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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 2020**

### **INTERIM RESULTS**

For the six months ended 30 September 2020, Hanison Construction Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) recorded the unaudited consolidated revenue of HK\$653.9 million, representing an increase of 70.4% from HK\$383.8 million for the corresponding period last year which was mainly resulted from the increase in revenue from the Construction Division and Interior and Renovation Division.

The unaudited consolidated profit attributable to owners of the Company for the six months ended 30 September 2020 was HK\$102.5 million, representing a decrease of 27.5%, as compared with that of HK\$141.4 million for the same period in 2019. The decline was mainly attributable to the exceptional realised gain on disposals of investment properties of the Group in the preceding year.

The basic earnings per share and diluted earnings per share for the six months ended 30 September 2020 were HK9.4 cents, representing decreases of 27.7% as compared to HK13.0 cents for the corresponding period last year.

### **DIVIDEND**

The board of directors of the Company (the “Board”) has resolved to pay an interim dividend of HK2.5 cents per share for the six months ended 30 September 2020 (for the six months ended 30 September 2019: HK2.5 cents per share) to the shareholders whose names appear on the register of members of the Company on 4 December 2020. The dividend is expected to be paid to the shareholders on 14 December 2020.

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

The register of members of the Company will be closed from 2 December 2020 to 4 December 2020, 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 2020. In order to qualify for the interim dividend for the six months ended 30 September 2020, 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 1 December 2020.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

	NOTES	For the six months ended	
		2020	2019
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	653,878	383,843
Cost of sales		<u>(585,107)</u>	<u>(295,689)</u>
Gross profit		68,771	88,154
Other income		32,866	3,550
Other gains and losses		(11,183)	(161)
Loss on disposal of subsidiaries		–	(1,235)
Marketing and distribution costs		(2,017)	(6,158)
Administrative expenses		(86,260)	(92,876)
Change in fair value of investment properties			
– Realised gains on disposals		–	68,786
– Unrealised gains		156,451	7,337
(Impairment losses) reversal of impairment losses under expected credit loss model		(9,044)	4,815
Share of profit of an associate		64	48
Share of (loss) profit of joint ventures		(30,035)	81,834
Finance costs		<u>(15,702)</u>	<u>(6,489)</u>
Profit before taxation	4	103,911	147,605
Taxation	5	<u>(1,440)</u>	<u>(6,208)</u>
Profit for the period		<u>102,471</u>	<u>141,397</u>
<b>Earnings per share</b>			
Basic ( <i>HK cents</i> )	7	<u>9.4</u>	<u>13.0</u>
Diluted ( <i>HK cents</i> )	7	<u>9.4</u>	<u>13.0</u>

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

*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020*

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Profit for the period	<u>102,471</u>	<u>141,397</u>
Other comprehensive income (expense):		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<b>94</b>	(128)
Share of exchange differences of a joint venture	<u>3,693</u>	<u>(5,947)</u>
	<u>3,787</u>	<u>(6,075)</u>
Total comprehensive income for the period	<u><b>106,258</b></u>	<u>135,322</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 SEPTEMBER 2020**

	<i>NOTES</i>	<b>30.9.2020</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.3.2020 <i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
Investment properties	<i>8</i>	<b>5,316,882</b>	2,858,773
Property, plant and equipment	<i>8</i>	<b>368,250</b>	1,114,411
Right-of-use assets	<i>8</i>	<b>3,807</b>	5,957
Interest in an associate		<b>7,578</b>	7,514
Interests in joint ventures	<i>9</i>	<b>104,106</b>	373,458
Loans to joint ventures		<b>431,544</b>	701,959
Deferred tax assets		<b>2,522</b>	2,508
		<b>6,234,689</b>	5,064,580
<b>Current assets</b>			
Properties under development for sale		<b>333,417</b>	329,689
Inventories		<b>15,440</b>	16,695
Contract assets	<i>10</i>	<b>281,749</b>	270,177
Debtors, deposits and prepayments	<i>11</i>	<b>103,896</b>	100,739
Amount due from a joint venture		–	17
Loan to a joint venture		<b>3,388</b>	–
Financial assets at fair value through profit or loss		<b>349</b>	319
Taxation recoverable		<b>2,383</b>	7,501
Bank balances and cash		<b>513,995</b>	246,140
		<b>1,254,617</b>	971,277
Assets classified as held for sale		<b>131,792</b>	483,587
		<b>1,386,409</b>	1,454,864
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>677,713</b>	646,038
Provisions		<b>40,068</b>	70,727
Lease liabilities		<b>4,498</b>	6,270
Amount due to a joint venture		<b>353</b>	–
Taxation payable		<b>69,878</b>	65,346
Bank loans – amounts due within one year		<b>2,750,500</b>	1,666,350
		<b>3,543,010</b>	2,454,731
Net current liabilities		<b>(2,156,601)</b>	(999,867)
Total assets less current liabilities		<b>4,078,088</b>	4,064,713

	<i>NOTE</i>	<b>30.9.2020</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.3.2020 <i>HK\$'000</i> (Audited)
Non-current liabilities			
Provisions		<b>83,311</b>	119,442
Deferred tax liabilities		<b>16,165</b>	16,758
Lease liabilities		<b>3,254</b>	4,867
		<u><b>102,730</b></u>	<u>141,067</u>
		<u><b>3,975,358</b></u>	<u>3,923,646</u>
Capital and reserves			
Share capital	<i>13</i>	<b>109,092</b>	109,092
Reserves		<b>3,866,266</b>	3,814,554
		<u><b>3,975,358</b></u>	<u>3,923,646</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

**1. BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with 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\$2,156,601,000 as at 30 September 2020 and the Group has bank loans totaling HK\$2,750,500,000, 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 2020. 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 changes in accounting policies resulting from the application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2020.

**Application of amendments to HKFRSs**

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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

### ***Impacts of application of Amendments to HKAS 1 and HKAS 8 “Definition of Material”***

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 March 2021.

### **3. REVENUE AND SEGMENT INFORMATION**

Revenue represents the aggregate of the amounts received or receivable from construction contracts, interior and renovation contracts, installation of building materials, sales of health products, provision of property agency and management services, hotel operations and lease income from property investment.

#### **Disaggregation of revenue**

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Recognised over time:		
Revenue from construction contract work	<b>451,702</b>	247,440
Revenue from interior and renovation contracts	<b>140,222</b>	66,004
Revenue from installation of building materials	<b>18,571</b>	19,840
Revenue from hotel operations	<b>773</b>	–
Property management service income	<b>2,774</b>	2,505
Recognised at a point in time:		
Sales of health products	<b>15,657</b>	25,663
Property agency service income	<b>2,651</b>	1,758
Revenue from contracts with customers	<b>632,350</b>	363,210
Lease income from property investment	<b>21,528</b>	20,633
	<b>653,878</b>	383,843
Geographical market:		
Hong Kong	<b>653,878</b>	383,843

## Segment information

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

### (a) Segment revenues and results

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

#### For the six months ended 30 September 2020

	Construction HK\$'000	Interior and renovation HK\$'000	Building materials HK\$'000	Health products HK\$'000	Property investment HK\$'000	Property development HK\$'000	Property agency and management HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE										
External sales	451,702	140,222	18,571	15,657	22,301	-	5,425	653,878	-	653,878
Inter-segment sales	710	13,711	5,152	9	3,408	-	131	23,121	(23,121)	-
Total	<u>452,412</u>	<u>153,933</u>	<u>23,723</u>	<u>15,666</u>	<u>25,709</u>	<u>-</u>	<u>5,556</u>	<u>676,999</u>	<u>(23,121)</u>	<u>653,878</u>
RESULTS										
Segment results	<u>22,881</u>	<u>4,355</u>	<u>(47)</u>	<u>2,472</u>	<u>89,079</u>	<u>239</u>	<u>110</u>	<u>119,089</u>	<u>-</u>	<u>119,089</u>
Unallocated expenses										(15,178)
Profit before taxation										<u>103,911</u>

#### For the six months ended 30 September 2019

	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	247,440	66,004	19,840	25,663	20,633	-	4,263	383,843	-	383,843
Inter-segment sales	556	10,073	3,786	7	3,408	-	8,076	25,906	(25,906)	-
Total	<u>247,996</u>	<u>76,077</u>	<u>23,626</u>	<u>25,670</u>	<u>24,041</u>	<u>-</u>	<u>12,339</u>	<u>409,749</u>	<u>(25,906)</u>	<u>383,843</u>
RESULTS										
Segment results	<u>23,219</u>	<u>1,914</u>	<u>535</u>	<u>(3,273)</u>	<u>129,549</u>	<u>4,229</u>	<u>313</u>	<u>156,486</u>	<u>-</u>	<u>156,486</u>
Unallocated expenses										(8,881)
Profit before taxation										<u>147,605</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>30.9.2020</b>	31.3.2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<u>Segment assets</u>		
Construction	<b>681,890</b>	560,963
Interior and renovation	<b>142,088</b>	123,092
Building materials	<b>24,342</b>	22,877
Health products	<b>38,085</b>	38,752
Property investment	<b>5,796,832</b>	4,654,112
Property development	<b>758,479</b>	936,615
Property agency and management	<b>45,092</b>	41,581
	<hr/>	<hr/>
Total segment assets	<b>7,486,808</b>	6,377,992
Unallocated assets	<b>134,290</b>	141,452
	<hr/>	<hr/>
Consolidated assets	<b>7,621,098</b>	6,519,444
	<hr/> <hr/>	<hr/> <hr/>
<u>Segment liabilities</u>		
Construction	<b>514,889</b>	561,473
Interior and renovation	<b>64,792</b>	49,205
Building materials	<b>7,023</b>	6,505
Health products	<b>5,243</b>	8,077
Property investment	<b>2,765,674</b>	1,684,910
Property development	<b>116,234</b>	119,931
Property agency and management	<b>2,262</b>	1,007
	<hr/>	<hr/>
Total segment liabilities	<b>3,476,117</b>	2,431,108
Unallocated liabilities	<b>169,623</b>	164,690
	<hr/>	<hr/>
Consolidated liabilities	<b>3,645,740</b>	2,595,798
	<hr/> <hr/>	<hr/> <hr/>

#### 4. PROFIT BEFORE TAXATION

	For the six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	15,048	11,387
Less: Depreciation expenses included in the cost of sales	(1,029)	(1,359)
	<u>14,019</u>	<u>10,028</u>
Depreciation of right-of-use assets	2,899	2,314
Less: Depreciation expenses included in the cost of sales	(1,280)	–
	<u>1,619</u>	<u>2,314</u>
Short-term lease expenses	<u>–</u>	<u>547</u>

#### 5. TAXATION

	For the six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
Current tax	3,038	3,870
(Overprovision) underprovision in prior years	(991)	1,081
	<u>2,047</u>	<u>4,951</u>
Deferred taxation	<u>(607)</u>	<u>1,257</u>
	<u>1,440</u>	<u>6,208</u>

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduced the two-tiered profits tax rates regime applies to years of assessment commencing on or after 1 April 2018.

Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying corporation will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime are taxed at the flat rate of 16.5% (six months ended 30 September 2019: 16.5%).

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

## 6. DIVIDENDS

During the period, a final dividend of HK5.0 cents per share totalling HK\$54,546,000 in respect of the year ended 31 March 2020 (for the six months ended 30 September 2019: final dividend of HK5.0 cents per share totalling HK\$54,546,000 in respect of the year ended 31 March 2019) was paid to shareholders.

Subsequent to 30 September 2020, the board of directors of the Company has resolved to declare an interim dividend of HK2.5 cents per share totalling not less than HK\$27,273,000 for the six months ended 30 September 2020 (2019: HK2.5 cents per share totalling HK\$27,273,000 for the six months ended 30 September 2019).

## 7. EARNINGS PER SHARE

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

	<b>For the six months ended 30 September</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
<u>Earnings</u>		
Earnings for the purpose of basic and diluted earnings per share	<b>102,471</b>	141,397
	<b>1,090,925</b>	1,090,874
	–	218
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>1,090,925</b>	1,090,874
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options issued by the Company	–	218
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>1,090,925</b>	1,091,092

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

### Investment properties

	<b>1.4.2020</b>	1.4.2019
	<b>to</b>	to
	<b>30.9.2020</b>	30.9.2019
	<b>HK\$'000</b>	<b>HK\$'000</b>
FAIR VALUE		
At the beginning of the period	<b>2,858,773</b>	2,228,775
Additions	<b>10,457</b>	581,979
Acquisition of subsidiaries	<b>1,599,849</b>	726,063
Disposals	–	(61,800)
Disposal of subsidiaries	–	(420,000)
Change in fair value	<b>155,613</b>	76,123
Transfer from property, plant and equipment ( <i>Note</i> )	<b>724,400</b>	–
Transfer to assets classified as held for sale	<b>(32,210)</b>	–
	<u><b>5,316,882</b></u>	<u>3,131,140</u>
At the end of the period		

*Note:* During the current interim period, the Group's properties with a carrying amount which is also the fair value of approximately HK\$724,400,000 at date of transfer were transferred from property, plant and equipment to investment properties, which is evidenced by the observable actions taken to support the change in use.

The fair values of the Group's investment properties at 30 September 2020 have been arrived at on the basis of valuation carried out by Jones Lang LaSalle Limited ("JLL"), CBRE Hong Kong ("CBRE") and Colliers International (Hong Kong) Limited ("Colliers"), independent property valuers not connected with the Group (31 March 2020: JLL and Colliers). JLL, CBRE and Colliers have appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation of properties amounting to HK\$2,533,172,000 (31 March 2020: HK\$1,455,513,000) was arrived at by reference to market evidence of transaction prices of similar properties. The valuations of other properties amounting to HK\$2,783,710,000 (31 March 2020: HK\$1,403,260,000) were arrived at by reference to the income capitalisation method which is based on the capitalisation of the net income potential by adopting an appropriate capitalisation rate, which is derived from analysis of sale transactions and interpretation of prevailing investor requirements or expectations.

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

Investment properties	Valuation method	Fair value as at	
		30.9.2020 <i>HK\$'000</i>	31.3.2020 <i>HK\$'000</i>
Agricultural	Direct comparison method	208,000	66,100
Commercial	Capitalisation approach	2,102,280	721,830
Commercial	Direct comparison method	1,024,172	116,413
Industrial	Capitalisation approach	681,430	681,430
Industrial	Direct comparison method	751,000	751,000
Residential	Direct comparison method	550,000	522,000
		<b>5,316,882</b>	<b>2,858,773</b>

### Property, plant and equipment

During the current interim period, the Group acquired property, plant and equipment at approximately HK\$4,673,000 (for the six months ended 30 September 2019: HK\$4,310,000).

During the current interim period, the Group disposed of certain property, plant and equipment with carrying amount of HK\$518,000 (for the six months ended 30 September 2019: nil), at a sale proceed of HK\$195,000 (for the six months ended 30 September 2019: HK\$43,000) and resulting a loss on disposal of HK\$323,000 (for the six months ended 30 September 2019: a gain on disposal of HK\$43,000).

### Right-of-use assets

During the current interim period, the Group renewed lease agreements for retail shops for the periods covering 1 year to 2 years (for the six months ended 30 September 2019: 1 year to 2 years). On lease commencement, the Group recognised HK\$749,000 (for the six months ended 30 September 2019: HK\$2,353,000) of right-of-use assets and HK\$749,000 (for the six months ended 30 September 2019: HK\$2,353,000) of lease liabilities.

## 9. INTERESTS IN JOINT VENTURES

	30.9.2020 <i>HK\$'000</i>	31.3.2020 <i>HK\$'000</i>
Cost of unlisted investments in joint ventures	159,309	434,064
Share of post acquisition profits (losses) and other comprehensive income (expense), net of dividends received	(55,203)	(60,606)
	<b>104,106</b>	<b>373,458</b>

## 10. CONTRACT ASSETS

	<b>30.9.2020</b>	31.3.2020
	<b>HK\$'000</b>	HK\$'000
Construction contracts	<b>281,749</b>	270,177

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

Included in carrying amount of contract assets comprises retention money of HK\$159,625,000 (31 March 2020: HK\$147,113,000) as at 30 September 2020. Retention money is unsecured and interest-free and represented the monies withheld by customers of contract works fully recoverable within 1 to 2 years from the date of completion of construction contracts, in accordance with the terms specified in the relevant contracts. Upon satisfactory completion of contract work as set out in the contract, the architect for the building project will issue a practical completion certificate. Generally, upon the issuance of the practical completion certificate, half of the retention money of such contract work will be released to the Group, while the remaining half will be released to the Group upon the issuance of the certificate that identified defects in respect of the entire building project have been made good.

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

	<b>30.9.2020</b>	31.3.2020
	<b>HK\$'000</b>	HK\$'000
Amount receivable within one year	<b>63,605</b>	61,561
Amount receivable after one year	<b>96,020</b>	85,552
	<b>159,625</b>	147,113

Included in the above contract assets is an amount due from a related party of trading nature as follows:

	<b>30.9.2020</b>	31.3.2020
	<b>HK\$'000</b>	HK\$'000
A joint venture	<b>–</b>	4,531

## 11. DEBTORS, DEPOSITS AND PREPAYMENTS

For the business of construction services and others, the Group generally allows a credit period of 30 to 90 days and not more than 90 days (31 March 2020: 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>30.9.2020</b> <b>HK\$'000</b>	31.3.2020 <b>HK\$'000</b>
Within 30 days	<b>43,825</b>	50,620
31 – 60 days	<b>1,308</b>	8,645
61 – 90 days	<b>1,280</b>	1,418
Over 90 days	<b>12,857</b>	6,482
	<u><b>59,270</b></u>	<u>67,165</u>

## 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:

	<b>30.9.2020</b> <b>HK\$'000</b>	31.3.2020 <b>HK\$'000</b>
Within 30 days	<b>18,917</b>	28,391
31 – 60 days	–	780
61 – 90 days	<b>14</b>	2
Over 90 days	<b>968</b>	4,152
	<u><b>19,899</b></u>	<u>33,325</u>

## 13. SHARE CAPITAL

	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised:		
Shares of HK\$0.10 each		
Balance as at 1 April 2019, 31 March 2020 and 30 September 2020	<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 2019	1,090,831,576	109,083
Issue of shares upon exercise of share options ( <i>Note</i> )	<u>93,100</u>	<u>9</u>
Balance as at 31 March 2020 and 30 September 2020	<u><b>1,090,924,676</b></u>	<u><b>109,092</b></u>

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATIONS REVIEW

#### Overview

For the six months ended 30 September 2020, the Group's unaudited consolidated revenue amounted to HK\$653.9 million (for the six months ended 30 September 2019: HK\$383.8 million).

#### Construction Division

The revenue of the Construction Division for the six months ended 30 September 2020 was HK\$452.4 million (for the six months ended 30 September 2019: HK\$248.0 million).

Contracts on hand as at 30 September 2020 for the Construction Division amounted to HK\$2,189.4 million.

Major construction works completed during the period under review:

- (1) Construction of public rental housing development at Shek Mun Estate Phase 2, Shatin, New Territories

Major construction works undertaken during the period under review:

- (1) Construction of public rental housing development at Choi Yuen Road Sites 3 and 4, Sheung Shui, New Territories
- (2) Construction of sports centre, community hall and football pitches in Area 1, Tai Po, New Territories
- (3) Construction of the proposed residential and commercial development at 33-47 Catchick Street, Kennedy Town, Hong Kong
- (4) Construction of the proposed residential redevelopment at No. 8 Star Street, Wan Chai, Hong Kong (previously known as 21-31 Wing Fung Street, Wan Chai, Hong Kong)
- (5) Construction of the proposed residential development at Tuen Mun Town Lot No. 516, New Territories

#### Interior and Renovation Division

For the six months ended 30 September 2020, the revenue of the Interior and Renovation Division was HK\$153.9 million (for the six months ended 30 September 2019: HK\$76.1 million).

Contracts on hand as at 30 September 2020 for the Interior and Renovation Division amounted to HK\$110.3 million.

Major contract works completed during the period under review:

- (1) Building renovation works of Cavendish Heights (Block 1-7) at 33 Perkins Road, Jardine's Lookout, Hong Kong
- (2) Alteration and addition works for 99-101 Lai Chi Kok Road, Kowloon
- (3) Proposed additions and alterations works at No.138 Connaught Road West, Hong Kong

Major contract works undertaken during the period under review:

- (1) Combined fitting out works for hotel and office packages for proposed hotel and office building at 43 Heung Yip Road, Hong Kong
- (2) 3-year general building maintenance term contract (2019-2022) for the City University of Hong Kong
- (3) Façade repair works for campus buildings (2019-2022) for the City University of Hong Kong
- (4) Builder's works term contract (2020-2023) for Hong Kong Baptist University
- (5) 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

### **Building Materials Division**

The Building Materials Division recorded a revenue of HK\$23.7 million for the six months ended 30 September 2020 (for the six months ended 30 September 2019: HK\$23.6 million).

Contracts on hand as at 30 September 2020 for the Building Materials Division amounted to HK\$76.6 million.

Major contract works completed during the period under review:

- (1) Museum Plus (M+) at West Kowloon Cultural District – Supply and installation of metal ceiling and FRP system
- (2) Proposed residential development at TMTL 500 Kwun Chui Road, Tuen Mun, New Territories – Supply and installation of suspended ceiling system at podium and basement level
- (3) Proposed redevelopment at Nos.3 Marble Road, North Point, Hong Kong – Supply and installation of suspended ceiling system at balcony and podium level

Major contract works undertaken during the period under review:

- (1) MTR SCL Contract No.1123 – Exhibition Station and Western Approach Tunnel – Design, supply and installation of suspended ceiling system
- (2) Tai Wai Station property development – External ceiling system under transfer plate (T1 to T8)
- (3) Construction of the Hong Kong Palace Museum for The West Kowloon Cultural District Authority – Design, supply and installation of suspended ceiling system
- (4) Construction of public rental housing development at Queen's Hill Site 1, Phase 1 & Portion of Phase 6 – Design, supply and installation of external ceiling system at G/F

Major contract works awarded during the period under review:

- (1) Proposed residential development of Wong Chuk Hang Station Site A property development – Supply and installation of suspended ceiling system at podium level
- (2) Proposed residential development of Wong Chuk Hang Station Site B property development – Supply and installation of aluminium baffle ceiling system at carpark
- (3) Proposed residential development at NKIL 6564, Kai Tak Area 1L, Site 1, Kai Tak, Kowloon – Supply and installation of suspended ceiling system at balcony
- (4) Proposed residential and commercial development at No.33-47 Catchick Street, Kennedy Town – Supply and installation of suspended ceiling system

### **Property Development Division**

The Property Development Division recorded no revenue for the six months ended 30 September 2020 (for the six months ended 30 September 2019: 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, on 2 September 2020, an indirect wholly owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party to dispose of a residential unit and certain car parking spaces of Mount Vienna. The remaining 1 unit is being offered for sales.

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 130 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 127 units had been delivered to customers.

As for the joint venture project, Johnson Place, located at No. 14-16 Lee Chung Street, Chai Wan, Hong Kong, will be redeveloped into a brand new industrial property, the planning application for bonus plot ratio is under processing.

For a piece of land at No. 57A Nga Tsin Wai Road, Kowloon Tong, Kowloon with the objective of developing the property into a premium residential project, lease modification for redevelopment has been approved. It is expected that the offer of land premium will be issued soon.

For the pieces of agricultural land at Tong Yan San Tsuen in Yuen Long, a land exchange application for residential use was made in 2012 with the Lands Department. It is expected that the offer of land premium will be issued soon.

For the proposed residential development project with Sun Hung Kai Properties Limited at So Kwun Wat, Tuen Mun, planning application to the Town Planning Board was completed in the previous financial year. A land exchange application to convert the land to residential use is under processing. Land premium has been determined and deposit of the same was paid in October 2020. The land grant document is under execution while the balance of land premium will be paid upon completion of land grant.

## **Property Investment Division**

The Property Investment Division recorded a revenue of HK\$25.7 million for the six months ended 30 September 2020 (for the six months ended 30 September 2019: HK\$24.0 million).

Strata sale of West Park was launched in January 2020. All of the residential units (i.e. 63 units) were sold up to the end of the reporting period in which 54 units had been delivered to customers up to the date of this announcement.

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

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

## **Property Agency and Management Division**

For the period under review, the revenue of the Property Agency and Management Division was HK\$5.6 million (for the six months ended 30 September 2019: HK\$12.3 million).

In Hong Kong, our Property Agency and Management Division acted as the marketing and project manager for The Grampian at No. 11 Grampian Road, Mount Vienna at Lok Lam Road, PeakCastle in Cheung Sha Wan, The Connaught at No. 138 Connaught Road West, Johnson Place in Chai Wan, The Austine Place at No. 38 Kwun Chung Street and Hay Nien Building at No. 1 Tai Yip Street. This Division also provided property management services to The Austine Place in Tsim Sha Tsui, The Bedford in Tai Kok Tsui, Eight College and One LaSalle in Kowloon Tong, PeakCastle in Cheung Sha Wan, Mount Vienna at Lok Lam Road, The Connaught at No. 138 Connaught Road West, Hollywood Hill at No. 222 Hollywood Road, Hay Nien Building at No. 1 Tai Yip Street, The Mercer at No. 29 Jervois Street, West Park in Cheung Sha Wan and The Edward in Mong Kok.

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

## **Health Products Division**

The Health Products Division recorded a revenue of HK\$15.7 million for the six months ended 30 September 2020 (for the six months ended 30 September 2019: HK\$25.7 million).

Retailcorp Limited manages the Group's chain stores business under the trade name HealthPlus. Currently, there are 4 retail outlets (including a HealthPlus shop at St. Teresa's Hospital) and 1 service centre in operation.

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

## OUTLOOK

This year is definitely a very difficult one to both the global and the local economies. While the COVID-19 pandemic has already inflicted tremendous human costs globally, in order to control the spread of the pandemic disease, governments in every part of the world are imposing necessary anti-epidemic measures, such as lockdown, which have brought destructive impacts on economic and business activities. According to the International Monetary Fund, the global economy will contract sharply by 3% in 2020, while its recovery depends on how fast we can come out from this pandemic.

In Hong Kong, in addition to the COVID-19 pandemic, the growing US-China tensions and social conflicts have brought further uncertainties to the local economy, which remained in a very weak position in the second quarter of this year. The Hong Kong Special Administrative Region Government has introduced various financial assistance schemes for various business sectors, employers and individuals impacted by the COVID-19 pandemic. In particular, the Anti-epidemic Fund is launched to protect workforce and stabilise the economy. Among different sectors, the retails, tourism and catering industries are badly hit by the pandemic. The real GDP growth forecast for Hong Kong in 2020 as a whole is revised downwards to -6% to -8%. It may not be possible for local economy to rebound as quickly as it did in the aftermath of the SARS epidemic in 2003.

In 2020, COVID-19 pandemic continues to overshadow the market and negative impact is unavoidable in the near term. Fortunately, with the upcoming residential properties developments from both private and public sectors, together with the Urban Renewal Development Scheme and Revitalisation of Industrial Building Scheme in progress, the pandemic effect is likely to be temporary and the demand for residential properties will resume once the virus is contained. These are favourable factors supporting the construction industry in the medium term. However, the existing problems, such as shortage of skilled labour, ageing workforce, high construction costs and fierce competitions among building contractors, continue to hinder the development of the construction industry. To prevail over intense pressure, we realise the importance of adopting innovative approaches and maintaining strong controls over tendering procedures and costing. Construction companies must keep abreast of the emerging new technologies like Building Information Modelling (BIM) and information systems and be a pioneer in applying those advanced tools to enhance the construction efficiency and effectiveness.

Renovating properties is an effective approach to enhance or maintain its market value of properties in Hong Kong. For this reason, many Hong Kong property owners and investors will choose to undertake renovation projects before putting their properties up for sale in the hope for a bigger return. However, due to the social distancing measures during COVID-19 pandemic, many shopping malls, restaurants and retailers remain deserted, while many office buildings are vacant. The property investors have adopted a wait-and-see approach during this period, such that the awards of renovation projects have been quite slow in recent months.

Our Building Material Division supplies ceiling and flooring materials to building projects including MTR stations, museums, residential properties, sport centres and community halls. After the Chinese New Year, since some construction projects were put on hold by the developers because of the outbreak of the COVID-19 pandemic, our material service delivery was also postponed, leading to a revenue decrease. This may be a temporary situation and the market expects to recover in the second half of this financial year. In light of the great demand for housing and MTR transport services, our building material business should see a sustaining growth.

Since the social unrest and COVID-19 pandemic, the property market sentiment was poor. Some potential property buyers and investors hope that the COVID-19 pandemic might be able to bring down the property prices. However, according to the Financial Secretary Mr. Paul Chan, the coming property market price adjustment would be far smaller than from what Hong Kong went through during the Asian financial crisis in 1997 and the outbreak of SARS in 2003. Supported by a strong market demand for residential properties, together with the low interest-rate environment, the relaxed loan leverage on certain low price flats and higher accumulative wealth of the citizens, the prices of properties have gained 1.5% so far this year according to the Rating and Valuation Department. It is expected that the property price will rebound once the pandemic is over. While the property leasing market may not recover so soon, property owners try to offer their tenants short-term rental relief and provide more incentives and discounts to attract new tenants to overcome this difficult time. For Hanison, we will take every opportunity to realise the gains from our properties portfolio and adopt a prudent approach to maintain our cash flow at a healthy level.

Our Property Agency and Management Division mainly provides services for the Group's properties that it owns or builds. It serves to complement the Group's property development and property investment businesses by providing high quality and efficient property management, rental collection and leasing agency services.

This year is a tough year for the retail business. The threat of COVID-19 pandemic had heavily struck tourism and local consumptions. The sales of retail shops dropped significantly. However, online shopping becomes a major sales channel especially during this pandemic period that keeps consumers stay at home. We will focus on developing the e-commerce channel for our health products business.

## **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 increased from HK\$246.1 million as at 31 March 2020 to HK\$514.0 million at 30 September 2020. As at the period end date, the current ratio (current assets divided by current liabilities) decreased from 0.59 time as at 31 March 2020 to 0.39 time.

For the purposes of maintaining flexibility in funding and day-to-day financial management, the Group has accessed to facilities from banks and an insurance company with an aggregate amount of HK\$4,100.5 million (HK\$2,760.5 million was secured by first charges over certain leasehold land and buildings, investment properties and properties under development for sale of the Group), of which HK\$2,750.5 million bank loans have been drawn down and approximately HK\$349.3 million has been utilised mainly for the issuance of letters of credit and performance bonds as at 30 September 2020. The bank loans under these banking facilities bear interest at prevailing market interest rates.

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

## **TREASURY POLICIES**

In order to minimise the cost of funds and to achieve better risk control, the treasury activities of the Group are centralised and scrutinised by the top management. The Group's treasury policies remain unchanged from those described in the Company's annual report 2019/2020.

## **CAPITAL STRUCTURE**

It is the intention of the Group to keep a proper combination of equity and debt to ensure an efficient capital structure over time. During the period under review, the Group has borrowed Hong Kong dollar loans amounting to HK\$2,750.5 million from banks (as at 31 March 2020: HK\$1,666.4 million). The loans have been used for financing the acquisition of properties for investment and development purposes and as general working capital. The maturity profile of the lending spread over a year. Interest is based on Hong Kong Interbank Offered Rate with a competitive margin.

As at 30 September 2020, 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 56.3% (as at 31 March 2020: 36.2%).

## **MAJOR ACQUISITION**

Pursuant to the shareholders deed dated 28 March 2018 (the "Shareholders Deed") executed by a direct wholly owned subsidiary of the Company, Hanison Construction Holdings (BVI) Limited ("Hanison BVI"), Hilux II Cayman Ltd. (the "Purchaser") and Gallant Elite Enterprises Limited ("Gallant Elite"), a joint venture of the Group, Hanison BVI had granted to the Purchaser a put option, and pursuant to which the Purchaser was entitled to, sell back the put interests (i.e. one ordinary share in Gallant Elite, representing 50% interest held by the Purchaser in Gallant Elite, and shareholder loan made available by the Purchaser to Gallant Elite) to the Company at the Purchaser's discretion, at an exercise price as determined in the manner as set out in the Shareholders Deed (the "Put Option"). The Put Option was exercisable by the Purchaser at any time during the period starting after (and exclusive of) 28 June 2020 and ending on (and inclusive of) 28 September 2020. On 25 September 2020, Hanison BVI received a notice to exercise the Put Option from the Purchaser and the transaction was completed on 28 September 2020 at a consideration of HK\$800,000,000, subject to certain adjustments. Upon completion, Gallant Elite and its wholly owned subsidiaries became the wholly owned subsidiaries of the Company. Gallant Elite and its wholly owned subsidiaries are engaged in property investment. The major asset of Gallant Elite and its wholly owned subsidiaries represented a commercial property "PeakCastle" situated at No. 476 Castle Peak Road, Kowloon, Hong Kong.

## **COLLATERAL**

As at 30 September 2020, the Group's Hong Kong dollar loans of HK\$2,500.5 million (as at 31 March 2020: HK\$1,366.4 million) were secured by first charges over certain leasehold land and buildings, investment properties and properties under development for sale of the Group, at the carrying value of approximately HK\$4,364.7 million (as at 31 March 2020: HK\$2,808.3 million).

## **PERFORMANCE BONDS**

As at 30 September 2020, the Group had outstanding performance bonds in respect of construction contracts amounting to approximately HK\$234.3 million (as at 31 March 2020: HK\$169.3 million).

## COMMITMENTS

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

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

	<b>30.9.2020</b>	31.3.2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Commitments to provide loans	<b><u>735,260</u></b>	<u>620,020</u>

## CORPORATE GOVERNANCE

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

Throughout the six months ended 30 September 2020, the Company has complied with all the Code Provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules, except for the Code Provision E.1.2 of the CG Code which stipulates that the chairman of the board should attend the annual general meeting. The late Chairman of the Company, Mr. Cha Mou Sing, Payson, was unable to attend the Company's 2020 annual general meeting due to other engagement. The Managing Director took the chair of that meeting in accordance with the articles of association of the Company.

## MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors of the Company, all directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2020.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2020.

## EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2020, the Group (excluding its joint ventures) had 498 full time employees. The Group offers competitive remuneration packages, including discretionary bonus and share option scheme, to its employees, commensurable to market level and their qualifications. The Group also provides retirement schemes, medical benefits and both in-house and external training courses for employees.

## REVIEW OF INTERIM RESULTS

The Company has engaged Messrs. Deloitte Touche Tohmatsu, the Group's auditor, to assist the Audit Committee of the Company to review the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2020. 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**  
**Wong Sue Toa, Stewart**  
*Managing Director*

Hong Kong, 17 November 2020

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

***Non-executive Chairman***

Mr. Cha Mou Daid, Johnson

***Non-executive Director***

Dr. Zhang Wei

***Executive Directors***

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

Mr. Tai Sai Ho (*General Manager*)

***Independent Non-executive Directors***

Mr. Chan Pak Joe

Dr. Lau Tze Yiu, Peter

Dr. Sun Tai Lun