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興勝創建控股有限公司

HANISON CONSTRUCTION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 896)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

SUMMARY OF RESULTS

For the year ended 31 March 2023, Hanison Construction Holdings Limited (“Company”) and its subsidiaries (collectively “Group”) recorded revenue of HK\$1,232.8 million, representing a decrease of approximately 14% compared with the previous financial year (2022: HK\$1,438.3 million). The consolidated loss attributable to owners of the Company was HK\$38.4 million, as opposed to a net profit of HK\$154.3 million for 2022. The net loss in the current year is mainly attributable to decrease in revaluation of investment properties and impairment loss on properties under development for sale held by the Group and joint ventures. Such losses are 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 year.

The basic loss per share and diluted loss per share for the year were HK3.5 cents and HK3.5 cents respectively, as opposed to a basic earnings per share and diluted earnings per share of HK14.0 cents and HK13.9 cents recorded in the previous financial year.

As at 31 March 2023, the Group's net asset value amounted to HK\$4,072.7 million (2022: HK\$4,216.4 million). Net asset value per share as at 31 March 2023 was HK\$3.71 (2022: HK\$3.81).

DIVIDEND

The board of directors of the Company (“Board”) has declared a second interim dividend (in lieu of a final dividend) of HK5.0 cents per share for the year ended 31 March 2023 (2022: HK5.0 cents per share) to shareholders whose names appear on the register of members of the Company on 11 July 2023. This, together with the first interim dividend of HK2.5 cents per share (2022: HK2.5 cents per share) distributed during the year, gives a total dividend of HK7.5 cents per share for the year (2022: HK7.5 cents per share). The second interim dividend will be paid on 24 July 2023.

CLOSURE OF REGISTER OF MEMBERS FOR SECOND INTERIM DIVIDEND

The register of members of the Company will be closed from 7 July 2023 to 11 July 2023, both days inclusive, for the purpose of determining the identity of members who are entitled to the second interim dividend for the year ended 31 March 2023. In order to qualify for the second interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 6 July 2023.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from 17 August 2023 to 22 August 2023, both days inclusive, for the purpose of determining the identity of members who are entitled to attend and vote at the Company's forthcoming annual general meeting ("AGM") scheduled to be held on 22 August 2023. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 16 August 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2023

	<i>NOTES</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Revenue	3	1,232,803	1,438,340
Cost of sales		<u>(1,117,977)</u>	<u>(1,299,021)</u>
Gross profit		114,826	139,319
Other income		31,220	32,758
Other gains and losses	5	123,898	27,552
(Impairment losses) reversal of impairment losses under expected credit loss model, net		(27,391)	368
Marketing and distribution costs		(953)	(4,135)
Administrative expenses		(137,241)	(199,208)
(Loss) gain on change in fair value of investment properties		(20,494)	207,515
Share of loss of an associate		(16)	(17)
Share of loss of joint ventures		(72,547)	(8,073)
Finance costs		<u>(47,253)</u>	<u>(33,363)</u>
(Loss) profit before taxation	6	(35,951)	162,716
Taxation	7	<u>(2,481)</u>	<u>(8,373)</u>
(Loss) profit for the year		<u>(38,432)</u>	<u>154,343</u>
(Loss) earnings per share			
Basic (HK cents)	9	<u>(3.5)</u>	<u>14.0</u>
Diluted (HK cents)	9	<u>(3.5)</u>	<u>13.9</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	HK\$'000	HK\$'000
(Loss) profit for the year	<u>(38,432)</u>	<u>154,343</u>
Other comprehensive (expense) income:		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(160)	96
Share of exchange differences of a joint venture	<u>(7,197)</u>	<u>3,794</u>
	<u>(7,357)</u>	<u>3,890</u>
Total comprehensive (expense) income for the year	<u><u>(45,789)</u></u>	<u><u>158,233</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2023

	<i>NOTES</i>	31.3.2023 HK\$'000	31.3.2022 <i>HK\$'000</i>
Non-current assets			
Investment properties		3,033,980	3,140,000
Property, plant and equipment		302,794	293,376
Right-of-use assets		1,283	3,693
Interest in an associate		557	10,723
Interests in joint ventures		106,268	186,012
Loans to joint ventures		1,027,814	974,529
Deferred tax assets		849	595
		4,473,545	4,608,928
Current assets			
Properties under development for sale		932,000	907,553
Inventories		3,242	5,998
Contract assets		238,208	265,020
Debtors, deposits and prepayments	<i>10</i>	105,532	148,366
Amounts due from joint ventures		–	10,015
Financial assets at fair value through profit or loss		405	346
Taxation recoverable		3,814	6,383
Cash and cash equivalents		399,488	602,528
		1,682,689	1,946,209
Assets classified as held for sale		6,600	163,664
		1,689,289	2,109,873
Current liabilities			
Trade and other payables	<i>11</i>	492,611	581,677
Provisions		9,008	16,605
Lease liabilities		1,732	3,478
Taxation payable		16,986	68,747
Bank loans – amounts due within one year		394,365	644,365
		914,702	1,314,872
Liabilities associated with assets classified as held for sale		–	2,388
		914,702	1,317,260
Net current assets		774,587	792,613
Total assets less current liabilities		5,248,132	5,401,541

	<i>NOTE</i>	31.3.2023 HK\$'000	31.3.2022 <i>HK\$'000</i>
Non-current liabilities			
Bank loans – amounts due after one year		1,131,069	1,147,035
Provisions		34,560	27,543
Deferred tax liabilities		6,377	6,357
Lease liabilities		3,444	4,168
		<u>1,175,450</u>	<u>1,185,103</u>
		<u>4,072,682</u>	<u>4,216,438</u>
Capital and reserves			
Share capital	<i>12</i>	109,629	110,559
Reserves		3,963,053	4,105,879
		<u>4,072,682</u>	<u>4,216,438</u>

NOTES:

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1	Non-current Liabilities with Covenants ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after a date to be determined

³ Effective for annual periods beginning on or after 1 January 2024

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

Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current” and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 “Non-current Liabilities with Covenants” (the “2022 Amendments”)

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 “Financial Instruments: Presentation”.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classify liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to the Group’s annual reporting periods beginning on or after 1 April 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for the annual reporting periods beginning on or after 1 April 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group’s outstanding liabilities as at 31 March 2023, the application of the 2020 Amendments and 2022 Amendments will not result in reclassification of the Group’s liabilities.

Amendments to HKAS 1 “Presentation to Financial Statements” and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

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

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

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

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

Amendments to HKAS 8 “Definition of Accounting Estimates”

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

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

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

3. REVENUE

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

Disaggregation of revenue

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Recognised over time:		
Revenue from construction contract work	904,847	1,197,468
Revenue from interior and renovation contracts	190,219	86,704
Revenue from installation of building materials	56,967	68,535
Property management service income	11,159	5,076
Recognised at a point in time:		
Sales of health products	11,220	22,607
Property agency service income	3,305	3,272
Revenue from contracts with customers	1,177,717	1,383,662
Fixed-lease income from property investment	55,086	54,678
	<u>1,232,803</u>	<u>1,438,340</u>
Geographical market:		
Hong Kong	<u>1,232,803</u>	<u>1,438,340</u>

4. SEGMENT INFORMATION

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

(a) Segment revenues and results

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

For the year ended 31 March 2023

	Construction	Interior and renovation	Building materials	Health products	Property investment	Property development	Property agency and management	Segment total	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE										
External sales	904,847	190,219	56,967	11,220	55,086	-	14,464	1,232,803	-	1,232,803
Inter-segment sales	1,510	39,702	2,579	97	8,971	-	57	52,916	(52,916)	-
Total	<u>906,357</u>	<u>229,921</u>	<u>59,546</u>	<u>11,317</u>	<u>64,057</u>	<u>-</u>	<u>14,521</u>	<u>1,285,719</u>	<u>(52,916)</u>	<u>1,232,803</u>
RESULTS										
Segment result	<u>12,071</u>	<u>(2,129)</u>	<u>20</u>	<u>(1,218)</u>	<u>73,031</u>	<u>(86,213)</u>	<u>135</u>	<u>(4,303)</u>	<u>-</u>	<u>(4,303)</u>
Unallocated expenses										<u>(31,648)</u>
Loss before taxation										<u>(35,951)</u>

For the year ended 31 March 2022

	Construction	Interior and renovation	Building materials	Health products	Property investment	Property development	Property agency and management	Segment total	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE										
External sales	1,197,468	86,704	68,535	22,607	54,678	-	8,348	1,438,340	-	1,438,340
Inter-segment sales	592	71,505	15,205	15	8,751	-	120	96,188	(96,188)	-
Total	<u>1,198,060</u>	<u>158,209</u>	<u>83,740</u>	<u>22,622</u>	<u>63,429</u>	<u>-</u>	<u>8,468</u>	<u>1,534,528</u>	<u>(96,188)</u>	<u>1,438,340</u>
RESULTS										
Segment result	<u>24,054</u>	<u>6</u>	<u>752</u>	<u>681</u>	<u>159,306</u>	<u>10,040</u>	<u>213</u>	<u>195,052</u>	<u>-</u>	<u>195,052</u>
Unallocated expenses										<u>(32,336)</u>
Profit before taxation										<u>162,716</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 interest income and administration costs incurred by head office and the inactive subsidiaries. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged by reference to market prices.

(b) Other InformationYear ended 31 March 2023

	Construction	Interior and renovation	Building materials	Health products	Property investment	Property development	Property agency and management	Unallocated	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment results or segment assets:									
Depreciation of property, plant and equipment	3,962	1,698	1,319	170	1,339	-	1,795	6,646	16,929
Depreciation of right-of-use assets	2,070	-	-	1,385	-	-	-	-	3,455
Write-down of properties under development for sale	-	-	-	-	-	10,411	-	-	10,411
Loss on change in fair value of investment properties	-	-	-	-	20,494	-	-	-	20,494
Gain on change in fair value of financial assets at fair value through profit or loss ("FVTPL")	(59)	-	-	-	-	-	-	-	(59)
Reversal of write-down of inventories	-	-	-	(149)	-	-	(546)	-	(695)
Gain on disposal of property, plant and equipment	(499)	-	-	-	(13,293)	-	(3,920)	-	(17,712)
(Reversal of impairment losses) impairment losses under expected credit loss ("ECL") model, net	(670)	(58)	75	-	-	28,044	-	-	27,391
Gain on disposal of assets classified as held for sale and liabilities associated with assets classified as held for sale	-	-	-	-	(116,619)	-	-	-	(116,619)
Interest income	(1,487)	(194)	(106)	(6)	(97)	(19,083)	(4)	(24)	(21,001)
Share of loss of an associate	-	-	-	-	16	-	-	-	16
Share of loss of joint ventures	-	-	-	-	-	72,547	-	-	72,547
Finance costs	69	-	-	45	43,545	3,594	-	-	47,253
Additions to non-current assets (note)	3,680	-	-	504	7,241	-	-	25,134	36,559
Interest in an associate	-	-	-	-	557	-	-	-	557
Interests in joint ventures	-	-	-	-	-	106,268	-	-	106,268
Loans to joint ventures	-	-	-	-	218,702	809,112	-	-	1,027,814

Amounts regularly provided to the chief operating decision makers but not included in the measure of segment results:

Income tax expenses (credit)	1,742	(659)	(13)	-	1,279	19	113	-	2,481
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Note: Non-current assets exclude deferred tax assets, interest in an associate, interests in joint ventures and loans to joint ventures.

Year ended 31 March 2022

	Construction	Interior and renovation	Building materials	Health products	Property investment	Property development	Property agency and management	Unallocated	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment results or segment assets:									
Depreciation of property,									
plant and equipment	4,454	1,714	1,305	89	1,717	–	1,885	9,084	20,248
Depreciation of right-of-use assets	3,463	–	–	1,149	–	–	–	–	4,612
Gain on change in fair value of investment properties	–	–	–	–	(207,515)	–	–	–	(207,515)
Loss on change in fair value of financial assets at FVTPL	92	–	–	–	–	–	–	–	92
Reversal of write-down of inventories	–	–	–	(715)	–	–	(8)	–	(723)
(Gain) loss on disposal of property, plant and equipment	(92)	–	–	2	–	–	–	–	(90)
Gain on disposal of subsidiaries	–	–	–	–	(22,597)	–	–	–	(22,597)
Impairment losses (reversal of impairment losses) under ECL model, net	381	363	28	–	8,247	(9,387)	–	–	(368)
Gain on disposal of assets classified as held for sale and liabilities associated with assets classified as held for sale	–	–	–	–	–	(4,910)	–	–	(4,910)
Interest income	(283)	(35)	(10)	–	(11)	(18,530)	–	(65)	(18,934)
Share of loss of an associate	–	–	–	–	17	–	–	–	17
Share of loss of joint ventures	–	–	–	–	–	8,073	–	–	8,073
Finance costs	137	–	–	59	31,692	1,475	–	–	33,363
Additions to non-current assets (note)	4,166	–	279	2,093	30,153	–	–	–	36,691
Interest in an associate	–	–	–	–	10,723	–	–	–	10,723
Interests in joint ventures	–	–	–	–	–	186,012	–	–	186,012
Loans to joint ventures	–	–	–	–	138,603	835,926	–	–	974,529

Amounts regularly provided to the chief operating decision makers but not included in the measure of segment results:

Income tax expenses (credit)	3,734	(81)	185	–	703	3,932	(100)	–	8,373
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Note: Non-current assets exclude deferred tax assets, interest in an associate, interests in joint ventures and loans to joint ventures.

Geographical information

The Group's revenue which is generated from customers located in Hong Kong, the Company's place of domicile, amounted to HK\$1,232,803,000 (2022: HK\$1,438,340,000). Accordingly, no further analysis of the Group's revenue by geographical market based on geographical location of customers has been presented.

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

	31.3.2023 <i>HK\$'000</i>	31.3.2022 <i>HK\$'000</i>
Hong Kong (place of domicile)	3,361,472	3,540,098
Mainland China	83,410	93,706
	<u>3,444,882</u>	<u>3,633,804</u>

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

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

Information about major customers

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A	515,107	465,065
Customer B	195,011	389,147
Customer C	N/A*	163,536

The revenue is income from construction contracts within the construction segment.

* The corresponding revenue does not contribute over 10% of the total revenue of the Group during the year ended 31 March 2023.

5. OTHER GAINS AND LOSSES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Gain on disposal of assets classified as held for sale and liabilities associated with assets classified as held for sale	116,619	4,910
Gain on disposal of property, plant and equipment	17,712	90
Gain on disposal of subsidiaries	–	22,597
Gain (loss) on change in fair value of financial assets at FVTPL	59	(92)
Others	<u>(10,492)</u>	<u>47</u>
	<u>123,898</u>	<u>27,552</u>

6. (LOSS) PROFIT BEFORE TAXATION

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(Loss) profit before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	16,929	20,248
<i>Less:</i> Depreciation expenses included in the cost of sales	<u>(739)</u>	<u>(1,102)</u>
	<u>16,190</u>	<u>19,146</u>
Depreciation of right-of-use assets	3,455	4,612
<i>Less:</i> Depreciation expenses included in the cost of sales	<u>(2,284)</u>	<u>(3,677)</u>
	<u>1,171</u>	<u>935</u>
Auditor's remuneration	3,600	3,500
Contract costs recognised as expenses	1,087,496	1,255,811
Costs of inventories recognised as expenses	18,198	23,045
Reversal of write-down of inventories	(695)	(723)
Write-down of properties under development for sale	10,411	–
Gross rental income under operating leases on:		
Investment properties	(55,086)	(54,678)
<i>Less:</i> Direct operating expenses that generated rental income during the year	<u>9,695</u>	<u>9,843</u>
	<u>(45,391)</u>	<u>(44,835)</u>
Expenses included in cost of sales:		
Short-term leases expense in respect of plant and machinery	<u>9,955</u>	<u>16,109</u>

7. TAXATION

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong Profits Tax		
Current year	1,762	3,675
Underprovision in prior years	953	3,090
	<u>2,715</u>	<u>6,765</u>
Deferred taxation	(234)	1,608
	<u>2,481</u>	<u>8,373</u>

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

8. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
Ordinary shares:		
2023 first interim dividend – HK2.5 cents per share (2022: 2022 first interim dividend – HK2.5 cents per share)	27,692	27,640
2022 second interim dividend – HK5.0 cents per share (2022: 2021 second interim dividend – HK5.0 cents per share)	55,279	55,275
	<u>82,971</u>	<u>82,915</u>
Proposed second interim dividend for the financial year ended 31 March 2023 of HK5.0 cents per share (2022: for the financial year ended 31 March 2022 of HK5.0 cents per share)	<u>54,552</u>	<u>55,279</u>

9. (LOSS) EARNINGS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(Loss) earnings		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share	<u>(38,432)</u>	<u>154,343</u>
	2023 '000	2022 '000
Number of shares		
Weighted average number of ordinary shares in issue during the year for the purpose of calculating basic (loss) earnings per share	1,104,784	1,104,821
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options granted by the Company	<u>–</u>	<u>3,750</u>
Weighted average number of ordinary shares for the purpose of calculating diluted (loss) earnings per share	<u>1,104,784</u>	<u>1,108,571</u>

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share for the year ended 31 March 2023 has taken into account the ordinary shares repurchased from the market during the year.

For the year ended 31 March 2023, the diluted loss per share was the same as the basic loss per share as the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options because the exercise price of those options was higher than the average market price of shares for the year.

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 (2022: 30 to 90 days and not more than 90 days), respectively, to its customers. Before accepting any new customer, the Group will internally assess the credit quality of the potential customers and define appropriate credit limit. Other receivables are unsecured, interest-free and repayable on demand.

The aged analysis of trade debtors, net of allowance for credit losses, presented based on the invoice date, as appropriate, at the end of the reporting period is as follows:

	31.3.2023 <i>HK\$'000</i>	31.3.2022 <i>HK\$'000</i>
Within 30 days	66,850	100,834
31 – 60 days	4,637	2,844
61 – 90 days	99	1,385
Over 90 days	<u>1,587</u>	<u>9,236</u>
	<u>73,173</u>	<u>114,299</u>

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:

	31.3.2023 <i>HK\$'000</i>	31.3.2022 <i>HK\$'000</i>
Within 30 days	59,330	79,494
Over 90 days	664	431
	<u>59,994</u>	<u>79,925</u>

12. SHARE CAPITAL

	<i>No. of shares</i>	<i>HK\$'000</i>
Authorised:		
Shares of HK\$0.10 each		
Balance as at 1 April 2021, 31 March 2022 and 31 March 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 2021	1,102,124,676	110,212
Issue of shares upon exercise of share options (note i)	<u>3,461,000</u>	<u>347</u>
Balance as at 31 March 2022	1,105,585,676	110,559
Issue of shares upon exercise of share options (note i)	6,097,000	610
Repurchased and cancelled (note ii)	<u>(15,396,000)</u>	<u>(1,540)</u>
Balance as at 31 March 2023	<u>1,096,286,676</u>	<u>109,629</u>

Notes:

- (i) The new shares issued rank pari passu in all respects with the existing shares in issue.
- (ii) During the year ended 31 March 2023, the Company repurchased 20,644,000 shares (2022: Nil) on the market for an aggregated consideration paid of approximately HK\$23,866,000 (2022: Nil), in which 15,396,000 shares (2022: Nil) were cancelled during the year ended 31 March 2023 and 5,248,000 shares (2022: Nil) were cancelled after the reporting date.

OPERATIONS REVIEW

CONSTRUCTION DIVISION

The revenue for the Construction Division was HK\$906.4 million for the year ended 31 March 2023 (2022: HK\$1,198.1 million).

During the year, the Construction Division continued to work on the projects on hand. The total amount of contracts on hand as at 31 March 2023 for the Construction Division amounted to HK\$2,147.7 million.

Major Project Completed

- (1) Construction of the proposed residential development at Tuen Mun Town Lot No. 516, New Territories

Major Projects Undertaken

- (1) Construction of the proposed residential and commercial development at Nos. 33-47 Catchick Street, Kennedy Town, Hong Kong
- (2) Construction of 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
- (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

INTERIOR AND RENOVATION DIVISION

For the year ended 31 March 2023, the Interior and Renovation Division recorded a revenue of HK\$229.9 million, as compared with HK\$158.2 million last year.

The total amount of contracts on hand as at 31 March 2023 for the Interior and Renovation Division amounted to HK\$494.3 million.

Major Projects Completed

- (1) Renovation works at Carolina Gardens, Nos. 20-34 Coombe Road, The Peak, Hong Kong
- (2) Builder's works term contract (2020-23) for Hong Kong Baptist University
- (3) 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
- (4) Improvement works for Haking Wong Building for The University of Hong Kong
- (5) Main contract for toilet improvement works at shopping centres of Chuk Yuen South, Fu Shin, Stanley, Tai Hing, Tai Wo, Yu Chui and Temple Mall for the Link

Major Projects Undertaken

- (1) 3-year general building maintenance term contract (2019-2022) for the City University of Hong Kong
- (2) Façade repair works for campus buildings (2019-2022) for the City University of Hong Kong
- (3) 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

Major Projects Awarded

- (1) AA&I project 2022-23 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
- (2) 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 Group's Building Materials Division specialises in the supply and installation of different types of suspended ceiling system, metal cladding system, fire rated enclosure system and timber flooring.

For the year ended 31 March 2023 the revenue of the Building Materials Division was HK\$59.5 million compared with that of HK\$83.7 million last year.

The total amount of contracts on hand as at 31 March 2023 for the Building Materials Division amounted to HK\$267.9 million.

Major Projects Completed

- (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 Projects Undertaken

- (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 and commercial development at No. 33-47 Catchick Street, Kennedy Town – Supply and installation of suspended ceiling system

Major Projects Awarded

- (1) 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
- (2) Construction of public housing development at Java Road, North Point – Design, supply and installation of suspended ceiling system at podium level
- (3) Central Kowloon Route – Building, electrical and mechanical works – Design, supply and installation of suspended ceiling system
- (4) Construction of public housing development at Hin Fat Lane, Tuen Mun, N.T. – Design, supply and installation of suspended ceiling system at G/F

PROPERTY DEVELOPMENT DIVISION

The Property Development Division recorded no revenue during the year ended 31 March 2023 (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 224 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 220 units had been delivered to customers.

For the proposed residential development project with Sun Hung Kai Properties Limited at So Kwun Wat, Tuen Mun, a land exchange application to convert the land to residential use has been completed 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\$64.1 million for the year ended 31 March 2023 (2022: HK\$63.4 million).

In April 2022, the Group has entered into a sale and purchase agreement with an independent third party to dispose of certain units and a car parking space at Shatin Industrial Centre. The disposal was completed in October 2022.

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

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

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, certain industrial units and car parking spaces at Chaiwan Industrial Centre (which were disposed of in September 2022), certain units at Shatin Industrial Centre (which were partly disposed of in May 2022 and October 2022), and The Connaught at No. 138 Connaught Road West in which the Group has 50% interest, all contributed rental incomes to the Group during the financial year.

PROPERTY AGENCY AND MANAGEMENT DIVISION

The revenue of the Property Agency and Management Division for the year ended 31 March 2023 was HK\$14.5 million (2022: HK\$8.5 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

For the year ended 31 March 2023, the Division recorded revenue of HK\$11.3 million, compared to HK\$22.6 million last year.

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.

FINANCIAL REVIEW

Group Liquidity and Financial Resources

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

For day-to-day liquidity management and to maintain flexibility in funding, the Group has access to facilities from banks with an aggregate amount of HK\$3,345.4 million (HK\$2,075.4 million was secured by first charges over certain leasehold land and buildings and investment properties of the Group), of which HK\$1,525.4 million bank loans have been drawn down and approximately HK\$98.7 million has been utilised mainly for the issuance of performance bonds as at 31 March 2023. The bank loans under these banking facilities bear interests at prevailing market interest rates.

The Group follows a prudent policy in managing its cash balance, and endeavours to maintain its sound cash flow generating capability, its ability to take on investments and acquisition projects, in order to enhance shareholder wealth. The total cash and bank balances of the Group amounted to HK\$399.5 million as at 31 March 2023 (2022: HK\$609.3 million (included the bank balances shown under assets classified as held for sale)), and accounted for 23.6% of the current assets (2022: 28.9%).

During the year, the Group has a net cash outflow of HK\$142.6 million in its operating activities (mainly due to increase in properties under development for sale, decrease in trade and other payables and payment of tax and interest), a net cash inflow of HK\$300.2 million in its investing activities (mainly due to proceeds from disposal of assets classified as held for sale and liabilities associated with assets classified as held for sale and investment properties and repayment of loans to joint ventures, netting off loans to joint ventures), and a net cash outflow of HK\$367.4 million in its financing activities (mainly due to dividends paid to shareholders, repayment of bank loans and payment on repurchase of ordinary shares, netting off new bank loans raised). Net bank borrowings (total bank loans less total bank balances and cash) amounted to HK\$1,125.9 million as at 31 March 2023 (2022: net bank borrowings of HK\$1,182.1 million). Accordingly, the gearing ratio of the Group, calculated on the basis of the Group’s net bank borrowings to shareholders’ funds, was 27.6% (2022: 28.0%). As at year-end date, the Group was with a net current assets of HK\$774.6 million (2022: HK\$792.6 million) and the current ratio (current assets divided by current liabilities) was 1.85 times (2022: 1.6 times).

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

Treasury Policy

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

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

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

Shareholders' Funds

At the year-end date, shareholders' funds of the Group were HK\$4,072.7 million including reserves of HK\$3,963.1 million, a decrease of HK\$142.8 million from HK\$4,105.9 million at 31 March 2022. On that basis, the consolidated net asset value of the Group as at 31 March 2023 was HK\$3.71 per share, compared to the consolidated net asset value of HK\$3.81 per share as at 31 March 2022. The decrease in shareholders' funds was mainly attributable to losses for the year, payments of cash dividends and repurchase of shares.

Capital Structure

The Group intends to keep an appropriate mix of equity and debt to ensure an efficient capital structure over time. As at 31 March 2023, the Group borrowed Hong Kong dollar loans amounting to HK\$1,525.4 million from the banks (2022: HK\$1,791.4 million). The borrowings have been used as general working capital for financing the properties for development and investment purposes over the years. The maturity profile of the loans spread over a period of two years with HK\$394.4 million repayable within the first year and HK\$1,131.0 million repayable within the second year. Interest is based on Hong Kong Interbank Offered Rate plus a competitive margin.

Major Disposals

On 13 April 2022, the Group has entered into a sale and purchase agreement with an independent third party to dispose of certain units and a car parking space in an industrial property named "Shatin Industrial Centre" located in Hong Kong at a consideration of HK\$79.0 million. The disposal was completed on 14 October 2022.

On 3 May 2022, the Group has entered into a sale and purchase agreement with an independent third party to dispose of certain units in an industrial property named "Shatin Industrial Centre" located in Hong Kong at a consideration of HK\$205.0 million. The disposal was completed on 13 May 2022.

On 25 August 2022, the Group has entered into a sale and purchase agreement with an independent third party to dispose of certain units and a car parking space of an industrial property named "Chaiwan Industrial Centre" located in Hong Kong at a consideration of HK\$55.0 million. The disposal was completed on 26 September 2022.

Collateral

As at 31 March 2023, certain leasehold land and buildings and investment properties of the Group, at the carrying value of approximately HK\$2,673.9 million (2022: HK\$2,704.8 million), were pledged to the banks to secure the Hong Kong dollar loans of HK\$1,425.4 million (2022: HK\$1,691.4 million).

Performance Bonds

As at 31 March 2023, the Group had outstanding performance bonds in respect of construction contracts amounting to HK\$98,652,000 (2022: HK\$136,833,000).

Commitments

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

	31.3.2023	31.3.2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Commitments to provide loans	<u>1,515,461</u>	<u>1,907,197</u>

Employees and Remuneration Policy

As at 31 March 2023, the Group (excluding its joint ventures) had 447 employees. Staff costs of the Group for the year ended 31 March 2023 amounted to HK\$204.8 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.

PROSPECTS

According to the International Monetary Fund, global growth on economic activity will decelerate in 2023 due to rising interest rates and the impact of the war in Ukraine. High inflation and banking tensions in the U.S. and Europe have only exacerbated the uncertain economic situation. As a result, the baseline forecast suggests that global growth will decline from 3.4% in 2022 to 2.8% in 2023. The slowdown is expected to be particularly evident in advanced economies, falling from 2.7% in 2022 to 1.3% in 2023. Longer term, growth is estimated to stay at around the 3% mark over the next five years, resulting in the lowest medium-term growth forecast in more than three decades and placing it well below the 3.8% average seen in the last 20 years. This is primarily due to factors such as the expected tightening of policy to reduce inflation, the war in Ukraine and the deteriorating financial situation. As for the situation in China, the country's real GDP growth is expected to rebound to 4.3% in 2023 following sluggish growth in 2022. As the World Bank has pointed out, China has sufficient fiscal space that can be used to support a stronger recovery in the coming years, especially if these efforts are focused on social spending and green investments to promote more sustainable growth in the medium term.

Hong Kong's economy is expected to strengthen in 2023 following the re-opening of the border, supported by continued economic normalisation and peaking interest rates, both of which will help offset external uncertainty to some extent. Regarding the construction industry, in the latest Policy Address, the government proposed a series of policies to drive economic growth, including accelerating public housing construction (including a significant increase in transitional housing), expanding transport infrastructure and developing the northern metropolis, all of which will provide fresh momentum to the industry. As for the property sector, after several years of turmoil, the market expects 2023 to usher in a rebound in real estate rental and investment demand, with the hope that the re-opening of the border will help improve investment sentiment. In addition, the second half of the year should see an increase in investment volume after weak activity in the first half caused by high financing costs.

In view of the government's support and the gradual recovery of the Hong Kong market, the Group is optimistic about its development in the coming years. While focusing on securing more public sector projects for our construction-related businesses, we will maintain a cautious approach to real estate development and investment. Management will also invest more efforts in attracting and retaining talent, as the shortage of skilled workers and professionals in the industry is currently a major challenge for our business. Our people are our most valuable asset, enabling us to deliver satisfactory returns and maximum value to our stakeholders.

CORPORATE GOVERNANCE

The corporate governance principles of the Company emphasise a quality board of directors and transparency and accountability to all shareholders. Throughout the year ended 31 March 2023, the Company has complied with all applicable code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), except for Code Provision F.2.2 of the CG Code which stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board, Mr. Cha Mou Daid, Johnson, was unable to attend the Company's 2022 annual general meeting due to other engagement. The Managing Director took the chair of that meeting and responded to questions from the shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 March 2023, the Company repurchased a total of 20,644,000 shares of the Company on the Stock Exchange for a total consideration (before expenses) of HK\$23,866,520. 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 HK\$	Lowest HK\$	
September 2022	2,568,000	1.16	1.15	2,972,540
October 2022	772,000	1.16	1.14	894,240
November 2022	966,000	1.12	1.06	1,056,580
December 2022	2,932,000	1.16	1.12	3,392,800
January 2023	1,602,000	1.16	1.14	1,857,720
February 2023	5,896,000	1.16	–	6,839,360
March 2023	5,908,000	1.16	–	6,853,280
Total	20,644,000			23,866,520

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 year ended 31 March 2023.

REVIEW OF ANNUAL RESULTS

The Group's consolidated financial statements for the year ended 31 March 2023 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 20 June 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

Hong Kong, 20 June 2023

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

Non-executive Chairman

Mr. Cha Mou Daid, Johnson

Executive Directors

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

Mr. Tai Sai Ho (*General Manager*)

Mr. Chow Ka Fung

Non-executive Director

Dr. Lam Chat Yu

Independent Non-executive Directors

Mr. Chan Pak Joe

Dr. Lau Tze Yiu, Peter

Dr. Sun Tai Lun

Dr. Chan Fan Cheong, Tony