of members who are entitled to the interim dividend for the six months ended 30 September 2023. In order to qualify for the 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 22 November 2023.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

	NOTES	For the six months ended	
		2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	659,779	566,384
Cost of sales		<u>(612,482)</u>	<u>(512,588)</u>
Gross profit		47,297	53,796
Other income		17,785	17,595
Other gains and losses		(25,032)	20,138
Impairment losses under expected credit loss model, net		(17,063)	(13,057)
Marketing and distribution costs		(469)	(885)
Administrative expenses		(55,469)	(61,102)
Loss on change in fair value of investment properties		(21,157)	(22,137)
Share of loss of an associate		(7)	–
Share of losses of joint ventures		(19,532)	(52,659)
Finance costs		<u>(36,489)</u>	<u>(17,799)</u>
Loss before taxation	4	(110,136)	(76,110)
Tax credit (expenses)	5	<u>2,053</u>	<u>(1,479)</u>
Loss for the period		<u><b>(108,083)</b></u>	<u><b>(77,589)</b></u>
<b>Loss per share</b>			
Basic ( <i>HK cents</i> )	7	<u><b>(9.9)</b></u>	<u><b>(7.0)</b></u>
Diluted ( <i>HK cents</i> )	7	<u><b>(9.9)</b></u>	<u><b>(7.0)</b></u>

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

*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023*

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Loss for the period	<u>(108,083)</u>	<u>(77,589)</u>
Other comprehensive expense:		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(362)	(242)
Share of exchange differences of a joint venture	<u>(4,427)</u>	<u>(9,868)</u>
	<u>(4,789)</u>	<u>(10,110)</u>
Total comprehensive expense for the period	<u><u>(112,872)</u></u>	<u><u>(87,699)</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 SEPTEMBER 2023**

	<i>NOTES</i>	<b>30.9.2023</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.3.2023 <i>HK\$'000</i> <b>(Audited)</b>
<b>Non-current assets</b>			
Investment properties	<i>8</i>	<b>2,949,650</b>	3,033,980
Property, plant and equipment	<i>8</i>	<b>296,075</b>	302,794
Right-of-use assets	<i>8</i>	<b>1,972</b>	1,283
Interest in an associate		<b>550</b>	557
Interests in joint ventures	<i>9</i>	<b>82,309</b>	106,268
Loans to joint ventures		<b>1,065,729</b>	1,027,814
Deferred tax assets		<b>3,169</b>	849
		<b><u>4,399,454</u></b>	<u>4,473,545</u>
<b>Current assets</b>			
Properties under development for sale		<b>964,000</b>	932,000
Inventories		<b>4,184</b>	3,242
Contract assets		<b>258,587</b>	238,208
Debtors, deposits and prepayments	<i>10</i>	<b>80,177</b>	105,532
Financial assets at fair value through profit or loss		<b>328</b>	405
Taxation recoverable		<b>2,919</b>	3,814
Cash and cash equivalents		<b>346,018</b>	399,488
		<b><u>1,656,213</u></b>	<u>1,682,689</u>
Assets classified as held for sale		<b><u>68,000</u></b>	<u>6,600</u>
		<b><u>1,724,213</u></b>	<u>1,689,289</u>
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>467,842</b>	492,611
Amount due to an associate		<b>550</b>	–
Provisions		<b>6,540</b>	9,008
Lease liabilities		<b>1,774</b>	1,732
Taxation payable		<b>17,431</b>	16,986
Bank loans – amounts due within one year		<b>1,696,441</b>	394,365
		<b><u>2,190,578</u></b>	<u>914,702</u>
Net current (liabilities) assets		<b><u>(466,365)</u></b>	<u>774,587</u>
Total assets less current liabilities		<b><u>3,933,089</u></b>	<u>5,248,132</u>

	<i>NOTE</i>	<b>30.9.2023</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.3.2023 <b>HK\$'000</b> <b>(Audited)</b>
Non-current liabilities			
Bank loans – amounts due after one year		–	1,131,069
Provisions		<b>37,982</b>	34,560
Deferred tax liabilities		<b>5,816</b>	6,377
Lease liabilities		<b>4,036</b>	3,444
		<u><b>47,834</b></u>	<u>1,175,450</u>
		<u><b>3,885,255</b></u>	<u>4,072,682</u>
Capital and reserves			
Share capital	<i>12</i>	<b>107,307</b>	109,629
Reserves		<b>3,777,948</b>	3,963,053
		<u><b>3,885,255</b></u>	<u>4,072,682</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

**1. BASIS OF PREPARATION**

The unaudited 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”).

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by HK\$466,365,000 as at 30 September 2023 and the Group has bank loans totaling HK\$1,696,441,000, which were classified as current liabilities on the same date. Based on past experience that the Group has successfully renewed its borrowing facilities, the directors of the Company are confident that the Group will be able to renew the borrowing facilities upon expiry.

The directors of the Company are of the opinion that, taking into account of the unutilised and available banking facilities, the internally generated funds of the Group and the Group’s ability to renew borrowing facilities as described above, the Group has sufficient working capital for its present requirements for the next twelve months from 30 September 2023. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

**2. PRINCIPAL ACCOUNTING POLICIES**

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

Other than additional accounting policies resulting from the application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and application of an accounting policy which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2023.

**Application of amendments to HKFRSs**

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International tax reform – pillar two model rules

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 the condensed consolidated financial statements.

## **2.1 Impacts on application of 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. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements.

## **2.2 Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies**

In addition, the Group will apply Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies* which are mandatorily effective for the Group’s annual period beginning on 1 April 2023 for the preparation of the Group’s consolidated financial statements for the year ending 31 March 2024.

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 in the current period had no material impact on the condensed consolidated financial statements but is expected to affect the disclosures of the Group’s accounting policies in the Group’s annual consolidated financial statements for the year ending 31 March 2024.

### 3. REVENUE AND SEGMENT INFORMATION

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

#### Disaggregation of revenue

	For the six months ended	
	30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Recognised over time:		
Revenue from construction contract work	445,397	416,916
Revenue from interior and renovation contracts	116,065	89,527
Revenue from installation of building materials	57,376	19,431
Property management service income	2,463	6,644
Recognised at a point in time:		
Sales of health products	5,169	6,088
Property agency service income	611	2,262
Revenue from contracts with customers	627,081	540,868
Lease income from property investment	32,698	25,516
	<u>659,779</u>	<u>566,384</u>
Geographical market:		
Hong Kong	<u>659,779</u>	<u>566,384</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 (representing lease income from property investment), property development and provision of property agency and management services. These divisions are the basis on which the Group reports its financial information internally and are regularly reviewed by the executive directors of the Company, being the chief operating decision makers, for the purpose of allocating resources to segments and assessing their performance.

### (a) Segment revenues and results

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

For the six months ended 30 September 2023 (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	445,397	116,065	57,376	5,169	32,698	-	3,074	659,779	-	659,779
Inter-segment sales	683	25,335	465	2,472	4,485	-	-	33,440	(33,440)	-
Total	<u>446,080</u>	<u>141,400</u>	<u>57,841</u>	<u>7,641</u>	<u>37,183</u>	<u>-</u>	<u>3,074</u>	<u>693,219</u>	<u>(33,440)</u>	<u>659,779</u>
RESULTS										
Segment results	<u>4,865</u>	<u>(13,409)</u>	<u>(298)</u>	<u>(470)</u>	<u>(37,496)</u>	<u>(48,896)</u>	<u>49</u>	<u>(95,655)</u>	<u>-</u>	<u>(95,655)</u>
Unallocated expenses										(14,481)
Loss before taxation										<u>(110,136)</u>

For the six months ended 30 September 2022 (unaudited)

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

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:

	<b>30.9.2023</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.3.2023 <b>HK\$'000</b> <b>(Audited)</b>
<u>Segment assets</u>		
Construction	<b>504,680</b>	574,245
Interior and renovation	<b>136,540</b>	133,138
Building materials	<b>80,997</b>	64,306
Health products	<b>14,321</b>	17,265
Property investment	<b>3,314,673</b>	3,330,386
Property development	<b>1,884,492</b>	1,847,707
Property agency and management	<b>32,783</b>	37,538
	<hr/>	<hr/>
Total segment assets	<b>5,968,486</b>	6,004,585
Unallocated assets	<b>155,181</b>	158,249
	<hr/>	<hr/>
Consolidated assets	<b><u>6,123,667</u></b>	<b><u>6,162,834</u></b>
<u>Segment liabilities</u>		
Construction	<b>345,706</b>	373,986
Interior and renovation	<b>42,378</b>	31,529
Building materials	<b>31,017</b>	24,276
Health products	<b>2,971</b>	1,627
Property investment	<b>1,718,720</b>	1,559,813
Property development	<b>185</b>	185
Property agency and management	<b>1,353</b>	669
	<hr/>	<hr/>
Total segment liabilities	<b>2,142,330</b>	1,992,085
Unallocated liabilities	<b>96,082</b>	98,067
	<hr/>	<hr/>
Consolidated liabilities	<b><u>2,238,412</u></b>	<b><u>2,090,152</u></b>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than central bank balances and cash of head office and other inactive subsidiaries, certain self-used properties, taxation recoverable and deferred tax assets; and
- all liabilities are allocated to operating segments other than other payables of head office and the inactive subsidiaries, taxation payable and deferred tax liabilities.

#### 4. LOSS BEFORE TAXATION

	For the six months ended 30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	7,876	8,340
<i>Less:</i> Depreciation expenses included in the cost of sales	<u>(468)</u>	<u>(343)</u>
	<u><b>7,408</b></u>	<u><b>7,997</b></u>
Depreciation of right-of-use assets	872	2,138
<i>Less:</i> Depreciation expenses included in the cost of sales	<u>(546)</u>	<u>(1,288)</u>
	<u><b>326</b></u>	<u><b>850</b></u>

#### 5. TAX CREDIT (EXPENSES)

	For the six months ended 30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
The credit (charge) comprises:		
Hong Kong Profits Tax		
Current tax	(828)	(777)
Underprovision in prior years	<u>–</u>	<u>(611)</u>
	(828)	(1,388)
Deferred taxation	<u><b>2,881</b></u>	<u>(91)</u>
	<u><b>2,053</b></u>	<u><b>(1,479)</b></u>

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

## 6. DIVIDENDS

During the period, second interim dividend of HK5.0 cents per share, totalling HK\$54,405,000 in respect of the year ended 31 March 2023 (six months ended 30 September 2022: HK5.0 cents per share, totalling HK\$55,279,000 in respect of the year ended 31 March 2022) was paid to shareholders.

Subsequent to 30 September 2023, the board of directors of the Company has resolved to declare an interim dividend of HK1.0 cent (six months ended 30 September 2022: HK2.5 cents) per share totalling not less than HK\$10,730,000 (six months ended 30 September 2022: HK\$27,709,000) for the six months ended 30 September 2023, which will be paid to the owners of the Company whose names appear in the register of members on 27 November 2023.

## 7. LOSS PER SHARE

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

	<b>For the six months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Loss for the purpose of basic and diluted loss per share	<b><u>(108,083)</u></b>	<b><u>(77,589)</u></b>
	<b>For the six months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>'000</b>	<b>'000</b>
<u>Number of shares</u>		
Weighted average number of ordinary shares in issue for the purpose of calculating basic loss per share	<b>1,089,471</b>	1,106,462
Effect of dilutive potential ordinary shares: Adjustment in relation to share options granted by the Company	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	<b><u>1,089,471</u></b>	<b><u>1,106,462</u></b>

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share has taken into account the ordinary shares repurchased from the market during the period ended 30 September 2023 and 2022.

For the six months ended 30 September 2023 and 2022, the diluted loss per share was the same as the basic loss per share since the share options had anti-dilutive effect.

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

### Investment properties

**1.4.2023**  
to  
**30.9.2023**  
**HK\$'000**

#### FAIR VALUE

At the beginning of the period (audited)	<b>3,033,980</b>
Additions	<b>327</b>
Change in fair value	<b>(21,157)</b>
Transfer to assets classified as held for sale	<b>(63,500)</b>
	<b>2,949,650</b>
At the end of the period (unaudited)	<b>2,949,650</b>

The fair values of the Group's investment properties at 30 September 2023 have been arrived at on the basis of a valuation carried out by Colliers International (Hong Kong) Limited ("Colliers") and Jones Lang LaSalle Limited ("JLL") (31 March 2023: Colliers and JLL), independent property valuers not connected with the Group. The valuers have appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation of properties amounting to HK\$1,200,000,000 (31 March 2023: HK\$1,281,000,000) was arrived at by reference to market evidence of transaction prices of similar properties, with adjustments on adopted market prices. The valuations of other properties amounting to HK\$1,749,650,000 (31 March 2023: HK\$1,752,980,000) 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

<b>Investment properties</b>	<b>Valuation method</b>	<b>Fair value as at</b>	
		<b>30.9.2023</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>31.3.2023</b> <b>HK\$'000</b> <b>(Audited)</b>
Commercial	Income capitalisation approach	<b>1,736,750</b>	1,739,780
Commercial	Direct comparison method	<b>679,000</b>	760,000
Industrial	Income capitalisation approach	<b>12,900</b>	13,200
Residential	Direct comparison method	<b>521,000</b>	521,000
		<b>2,949,650</b>	3,033,980
		<b>2,949,650</b>	3,033,980

## Property, plant and equipment

During the current interim period, the Group acquired property, plant and equipment at approximately HK\$1,157,000 (six months ended 30 September 2022: HK\$25,457,000).

## Right-of-use assets

During the current interim period, the Group entered into or renewed lease agreements for offices for the periods covering 1 year to 2 years (six months ended 30 September 2022: 1 year to 2 years). On lease commencement, the Group recognised HK\$1,561,000 (six months ended 30 September 2022: HK\$792,000) of right-of-use assets and HK\$1,561,000 (six months ended 30 September 2022: HK\$792,000) of lease liabilities.

## 9. INTERESTS IN JOINT VENTURES

	<b>30.9.2023</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.3.2023 <b>HK\$'000</b> <b>(Audited)</b>
Interests in joint ventures comprise:		
Cost of unlisted investments in joint ventures	242,424	242,424
Share of post acquisition results and other comprehensive expense, net of dividends received	<u>(160,115)</u>	<u>(136,156)</u>
	<b><u>82,309</u></b>	<b><u>106,268</u></b>

## 10. DEBTORS, DEPOSITS AND PREPAYMENTS

For the business of construction services and others, the Group generally allows a credit period of 30 to 90 days and not more than 90 days (31 March 2023: 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:

	<b>30.9.2023</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.3.2023 <b>HK\$'000</b> <b>(Audited)</b>
Within 30 days	53,143	66,850
31-60 days	978	4,637
61-90 days	210	99
Over 90 days	<u>293</u>	<u>1,587</u>
	<b><u>54,624</u></b>	<b><u>73,173</u></b>

## 11. TRADE AND OTHER PAYABLES

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

	<b>30.9.2023</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.3.2023 <i>HK\$'000</i> (Audited)
Within 30 days	<b>39,138</b>	59,330
Over 90 days	<b>634</b>	664
	<b>39,772</b>	59,994

## 12. SHARE CAPITAL

	<i>Number of</i> <i>shares</i>	<i>HK\$'000</i>
Authorised:		
Shares of HK\$0.10 each		
Balance as at 1 April 2022, 31 March 2023 and 30 September 2023	<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 2022	1,105,585,676	110,559
Issue of shares upon exercise of share options ( <i>note i</i> )	6,097,000	610
Repurchased and cancelled ( <i>note ii</i> )	<u>(15,396,000)</u>	<u>(1,540)</u>
Balance as at 31 March 2023	1,096,286,676	109,629
Repurchased and cancelled ( <i>note ii</i> )	<u>(23,212,000)</u>	<u>(2,322)</u>
Balance as at 30 September 2023	<u>1,073,074,676</u>	<u>107,307</u>

*Notes:*

- (i) The new shares issued rank pari passu in all respects with the existing share in issue.
- (ii) During the year ended 31 March 2023, the Company repurchased 20,644,000 shares on the market for an aggregated consideration paid of approximated HK\$23,866,000, in which 15,396,000 shares were cancelled during the year ended 31 March 2023 and 5,248,000 shares were cancelled during the six months ended 30 September 2023.

During the six months ended 30 September 2023, the Company repurchased 17,964,000 shares (six months ended 30 September 2022: 2,568,000) on the market for an aggregated consideration paid of approximately HK\$19,999,000, all were cancelled during the six months ended 30 September 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATIONS REVIEW

#### Overview

For the six months ended 30 September 2023, the Group's unaudited consolidated revenue amounted to HK\$659.8 million (for the six months ended 30 September 2022: HK\$566.4 million).

#### Construction Division

The revenue of the Construction Division for the six months ended 30 September 2023 was HK\$446.1 million (for the six months ended 30 September 2022: HK\$417.5 million).

Contracts on hand as at 30 September 2023 for the Construction Division amounted to HK\$5,002.3 million.

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 public housing development at Java Road, North Point, Hong Kong
- (3) Construction of public housing development at Hin Fat Lane, Tuen Mun, New Territories
- (4) Construction of the proposed residential development at No. 57A Nga Tsin Wai Road, Kowloon Tong, Kowloon
- (5) Construction of the proposed industrial redevelopment at No. 22 Yip Shing Street, Kwai Chung, New Territories
- (6) Construction of the proposed industrial redevelopment at No. 18 Lee Chung Street, Chai Wan, Hong Kong
- (7) Design and build contract for transitional housing at Area 1B2, Muk On Street, Kai Tak for Tung Wah Group of Hospitals
- (8) Construction of the proposed residential development at Lot No. 2143 in D.D. 121, Tong Yan San Tsuen, Yuen Long, New Territories
- (9) Construction of the residential development at TMTL496, So Kwun Wat, Tuen Mun, New Territories

Major contract works awarded during the period under review:

- (1) Construction of the proposed commercial development at Nos. 92-103A Connaught Road West and Nos. 91, 99 and 101 Des Voeux Road West, Hong Kong
- (2) Hong Kong Science Park Expansion Stage 2 (SPX2) Building 12W-A



## **Interior and Renovation Division**

For the six months ended 30 September 2023, the revenue of the Interior and Renovation Division was HK\$141.4 million (for the six months ended 30 September 2022: HK\$115.6 million).

Contracts on hand as at 30 September 2023 for the Interior and Renovation Division amounted to HK\$332.9 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) HKHA district term contract (2021-2024) for the maintenance, improvement and vacant flat refurbishment for Hong Kong Island and Islands (2)
- (4) Building works term contract (2022-2025) for shopping centres, car parks, markets & cooked-food stalls in Tin Shui Wai, Tuen Mun, New Territories North and Ma On Shan (Region 1) for the Link
- (5) 2-year term tenancy works contract (2022-2024) for shopping centres, car parks, markets & cooked-food stalls for Hong Kong Island, Kowloon East, New Territories East and Tseung Kwan O (Region 2) for the Link
- (6) Repair and maintenance term contract (2022-2025) for Hong Kong Baptist University
- (7) AA&I project 2022-2023 renovation works to lavatories in Sir Run Run Shaw Building, Cha Chi-Ming Science Tower and Fong Shu Chuen Library, renovation works to lavatories at Level 5 of Oen Hall Building at Hong Kong Baptist University
- (8) Interior fitting out works nominated sub-contract for redevelopment of North Point Methodist Church at 11 Cheung Hong Street, North Point, Hong Kong

## **Building Materials Division**

The Building Materials Division recorded a revenue of HK\$57.8 million for the six months ended 30 September 2023 (for the six months ended 30 September 2022: HK\$20.5 million).

Contracts on hand as at 30 September 2023 for the Building Materials Division amounted to HK\$208.8 million.

Major contract works completed during the period under review:

- (1) MTR SCL Contract No. 1123 – Exhibition Station and Western Approach Tunnel – Design, supply and installation of suspended ceiling system
- (2) Tai Wai Station property development – External ceiling system at transfer plate
- (3) Proposed residential development of Wong Chuk Hang Station Site A property development – Supply and installation of suspended ceiling system at podium level

Major contract works undertaken during the period under review:

- (1) HKIA Contract 3508 Terminal 2 expansion works – Design, supply and installation of main roof baffle ceiling system
- (2) HKIA Contract 3508 Terminal 2 expansion works – Design, supply and installation of lower-level baffle and external ceiling system
- (3) Construction of a swimming pool complex and open space in Area 107, Tin Shui Wai – Design, supply and installation of suspended ceiling system
- (4) Proposed residential development at TKOTL 70RP, Phase 11, Lohas Park, Tseung Kwan O, N.T. – Supply and installation of baffle ceiling and gypsum board ceiling system

Major contract works awarded during the period under review:

- (1) Construction of public housing development at Java Road, North Point – Design, supply and installation of suspended ceiling system at podium level
- (2) Central Kowloon Route – Building, electrical and mechanical works – Design, supply and installation of suspended ceiling system
- (3) Construction of public housing development at Hin Fat Lane, Tuen Mun, N.T. – Design, supply and installation of suspended ceiling system at G/F
- (4) Proposed property development at Wong Chuk Hang Station, Package Three, Aberdeen Inland Lot No. 467, Site C – Design, supply and installation of suspended ceiling system at 3/F ball court

### **Property Development Division**

The Property Development Division recorded no revenue for the six months ended 30 September 2023 (for the six months ended 30 September 2022: nil).

LUXÉAST, the Group's 49% interest in the parcel of land situated at 中華人民共和國浙江省海寧市區文苑路西側、後富亭港南側 (West of Wenyuan Road and South of Houfutinggang, Haining, Zhejiang Province, the People's Republic of China) for the development and construction of office, retail, car parking spaces and other development pertaining to the land. The respective 房屋所有權證 (Building Ownership Certificates) have been issued in March 2015. A total of 222 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 and all units had been delivered to customers. During the current period, the joint venture entered into a sale and purchase agreement with an independent third party to dispose of the land for Phase 2 and Phase 3 development. The disposal was completed in October 2023.

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

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

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

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

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

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

### **Property Investment Division**

The Property Investment Division recorded a revenue of HK\$37.2 million for the six months ended 30 September 2023 (for the six months ended 30 September 2022: HK\$29.9 million).

In September 2023, the Group has entered into a sale and purchase agreement with an independent third party to dispose of certain shops, loading and unloading bays and signage area in a residential property named “West Park” located in Sham Shui Po, Kowloon. The disposal is expected to be completed on 29 December 2023.

Investment properties of the Group including PeakCastle in Cheung Sha Wan, The Mercer in Sheung Wan, Hollywood Hill at No. 222 Hollywood Road, No. 31 Wing Wo Street in Sheung Wan, remaining unit at Shatin Industrial Centre, 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**

For the period under review, the revenue of the Property Agency and Management Division was HK\$3.1 million (for the six months ended 30 September 2022: HK\$8.9 million).

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

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

## Health Products Division

The Health Products Division recorded a revenue of HK\$7.6 million for the six months ended 30 September 2023 (for the six months ended 30 September 2022: HK\$6.1 million).

The Health Products Division is primarily engaged in the retail and wholesale of Bu Yick Fong – 28 Chinese Herbal Soup and ganoderma spore products under the “Dr. Lingzhi” brand, and Chinese and Western nutritional supplements under the “HealthMate” brand. In addition to the e-commerce business, a brick-and-mortar store has been established in Tsim Sha Tsui to improve brand visibility and build customer relationships.

## OUTLOOK

Benefit from the reopen of border of Hong Kong in early 2023, the local economy recovered gradually and hence there was a short rebound of residential market in Hong Kong. However, the one-month HIBOR reached to a new high level during the period under review due to the uncertain position of US Fed on rate hikes and also the pessimistic global investment market. It hurts the property market deeply, both the price and the transaction volume dropped. With reference to Land Registry, a decrease of 22% in the agreements for sale and purchase of residential building units and a decrease of 12% in the consideration of such agreements were recorded from August 2022 to August 2023.

The Hong Kong Government implemented certain schemes to attract the talents and the enterprises worldwide, so to maintain competitiveness of Hong Kong and also lower the labour shortage. These can provide support to the housing demand in Hong Kong. Besides the Hong Kong Government is considering to loosen some restriction on the stamp duty in order to motivate the property market.

For Hong Kong’s construction industry, despite the challenging market environment, there are still plenty of opportunities. Over the next decade, the Hong Kong Government plans to increase the supply of public housing to 300,000 units as it maintains the city’s housing supply target of 430,000 units and a 70:30 ratio of public to private units. In addition, the vigorous promotion of the “Light Public Housing” project, as well as other development plans such as “Lantau Tomorrow” and “Northern Metropolis”, will provide fresh impetus for the construction industry. Additional opportunities will come from three strategic railways and three major roads and that the government is implementing to upgrade the city’s transportation networks. In the private sector, the launch of a new pilot scheme aims to encourage private developers to build subsidised sale units and to apply for rezoning of their own land for the purpose of developing subsidised sale units. More than 19,000 private residential units are expected to be completed each year for the five years beginning in 2023. In order to address the problem of labour shortages and an ageing workforce, the Labour Importation Scheme for the construction sector will help on certain extent.

Looking ahead, the overall outlook for the interior and renovation business is expected to be positive as the construction industry continues to recover. Competition remains fierce in the sector, adding to the challenges facing this division. Given the highly fragmented nature of the market, price, project length, quality of service and reputation are key considerations for owners looking for service providers in this sector. Interior and Renovation Division will strive to establish itself as a renowned interior and renovation company, promoting a culture of continuous improvement and seeking to exceed the expectations of its clients. It will strive to achieve unique and innovative designs that balance aesthetic appeal and functionality while remaining cost competitive. In response to the growing global concern for environmental protection and green building, the Group is actively researching and implementing environmentally friendly technologies and green building materials into its processes.

Since the development of the materials market is largely synchronised with the construction market, it is expected to see considerable growth in parallel with the launch of major construction projects driven by infrastructure spending and housing development. In addition, there are proposals to convert ageing industrial buildings in Hong Kong into modern commercial developments. This will provide additional opportunities through new construction projects and higher demand for building materials.

Hong Kong's property market was sluggish during the period due to significant interest rate hikes, a weak local economy and an unstable stock market. From a longer-term perspective, Hong Kong should continue to have plenty of business opportunities in terms of capital investments thanks to its role as an international financial centre. Hong Kong will continue to be a vibrant and resilient hub to connect with the Mainland, international trade, and the professional services sector. The Group's Property Development and Investment Divisions closely monitors local and global economic and political developments and acts and adapts accordingly. Going forward, the Group will continue to employ a cautious approach to the management of its property portfolio. Ultimately, generating positive cash flow and maintaining a reasonably low gearing ratio will ensure the Group is well positioned to face whatever market developments may arise.

To capture the huge potential of health-related products after the COVID-19 pandemic, the Health Products Division will continue to focus on expanding its online sales channels and engaging in different forms of social media promotions to capture consumers based on their purchasing behaviour. In addition, the division will continue to deepen its wholesale collaboration with well-known health food chains to reach health-conscious consumers and to meet the growing demand for preventive healthcare products locally and in the Mainland.

## **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\$399.5 million as at 31 March 2023 to HK\$346.0 million at 30 September 2023. As at the period end date, the current ratio (current assets divided by current liabilities) decreased from 1.85 times as at 31 March 2023 to 0.79 time.

For the purposes of maintaining flexibility in funding and day-to-day financial management, the Group has accessed to facilities from banks with an aggregate amount of HK\$3,479.5 million (HK\$2,059.5 million was secured by first charges over certain leasehold land and buildings and investment properties of the Group), of which HK\$1,696.4 million bank loans have been drawn down and approximately HK\$125.9 million has been utilised for the issuance of performance bonds as at 30 September 2023. The bank loans under these banking facilities bear interest at prevailing market interest rates.

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

### **TREASURY POLICIES**

In order to minimise the cost of funds and to achieve better risk control, the treasury activities of the Group are centralised and scrutinised by the top management. The Group's treasury policies remain unchanged from those described in the Company's annual report 2022/2023.

## CAPITAL STRUCTURE

It is the intention of the Group to keep a proper combination of equity and debt to ensure an efficient capital structure over time. During the period under review, the Group has borrowed Hong Kong dollar loans amounting to HK\$1,696.4 million from banks (as at 31 March 2023: HK\$1,525.4 million). The loans have been used for financing the acquisition of properties for investment and development purposes and as general working capital. All of the loans are repayable within the one year. Interest is based on Hong Kong Interbank Offered Rate with a competitive margin.

As at 30 September 2023, 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 34.8% (as at 31 March 2023: 27.6%).

## MAJOR DISPOSAL

In September 2023, the Group has entered into a sale and purchase agreement with an independent third party to dispose of certain shops, loading and unloading bays and signage area in a residential property named "West Park" located in Sham Shui Po, Kowloon. The disposal is expected to be completed on 29 December 2023.

## COLLATERAL

As at 30 September 2023, the Group's Hong Kong dollar loans of HK\$1,539.5 million (as at 31 March 2023: HK\$1,425.4 million) were secured by first charges over certain leasehold land and buildings and investment properties of the Group, at the carrying value of approximately HK\$2,665.5 million (as at 31 March 2023: HK\$2,673.9 million).

## PERFORMANCE BONDS

As at 30 September 2023, the Group had outstanding performance bonds in respect of construction contracts amounting to approximately HK\$125.9 million (as at 31 March 2023: HK\$98.7 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:

	<b>30.9.2023</b>	31.3.2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Commitments to provide loans	<b><u>1,442,952</u></b>	<u>1,515,461</u>



## EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2023, the Group (excluding its joint ventures) had 545 employees. Staff costs of the Group for the six months ended 30 September 2023 amounted to HK\$88.8 million (excluding directors' emoluments). 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.

## CORPORATE GOVERNANCE

The corporate governance principles of the Company emphasise a quality board of directors and transparency and accountability. Throughout the six months ended 30 September 2023, the Company has complied with the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules, except for Code Provision F.2.2 of the CG Code which stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board, Mr. Cha Mou Daid, Johnson, was not present at the Company's 2023 annual general meeting due to other engagement. The Managing Director took the chair of the meeting and responded to questions from the shareholders.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2023, the Company repurchased a total of 17,964,000 shares of the Company on the Stock Exchange for a total consideration (before expenses) of HK\$19,998,700. All the shares repurchased were subsequently cancelled. The directors of the Company considered that the share repurchases would enhance the net asset value per share and/or earnings per share of the Company. Particulars of the share repurchases are as follows:

Month	Number of shares repurchased	Purchase price per share		Total consideration (before expenses)
		Highest	Lowest	
		HK\$	HK\$	HK\$
June 2023	2,154,000	1.14	1.08	2,423,640
July 2023	8,564,000	1.14	1.09	9,613,000
August 2023	7,246,000	1.10	1.08	7,962,060
Total	<u>17,964,000</u>			<u>19,998,700</u>

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2023.

## 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 2023 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. 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, 7 November 2023

*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

Dr. Chan Fan Cheong, Tony