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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 2016

SUMMARY OF RESULTS

For the year ended 31 March 2016, Hanison Construction Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) recorded a turnover of HK\$2,623.0 million, up 25.2% from HK\$2,095.2 million recorded in the previous financial year. Consolidated profit attributable to owners of the Company for the year increased by 51.6% to HK\$635.7 million (2015: HK\$419.2 million). This was mainly due to disposal of a development project – various land lots located in D.D. No. 129, Lau Fau Shan, Yuen Long, New Territories, Hong Kong, through disposal of a subsidiary during the year.

The basic earnings per share and diluted earnings per share for the year were HK80.0 cents and HK79.0 cents, representing increases of 44.7% and 42.9% as compared to HK55.3 cents (restated) and HK55.3 cents (restated) respectively last year.

As at 31 March 2016, the net asset value of the Group amounted to HK\$2,697.2 million (2015: HK\$1,743.6 million), representing an increase of 54.7% over last year. Net asset value per share at 31 March 2016 was HK\$2.60 (2015: HK\$3.25).

DIVIDEND

The board of directors of the Company (the “Board”) has recommended a final dividend of HK5.0 cents per share for the year ended 31 March 2016 (2015: HK3.4 cents per share) to shareholders whose names appear on the register of members of the Company on 31 August 2016. This, together with the interim dividend of HK2.5 cents per share (2015: HK2.1 cents per share) distributed during the year, gives a total dividend of HK7.5 cents per share for the year (2015: HK5.5 cents per share). The proposed final dividend will be paid on 13 September 2016 following approval at the annual general meeting scheduled to be held on 23 August 2016 (“AGM”).

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from 19 August 2016 to 23 August 2016, both days inclusive, for the purpose of determining the identity of members who are entitled to attend and vote at the AGM. 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 18 August 2016.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from 29 August 2016 to 31 August 2016, both days inclusive, for the purpose of determining the identity of members who are entitled to the final dividend for the year ended 31 March 2016 ("2016 Final Dividend"). In order to qualify for the 2016 Final 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 26 August 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2016

| | <i>NOTES</i> | 2016 HK\$'000 | 2015 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| Turnover | 3 | 2,623,043 | 2,095,154 |
| Cost of sales | | <u>(2,244,371)</u> | <u>(1,707,685)</u> |
| Gross profit | | 378,672 | 387,469 |
| Other income | | 10,380 | 4,281 |
| Other gains and losses | 5 | 431,030 | 68 |
| Marketing and distribution costs | | (44,541) | (71,771) |
| Administrative expenses | | (248,960) | (164,233) |
| Gain on change in fair value of investment properties | | 210,223 | 355,902 |
| Share of profit of an associate | | 95 | 5,249 |
| Share of (loss) profit of joint ventures | | (50,260) | 2,432 |
| Finance costs | | <u>(12,126)</u> | <u>(7,927)</u> |
| Profit before taxation | 6 | 674,513 | 511,470 |
| Taxation | 7 | <u>(26,817)</u> | <u>(24,008)</u> |
| Profit for the year | | <u>647,696</u> | <u>487,462</u> |
| Profit for the year attributable to: | | | |
| Owners of the Company | | 635,701 | 419,202 |
| Non-controlling interest | | <u>11,995</u> | <u>68,260</u> |
| | | <u>647,696</u> | <u>487,462</u> |
| | | | (Restated) |
| Earnings per share | | | |
| Basic (HK cents) | 9 | <u>80.0</u> | <u>55.3</u> |
| Diluted (HK cents) | 9 | <u>79.0</u> | <u>55.3</u> |

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

FOR THE YEAR ENDED 31 MARCH 2016

| | 2016 <i>HK\$'000</i> | 2015 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Profit for the year | <u>647,696</u> | <u>487,462</u> |
| Other comprehensive expense: | | |
| Item that may be subsequently reclassified to profit or loss: | | |
| Exchange differences arising on translation of foreign operations | <u>(7,004)</u> | <u>(978)</u> |
| Total comprehensive income for the year | <u>640,692</u> | <u>486,484</u> |
| Total comprehensive income for the year attributable to: | | |
| Owners of the Company | 628,697 | 418,224 |
| Non-controlling interest | <u>11,995</u> | <u>68,260</u> |
| | <u>640,692</u> | <u>486,484</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2016

| | <i>NOTES</i> | 31.3.2016 HK\$'000 | 31.3.2015 <i>HK\$'000</i> |
|---|--------------|-------------------------------------|------------------------------|
| Non-current assets | | | |
| Investment properties | | 1,827,310 | 1,028,240 |
| Property, plant and equipment | | 293,745 | 68,794 |
| Prepaid lease payments | | 6,032 | 6,508 |
| Interest in an associate | | 6,618 | 26,223 |
| Interests in joint ventures | | 117,483 | 187,158 |
| Pledged bank deposits | | 200,910 | 83,720 |
| Deferred tax assets | | 627 | 488 |
| | | <hr/> 2,452,725 | <hr/> 1,401,131 |
| Current assets | | | |
| Properties under development for sale | | – | 343,166 |
| Properties held for sale | | 260,225 | 393,680 |
| Inventories | | 14,226 | 22,089 |
| Amounts receivable on contract work | | 122,024 | 134,805 |
| Progress payments receivable | <i>10</i> | 131,266 | 96,723 |
| Retention money receivable | | 223,300 | 214,466 |
| Debtors, deposits and prepayments | <i>11</i> | 57,261 | 542,405 |
| Prepaid lease payments | | 213 | 219 |
| Amounts due from joint ventures | | 17 | 18 |
| Amount due from an associate | | – | 2,198 |
| Investments held for trading | | 325 | 426 |
| Taxation recoverable | | 3,200 | 2,940 |
| Bank balances and cash | | 1,221,284 | 301,206 |
| | | <hr/> 2,033,341 | <hr/> 2,054,341 |
| Current liabilities | | | |
| Amounts payable on contract work | | 329,224 | 243,447 |
| Trade and other payables | <i>12</i> | 655,679 | 586,429 |
| Taxation payable | | 26,611 | 18,707 |
| Amount due to a non-controlling shareholder | | – | 76,222 |
| Bank loans – amounts due within one year | | 764,780 | 691,260 |
| | | <hr/> 1,776,294 | <hr/> 1,616,065 |
| Net current assets | | <hr/> 257,047 | <hr/> 438,276 |
| Total assets less current liabilities | | <hr/> 2,709,772 | <hr/> 1,839,407 |

| | 31.3.2016 HK\$'000 | 31.3.2015 HK\$'000 |
|--|-------------------------------------|-------------------------|
| Non-current liabilities | | |
| Other long-term payable | – | 14,253 |
| Deferred tax liabilities | <u>12,530</u> | <u>8,095</u> |
| | <u>12,530</u> | <u>22,348</u> |
| | <u>2,697,242</u> | <u>1,817,059</u> |
| Capital and reserves | | |
| Share capital | 103,572 | 53,632 |
| Reserves | <u>2,593,670</u> | <u>1,689,928</u> |
| Equity attributable to owners of the Company | <u>2,697,242</u> | <u>1,743,560</u> |
| Non-controlling interest | <u>–</u> | <u>73,499</u> |
| | <u>2,697,242</u> | <u>1,817,059</u> |

NOTES:

1. BASIS OF PREPARATION

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”). 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 (the “Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

The disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors’ reports and audits and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

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

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has applied the following amendments to HKFRSs issued by the HKICPA.

| | |
|-----------------------|---|
| Amendments to HKAS 19 | Defined benefit plans: Employee contributions |
| Amendments to HKFRSs | Annual improvements to HKFRSs 2010 – 2012 cycle |
| Amendments to HKFRSs | Annual improvements to HKFRSs 2011 – 2013 cycle |

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

New and revised HKFRSs in issued but not yet effective

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

| | |
|---|---|
| HKFRS 9 | Financial instruments ¹ |
| HKFRS 14 | Regulatory deferral accounts ² |
| HKFRS 15 | Revenue from contracts with customers ¹ |
| HKFRS 16 | Leases ⁵ |
| Amendments to HKFRS 11 | Accounting for acquisitions of interests in joint operations ³ |
| Amendments to HKAS 1 | Disclosure initiative ³ |
| Amendments to HKAS 16 and HKAS 38 | Clarification of acceptable methods of depreciation and amortisation ³ |
| Amendments to HKAS 16 and HKAS 41 | Agriculture: Bearer plants ³ |
| Amendments to HKAS 27 | Equity method in separate financial statements ³ |
| Amendments to HKFRS 10 and HKAS 28 | Sale or contribution of assets between an investor and its associate or joint venture ⁴ |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment entities: Applying the consolidation exception ³ |
| Amendments to HKFRSs | Annual improvements to HKFRSs 2012 – 2014 cycle ³ |

¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

³ Effective for annual periods beginning on or after 1 January 2016.

⁴ Effective for annual periods beginning on or after a date to be determined.

⁵ Effective for annual periods beginning on or after 1 January 2019.

3. TURNOVER

Turnover represents the aggregate of the revenue earned from construction contract work, interior and renovation contracts, supply and installation of building materials, sales of health products, gross rental income from property investment, sale of properties and provision of property agency and management services during the year.

4. SEGMENT INFORMATION

The Group is organised into seven operating divisions: construction, interior and renovation works, 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 segment:

For the year ended 31 March 2016

| | Construction <i>HK\$'000</i> | Interior and renovation <i>HK\$'000</i> | Building materials <i>HK\$'000</i> | Health products <i>HK\$'000</i> | Property investment <i>HK\$'000</i> | Property development <i>HK\$'000</i> | Property agency and management <i>HK\$'000</i> | Segment total <i>HK\$'000</i> | Eliminations <i>HK\$'000</i> | Consolidated <i>HK\$'000</i> |
|---------------------|---------------------------------|---|--|---------------------------------------|---|--|---|-------------------------------------|---------------------------------|---------------------------------|
| TURNOVER | | | | | | | | | | |
| External sales | 1,523,079 | 358,137 | 375,720 | 52,659 | 31,655 | 272,327 | 9,466 | 2,623,043 | - | 2,623,043 |
| Inter-segment sales | 52,014 | 47,403 | 38,264 | 44 | 2,030 | - | 16,666 | 156,421 | (156,421) | - |
| Total | <u>1,575,093</u> | <u>405,540</u> | <u>413,984</u> | <u>52,703</u> | <u>33,685</u> | <u>272,327</u> | <u>26,132</u> | <u>2,779,464</u> | <u>(156,421)</u> | <u>2,623,043</u> |

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

| | | | | | | | | | | |
|------------------------|---------------|---------------|---------------|--------------|----------------|----------------|------------|----------------|----------|-----------------|
| RESULTS | | | | | | | | | | |
| Segment result | <u>44,305</u> | <u>17,973</u> | <u>29,811</u> | <u>2,638</u> | <u>193,958</u> | <u>426,085</u> | <u>163</u> | <u>714,933</u> | <u>-</u> | <u>714,933</u> |
| Unallocated expenses | | | | | | | | | | <u>(40,420)</u> |
| Profit before taxation | | | | | | | | | | <u>674,513</u> |

For the year ended 31 March 2015

| | Construction <i>HK\$'000</i> | Interior and renovation <i>HK\$'000</i> | Building materials <i>HK\$'000</i> | Health products <i>HK\$'000</i> | Property investment <i>HK\$'000</i> | Property development <i>HK\$'000</i> | Property agency and management <i>HK\$'000</i> | Segment total <i>HK\$'000</i> | Eliminations <i>HK\$'000</i> | Consolidated <i>HK\$'000</i> |
|---------------------|---------------------------------|---|--|---------------------------------------|---|--|---|-------------------------------------|---------------------------------|---------------------------------|
| TURNOVER | | | | | | | | | | |
| External sales | 1,040,254 | 286,104 | 253,334 | 56,357 | 25,864 | 422,806 | 10,435 | 2,095,154 | - | 2,095,154 |
| Inter-segment sales | 76,113 | 205,012 | 14,570 | 36 | 1,431 | - | 7,809 | 304,971 | (304,971) | - |
| Total | <u>1,116,367</u> | <u>491,116</u> | <u>267,904</u> | <u>56,393</u> | <u>27,295</u> | <u>422,806</u> | <u>18,244</u> | <u>2,400,125</u> | <u>(304,971)</u> | <u>2,095,154</u> |

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

| | | | | | | | | | | |
|------------------------|---------------|---------------|---------------|--------------|----------------|---------------|------------|----------------|----------|----------------|
| RESULTS | | | | | | | | | | |
| Segment result | <u>35,734</u> | <u>22,242</u> | <u>33,724</u> | <u>2,428</u> | <u>340,973</u> | <u>85,195</u> | <u>624</u> | <u>520,920</u> | <u>-</u> | <u>520,920</u> |
| Unallocated expenses | | | | | | | | | | <u>(9,450)</u> |
| Profit before taxation | | | | | | | | | | <u>511,470</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.

(b) Other InformationYear ended 31 March 2016

| | 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 | Consolidated HK\$'000 |
|---|--------------------------|--|-----------------------------------|--------------------------------|------------------------------------|-------------------------------------|--|--------------------------|
| Amounts included in the measure of segment results or segment assets: | | | | | | | | |
| Depreciation of property, plant and equipment | 2,004 | 38 | 269 | 869 | 898 | 17 | 1,916 | 6,011 |
| Gain on change in fair value of investment properties | - | - | - | - | (210,223) | - | - | (210,223) |
| Loss on change in fair value of investments held for trading | 101 | - | - | - | - | - | - | 101 |
| Reversal of impairment loss recognised on trade debtors | - | - | (927) | - | - | - | - | (927) |
| Gain on change in fair value of other long-term payable | - | - | - | - | - | (14,253) | - | (14,253) |
| (Gain) loss on disposal of property, plant and equipment | (4,194) | - | (8) | 32 | - | - | - | (4,170) |
| Gain on disposal of subsidiaries | - | - | - | - | (252) | - | - | (252) |
| Gain on disposal of a development project through disposal of a subsidiary | - | - | - | - | - | (416,626) | - | (416,626) |
| Interest income | (86) | - | (16) | (1) | - | (98) | (1,626) | (1,827) |
| Share of profit of an associate | - | - | - | - | (95) | - | - | (95) |
| Share of loss of joint ventures | - | - | - | - | - | 50,260 | - | 50,260 |
| Finance costs | - | - | 2,267 | - | 9,609 | 250 | - | 12,126 |
| Additions to non-current assets (note) | 8,523 | - | 1,548 | 1,126 | 20,295 | 94 | 3 | 31,589 |
| Interest in an associate | - | - | - | - | 6,618 | - | - | 6,618 |
| Interests in joint ventures | - | - | - | - | - | 117,483 | - | 117,483 |
| Amounts regularly provided to the chief operating decision makers but not included in the measure of segment results: | | | | | | | | |
| Income tax expenses (credit) | 5,935 | 2,630 | 3,162 | 253 | (1,317) | 15,792 | 362 | 26,817 |

Note: Non-current assets exclude pledged bank deposits, deferred tax assets, interest in an associate and interests in joint ventures.

Year ended 31 March 2015

| | 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 | Consolidated HK\$'000 |
|---|--------------------------|--|-----------------------------------|--------------------------------|------------------------------------|-------------------------------------|--|--------------------------|
| Amounts included in the measure of segment results or segment assets: | | | | | | | | |
| Depreciation of property, plant and equipment | 1,785 | 38 | 220 | 561 | 462 | - | 2,480 | 5,546 |
| Gain on change in fair value of investment properties | - | - | - | - | (355,902) | - | - | (355,902) |
| Gain on change in fair value of investments held for trading | (62) | - | - | - | - | - | - | (62) |
| Gain on change in fair value of derivative financial instruments | - | - | (6) | - | - | - | - | (6) |
| Reversal of impairment loss recognised on trade debtors | - | - | (7,009) | - | - | - | - | (7,009) |
| Gain on disposal of property, plant and equipment | (362) | - | - | (4) | - | - | - | (366) |
| Interest income | - | - | (24) | (1) | - | (17) | (1,545) | (1,587) |
| Share of profit of an associate | - | - | - | - | (5,249) | - | - | (5,249) |
| Share of (profit) loss of joint ventures | (6,668) | - | - | - | - | 4,236 | - | (2,432) |
| Finance costs | - | - | 628 | - | 5,712 | 1,587 | - | 7,927 |
| Additions to non-current assets (note) | 3,576 | - | 1,649 | 962 | 7,288 | - | 29 | 13,504 |
| Interest in an associate | - | - | - | - | 26,223 | - | - | 26,223 |
| Interests in joint ventures | 7,485 | - | - | - | - | 179,673 | - | 187,158 |

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

| | | | | | | | | |
|---------------------|-------|-------|-----|----|-----|--------|-----|--------|
| Income tax expenses | 4,473 | 3,532 | 426 | 32 | 502 | 14,624 | 419 | 24,008 |
|---------------------|-------|-------|-----|----|-----|--------|-----|--------|

Note: Non-current assets exclude pledged bank deposits, deferred tax assets, interest in an associate and interests in joint ventures.

Geographical information

The Group's turnover which is generated from customers located in Hong Kong, the Company's place of domicile, amounted to HK\$2,595,046,000 (2015: HK\$2,080,311,000). Accordingly, no further analysis of the Group's turnover 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*):

| | 2016 | 2015 |
|--|-------------------------|-------------------------|
| | HK\$'000 | HK\$'000 |
| Hong Kong (place of domicile) | 2,130,516 | 1,136,609 |
| The People's Republic of China (the "PRC") | 120,672 | 180,314 |
| | <u>2,251,188</u> | <u>1,316,923</u> |

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

Non-current assets excluded pledged bank deposits and deferred tax assets.

Information about major customers

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

| | 2016 | 2015 |
|----------------------------|-------------------|-----------------------|
| | HK\$'000 | HK\$'000 |
| Customer A (<i>note</i>) | 460,310 | 235,893 |
| Customer B (<i>note</i>) | 385,477 | – * |
| Customer C (<i>note</i>) | – * | 252,296 |
| | <u>– *</u> | <u>252,296</u> |

Note: Revenue from construction contracts income within the construction segment.

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

5. OTHER GAINS AND LOSSES

Included in other gains and losses is the gain on disposal of a development project through disposal of a subsidiary amounting to HK\$416,626,000 for the year ended 31 March 2016.

On 30 July 2015, a wholly owned subsidiary of the Company, Hanison Construction Holdings (BVI) Limited ("Hanison BVI") entered into a sale and purchase agreement with an independent third party to dispose of the entire issued capital and shareholder's loan of Wisdom Concept Development Limited ("Wisdom Concept"). Wisdom Concept is engaged in property development. The major assets of Wisdom Concept represented properties under development situated at D.D. 129, Lau Fau Shan in Yuen Long. The cash consideration for the disposal is HK\$710,000,000. The disposal was completed on 22 March 2016.

6. PROFIT BEFORE TAXATION

| | 2016 | 2015 |
|---|------------------|-----------|
| | HK\$'000 | HK\$'000 |
| Profit before taxation has been arrived at after charging and (crediting): | | |
| Depreciation of property, plant and equipment | 6,011 | 5,546 |
| Auditor's remuneration | 2,880 | 2,380 |
| Reversal of impairment loss recognised on trade debtors | (927) | (7,009) |
| Gain on disposal of property, plant and equipment | (4,170) | (366) |
| Gain on disposal of subsidiaries | (252) | – |
| Gain on disposal of a development project through disposal of a subsidiary | (416,626) | – |
| Gain on change in fair value of other long-term payable | (14,253) | – |
| Net exchange loss | 2,392 | 428 |
| Contract costs recognised as expense in cost of sales | 2,084,683 | 1,412,233 |
| Costs of inventories recognised as an expense in cost of sales | 159,688 | 295,452 |
| Reversal of over accrued contract costs upon finalisation of accounts during the year | (24,557) | (15,399) |
| Gross rental income under operating leases | (31,655) | (25,864) |
| Less: Direct operating expenses that generated rental income during the year | 3,932 | 4,319 |
| | (27,723) | (21,545) |
| Sub-leasing income | (343) | (327) |
| Less: Direct operating expenses that generated sub-leasing income during the year | 51 | 53 |
| | (292) | (274) |
| Expenses included in cost of contract work: | | |
| Depreciation | 4,597 | 3,527 |
| Release of prepaid lease payments | 213 | 219 |
| Rentals under operating leases in respect of: | | |
| – plant and machinery | 15,208 | 12,688 |
| – others | 1,627 | 1,859 |
| | 16,835 | 14,547 |

7. TAXATION

| | 2016 HK\$'000 | 2015 <i>HK\$'000</i> |
|-------------------------------------|--------------------------------|-------------------------|
| Hong Kong Profits Tax | | |
| Current year | 25,326 | 23,749 |
| Under(over)provision in prior years | 2,097 | (142) |
| | 27,423 | 23,607 |
| Deferred taxation | (606) | 401 |
| | 26,817 | 24,008 |

Hong Kong Profits Tax is provided at 16.5% on the estimated assessable profits for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

No provision for taxation in the PRC as there are no assessable profits for both years.

8. DIVIDENDS

Dividends recognised as distribution during the year:

| | 2016 HK\$'000 | 2015 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Ordinary shares: | | |
| Interim dividend for 2016 – HK2.5 cents per share (2015: HK2.1 cents per share for 2015) | 16,942 | 11,263 |
| Final dividend for 2015 – HK3.4 cents per share (2015: HK3.2 cents per share for 2014) | 18,433 | 17,162 |
| | 35,375 | 28,425 |

A final dividend of HK5.0 cents per share totalling not less than HK\$51,786,000 in respect of the year ended 31 March 2016 (2015: final dividend of HK3.4 cents per share totalling HK\$18,433,000 in respect of the year ended 31 March 2015) has been proposed by the directors of the Company and is subject to approval by the shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE

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

| | 2016 HK\$'000 | 2015 HK\$'000 |
|--|--------------------------------|----------------------------|
| <u>Earnings</u> | | |
| Earnings for the purpose of basic and diluted earnings per share | <u>635,701</u> | <u>419,202</u> |
| | 2016 '000 | 2015 '000 (Restated) |
| <u>Number of shares</u> | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 794,807 | 757,546 |
| Effect of dilutive potential ordinary shares: | | |
| Adjustment in relation to share options issued by the Company | <u>9,875</u> | <u>668</u> |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | <u>804,682</u> | <u>758,214</u> |

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the year ended 31 March 2015 have been adjusted and restated for (i) the bonus issue of shares on the basis of one bonus share for every four existing shares held during the year and (ii) the rights issue on the basis of one rights share for every two existing shares held by shareholders of the Company at the price of HK\$1.00 per share.

10. PROGRESS PAYMENTS RECEIVABLE

Progress payments receivable represents the amounts receivable, after deduction of retention money, for construction services which usually fall due within 30 days after the work is certified. Retention money is usually withheld from the amounts receivable for work certified. 50% of the retention money is normally due upon completion of construction services and the remaining 50% portion is due upon finalisation of construction accounts.

Management closely monitors the credit quality of progress payments receivables. 88% (2015: 100%) of the progress payments receivable that are neither past due nor impaired are considered to be of good credit quality based on historical repayment from the debtors. The Group does not hold any collateral over these balances.

The aged analysis of progress payments receivable is as follows:

| | 31.3.2016 HK\$'000 | 31.3.2015 <i>HK\$'000</i> |
|----------------|-------------------------------------|------------------------------|
| Within 30 days | 115,426 | 96,723 |
| 31 – 60 days | 5,760 | – |
| Over 60 days | 10,080 | – |
| | <u>131,266</u> | <u>96,723</u> |

11. DEBTORS, DEPOSITS AND PREPAYMENTS

Proceeds from property sales are receivable pursuant to the terms of the sale and purchase agreements. In addition to the payment of rental deposits, the Group is required to pay monthly rents in respect of leased properties in advance. For other businesses, the Group generally allows a credit period of not more than 90 days (2015: not more than 90 days) 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.

Management closely monitors the credit quality of trade debtors. 91% (2015: 97%) of the trade debtors that are neither past due nor impaired to be of a good credit quality based on their historical repayments. Included in the trade debtors balance are trade debtors with aggregate carrying amount of HK\$2,471,000 (2015: HK\$9,093,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. There are no balances included in other receivables which are past due.

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

| | 31.3.2016 HK\$'000 | 31.3.2015 <i>HK\$'000</i> |
|----------------|-------------------------------------|------------------------------|
| Within 30 days | 22,462 | 174,208 |
| 31 – 60 days | 2,440 | 37,995 |
| 61 – 90 days | 731 | 135,848 |
| Over 90 days | 1,213 | 14,678 |
| | <u>26,846</u> | <u>362,729</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:

| | 31.3.2016 HK\$'000 | 31.3.2015 <i>HK\$'000</i> |
|----------------|-------------------------------------|------------------------------|
| Within 30 days | 110,816 | 143,653 |
| 31 – 60 days | 524 | 884 |
| 61 – 90 days | 1,015 | 219 |
| Over 90 days | 6,040 | 6,743 |
| | <u>118,395</u> | <u>151,499</u> |

OPERATIONS REVIEW

CONSTRUCTION DIVISION

The turnover for the Construction Division was HK\$1,575.1 million for the year ended 31 March 2016 (2015: HK\$1,116.4 million). During the year, the Construction Division continued to work on the projects on hand and secured several new building construction contracts.

The total amount of contracts on hand as at 31 March 2016 for the Construction Division amounted to HK\$4,152.1 million.

Major Project Completed

- (1) Construction of the proposed hotel developments at Nos. 15-16 Connaught Road West & Nos. 29-31 New Market Street and Nos. 30-32 New Market Street & Nos. 23-25 Tung Loi Lane, Sheung Wan, Hong Kong

Major Projects in Progress

- (1) Construction of the residential development at N.K.I.L. No. 6493 Inverness Road, Kowloon Tong
- (2) Construction of the proposed residential and commercial development at No. 5 Tung Yuen Street, Yau Tong, Kowloon
- (3) Construction of the proposed residential development at No. 11 Grampian Road, Kowloon
- (4) Construction of low-density residential development at Sha Tin Town Lot No. 603, Lok Lam Road, Fo Tan, New Territories
- (5) Construction of public rental housing development at Shek Mun Estate Phase 2, Shatin
- (6) Construction of the residential development at 1 Sheung Foo Street, K.I.L. No.11228, Homantin, Kowloon

Major Project Awarded Subsequent to the Financial Year Ended 31 March 2016

- (1) Construction of public rental housing development at Choi Yuen Road Sites 3 and 4, Sheung Shui, New Territories

INTERIOR AND RENOVATION DIVISION

For the year ended 31 March 2016, the Interior and Renovation Division recorded a turnover of HK\$405.5 million, compared with HK\$491.1 million last year.

The total amount of contracts on hand as at 31 March 2016 for the Interior and Renovation Division amounted to HK\$205.3 million.

Major Projects Completed

- (1) Renovation work of Ronsdale Garden at No. 25 Tai Hang Drive, Jardine's Lookout, Hong Kong
- (2) Renovation and alteration works at Branksome Grande at No. 3 Tregunter Path, Hong Kong

Major Projects Undertaken

- (1) Renovation work of Flora Garden at No. 7 Chun Fai Road, Hong Kong
- (2) Refurbishment works for Regal Court and Wing Fung Building at Wing Fung Street, Wan Chai, Hong Kong

Major Project Awarded

- (1) Alternations and additions works for Takan Lodge at 199 Johnston Road, Wanchai, Hong Kong

BUILDING MATERIALS DIVISION

For the year ended 31 March 2016, the turnover of the Building Materials Division was HK\$414.0 million, compared with that of HK\$267.9 million last year.

Trigon Building Materials Limited (“Trigon HK”) and Trigon Interior Fitting-Out Works (Macau) Limited (“Trigon Macau”) (collectively “Trigon”)

Trigon HK and Trigon Macau are two of the subsidiaries of the Group under the Building Materials Division, specialising in the supply and installation of interior products such as different types of suspended ceiling system, metal cladding system, demountable partition system, fire related protection system, decorative moulding, raised flooring and wood flooring.

Major Projects Undertaken

- (1) S.T.T.L. No. 502 proposed residential development at Lok Wo Sha, Ma On Shan – Supply and installation of suspended ceiling system
- (2) West Island Line – Sai Ying Pun Station and tunnels – Design, supply and installation of suspended ceiling system
- (3) Kwun Tong Line Extension – Yau Mai Tei to Whampoa Tunnels and Ho Man Tin Station – Design, supply and installation of suspended ceiling system
- (4) MTR XRL Project 810B – West Kowloon Terminus Station South – Supply and installation of acoustic ceiling and fire rated enclosure system
- (5) Tin Shui Wai Hospital – Supply and installation of suspended ceiling system
- (6) Redevelopment of TWGHS David Trench Home For The Elderly – Supply and installation of suspended ceiling system

- (7) South Island Line (East) – Lei Tung Station, South Horizons Station and Tunnels – Design, supply and installation of suspended ceiling system

The total amount of contracts on hand of Trigon as at 31 March 2016 amounted to HK\$129.5 million.

Million Hope Industries Limited (“Million Hope HK”) and 美興新型建築材料(惠州)有限公司(“美興”) (collectively “Million Hope”)

Million Hope HK and its factory, 美興, specialise in the design, supply and installation of aluminium windows and curtain walls in Hong Kong and Mainland China. Million Hope is one of the authorised manufacturers of the renowned German brand product “Schüco”.

Major Projects Undertaken

- (1) Residential development at No. 18 Tong Chun Street, Tseung Kwan O, TKOTL119, New Territories – Design, supply and installation of aluminium window, sliding door, aluminium cladding and curtain wall
- (2) Proposed residential development at No. 8 Mount Nicholson Road, The Peak, Hong Kong – Design, supply and installation of aluminium window, sliding door and folding door
- (3) Proposed residential redevelopment at 100 Caine Road, Hong Kong – Design, supply and installation of aluminium curtain wall, window and louvre
- (4) Proposed residential redevelopment at No. 11 Grampian Road, Kowloon – Design, supply and installation of curtain wall and external cladding
- (5) Proposed residential redevelopment at No. 31 Conduit Road, Mid-levels, Hong Kong – Installation of curtain wall system and aluminium window
- (6) Proposed residential development at TMTL 423, Area 48, Castle Peak Road, So Kwun Wat, Tuen Mun, New Territories – Design, supply and installation of aluminium window, louvre, grille and metal balustrade

Major Projects Awarded

- (1) Proposed residential and commercial development at 33 Tong Yin Street, TKOTL 125, Area 125, Area 68A1, Tseung Kwan O, New Territories – Design, supply and installation of tower curtain wall and podium facade
- (2) Proposed residential and commercial development – TKOTL112, Area 65C1, Tseung Kwan O, New Territories – Design, supply and installation of aluminium cladding, canopy, skylight and curtain wall
- (3) Proposed residential and commercial development at S.T.T.L. 566 in Area 56A, Kau To Shan, Shatin, New Territories – Design, supply and installation of aluminium window, door and aluminium works to towers

- (4) Proposed residential development at S.T.T.L. 567, Lai Ping Road in Area 56A, Kau To Shan, Shatin, New Territories – Design, supply and installation of aluminium window, curtain wall, louvre, metal cladding and glass balustrade

The total amount of contracts on hand of Million Hope as at 31 March 2016 amounted to HK\$701.7 million.

PROPERTY DEVELOPMENT DIVISION

The Property Development Division recorded a turnover of HK\$272.3 million for the year ended 31 March 2016 (2015: HK\$422.8 million).

During the year, the Group has sold 6 units and 2 car parking spaces of The Bedford and 7 residential units of The Austine Place.

In February 2014, the Group acquired 25% interest in a piece of land located at Sha Tin Town Lot No. 603, Lok Lam Road, Fo Tan, New Territories which will be developed into a low-density residential development, namely Mount Vienna. Superstructure work is underway and construction is expected to be completed in April 2017.

LUXÉAST, the Group's 49% interests in the parcel of land situated at 中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 PRC) for the development of office, retail, carparking spaces and other development pertaining to the land, pre-sale has commenced in late 2012, and the respective 房屋所有權證 (Building Ownership Certificates) have been issued in March 2015. A total of 84 商品房買賣合同 (Sale and Purchase Agreement for Commodity Flat) and a total of 10 認購書 (Purchaser Letter) have been signed up to the end of the reporting year.

During the year, the pieces of agricultural land at D.D. 129, Lau Fau Shan in Yuen Long has been disposed of to a third-party purchaser and completion took place on 22 March 2016, allowing the Group to realise a gain on disposal of approximately HK\$416.6 million.

PROPERTY INVESTMENT DIVISION

The Property Investment Division recorded a turnover of HK\$33.7 million for the year ended 31 March 2016 (2015: HK\$27.3 million).

On 19 March 2015, the Group entered into a sale and purchase agreement for the disposal of CentreHollywood in Sheung Wan in which the Group has 60% interest. The Property Investment Division had ceased to receive rental income derived from CentreHollywood upon completion of the disposal in July 2015.

To diversify its investment portfolio, the Group entered into a sale and purchase agreement on 19 May 2015 and 8 September 2015 for the acquisition of a serviced apartment building at No. 111 High Street in Sai Ying Pun ("One Eleven") and a commercial building at No. 476 Castle Peak Road in Cheung Sha Wan ("PeakCastle") respectively. Both One Eleven and PeakCastle are conveniently located in close proximity to MTR Station and will be renovated to improve the respective rental income and property value. The Property Investment Division had started to receive rental income derived from One Eleven and PeakCastle upon completion of the respective acquisition in July 2015 and October 2015.

Other investment properties of the Group including Shatin Industrial Centre, 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, various land lots in D.D. 128 Deep Bay Road in Yuen Long, and Hoi Bun Godown in Tuen Mun in which the Group has 50% interest, all contributed satisfactory income to the Group during the year.

PROPERTY AGENCY AND MANAGEMENT DIVISION

The turnover of the Property Agency and Management Division for the year ended 31 March 2016 was HK\$26.1 million (2015: HK\$18.2 million).

During the year, the Property Agency and Management Division continued to provide project management service and site supervision service to the large-scale integrated development project in Haining City, Zhejiang Province, the PRC. Since most parts of the project have been completed, services rendered were no longer required. The provision of project management service and site supervision service ceased with effect from 31 March 2016.

In Hong Kong, the Property Agency and Management Division acted as the marketing and project manager for The Grampian at No. 11 Grampian Road, a residential project at Sha Tin Town Lot No. 603, Lok Lam Road and two of the Group's redevelopment projects, The Bedford at Nos. 91-93 Bedford Road and The Austine Place at No. 38 Kwun Chung Street.

This Division also provided property management services to The Austine Place, The Bedford, CentreHollywood in Sheung Wan, Eight College and One LaSalle in Kowloon Tong, Golf Parkview in Sheung Shui, One Eleven in Sai Ying Pun and PeakCastle 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 and CentreHollywood in Sheung Wan up to the disposal in July 2015, One Eleven and PeakCastle.

HEALTH PRODUCTS DIVISION

The Group's Health Products Division has three subsidiaries: Care & Health Limited ("Care & Health"), Healthcorp Trading Limited ("Healthcorp") and Retailcorp Limited ("Retailcorp"). The segment is engaged in the wholesale of Chinese and Western nutritional supplements and the management of relevant retail chain stores.

For the year ended 31 March 2016, the Health Products Division recorded a turnover of HK\$52.7 million, compared with HK\$56.4 million last year.

Retailcorp manages the Group's chain stores under the trade name HealthPlus. As at 31 March 2016, there are 12 retail outlets (including a HealthPlus shop at St. Teresa's Hospital in Kowloon) and 1 service centre in operation. Due to the substantial increase in rentals by landlords, 3 HealthPlus shops have been closed during the year: Lai Chi Kok shop was closed in May 2015, Kwun Tong MTR Station shop was closed in September 2015 and Tuen Mun MTR Station shop was closed in January 2016. On the other hand, 2 new shops have been opened during the year to meet the needs of customers, one located at The Austine Place and another one located at Pioneer Centre, Prince Edward.

Healthcorp, Retailcorp and Care & Health all received the Caring Company award from the Hong Kong Council of Social Service, respectively for the 3rd, 11th and 12th consecutive years. HealthPlus has also been accredited by the Quality Tourism Services Scheme and the No Fakes Pledge Scheme.

During the year under review, significant advances have been made by the Group's research team. A new scientific article – "Supercritical-CO2 extract of Ganoderma lucidum spores inhibits cholangiocarcinoma cell migration by reversing the epithelial-mesenchymal transition" has been published in the international medical and health journal "Phytomedicine" in March 2016, by the research team of "Lingzhi Master" from Sun Yat-sen (Zhongshan) University, Guangzhou, the PRC. "Lingzhi Master" is currently one of the main product series of the Health Products Division, and the management is looking forward to further development of the Ganoderma lucidum spores, which might be clinically applied in the future in the prevention and treatment of cancer metastasis.

The "Lingzhi Master" series, including Ganoderma Bioactive Essence, Ganoderma Spore Bioactive Lipid and Ganoderma Spores, were awarded the "STC tested Mark" since June 2014. "Buyickfong 28 Chinese Herbal Soup for Postnatal Women" was also awarded the "STC tested Mark" since November 2012.

As for e-Commerce, the Group has improved its customer service and marketing functions through more active use of the social media during the year. By interacting more directly with existing and potential customers, the management hopes to be able to improve customer relations and promote product information more effectively. e-Shops have also been established targeting both local and overseas customers to facilitate direct sales generation more efficiently.

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 banking facilities with an aggregate amount of HK\$2,658.8 million (HK\$1,468.8 million was secured by first charges over certain leasehold land and buildings, investment properties and bank deposits of the Group), of which HK\$764.8 million loans have been drawn down and approximately HK\$716.7 million has been utilised mainly for the issuance of letters of credit and performance bonds as at 31 March 2016. 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\$1,221.3 million as at 31 March 2016 (2015: HK\$301.2 million), and accounted for 60.1% of the current assets (2015: 14.7%).

During the year, the Group has a net cash inflow of HK\$768.9 million in its operating activities (mainly due to the decrease in debtors, deposits and prepayments and properties under development for sale as well as the increase in amounts payables on contract work and trade and other payables), a net cash outflow of HK\$389.9 million in its investing activities (mainly due to net cash outflows on acquisition of subsidiaries and placement of pledged bank deposits, netting off net cash inflows on disposal of subsidiaries and disposal of a development project through disposal of a subsidiary), and a net cash inflow of HK\$541.5 million in its financing activities (mainly due to the new bank loans raised and net proceeds from issue of rights shares and proceeds from issue of shares upon exercise of share options, netting off dividends paid to shareholders and repayment of bank loans). As a result, both the cash and bank balances and the bank borrowings increased. As at 31 March 2016, the Group was in a net cash position, calculated on the basis of total cash and bank balances less total bank borrowings. As at 31 March 2015, net bank borrowings (total bank borrowings less total cash and bank balances) amounted to HK\$390.1 million and the gearing ratio of the Group which was calculated on the basis of the Group's net bank borrowings to shareholders' funds was 22.4%. The net current assets have decreased by HK\$181.3 million to HK\$257.0 million as at the year-end date and the current ratio (current assets divided by current liabilities) was 1.14 times (2015: 1.27 times).

With its cash holdings and available banking facilities, 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\$2,697.2 million including reserves of HK\$2,593.7 million, an increase of HK\$903.8 million from HK\$1,689.9 million at 31 March 2015. On that basis, the consolidated net asset value of the Group as at 31 March 2016 was HK\$2.60 per share, compared to the consolidated net asset value of HK\$3.25 per share as at 31 March 2015. The increase in shareholders' funds was mainly attributable to profits retained after the payments of dividends and proceeds from issue of rights shares and exercise of share options during the year.

Capital Structure

The Group intends to keep an appropriate mix of equity and debt to ensure an efficient capital structure over time. During the year under review, the Group has borrowed Hong Kong dollar loans amounting to HK\$764.8 million from the banks (at 31 March 2015: HK\$691.3 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 five years with HK\$150.5 million repayable within the first year, HK\$227.2 million repayable within the second year, HK\$387.1 million repayable within the third to fifth years. Bank loans that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause with carrying amount of HK\$614.3 million have been classified as current liabilities. Interest is based on Hong Kong Interbank Offered Rate plus a competitive margin.

Major Acquisitions and Disposals

On 19 March 2015, a wholly owned subsidiary of the Company, Hanison BVI and an indirectly non-wholly owned subsidiary of CCM Trust (Cayman) Limited, Sky Champion International Limited (“Sky Champion”), entered into a sale and purchase agreement with an independent third party, pursuant to which, Hanison BVI and Sky Champion disposed of their entire interests in Superior Choice Holdings Limited (“Superior Choice”) together with its wholly-own subsidiary, Excel Pointer Limited, which is held by Hanison BVI and Sky Champion on a 60:40 basis, and the same proportionate shareholders’ loans made to Superior Choice. Excel Pointer Limited is engaged in property investment. The total cash consideration for the disposal is HK\$549,710,000. An amount of HK\$143,000,000 out of the total cash consideration has been applied for bank loan repayment directly before the completion of the disposal. The cash consideration attributed to Hanison BVI is HK\$244,826,000. The disposal was completed on 7 July 2015.

On 19 May 2015, an indirect wholly owned subsidiary of the Company, Shangzhi Limited, entered into a sale and purchase agreement with an independent third party to acquire the entire issued capital of General Mark Holdings Limited together with its wholly-owned subsidiary, Masswell International Limited (collectively referred to as “General Mark Group”) and the shareholder’s loan at a cash consideration of HK\$253,346,000. The acquisition was completed on 17 July 2015. The major asset of General Mark Group is an investment property representing an en-bloc residential property situated at No. 111 High Street in Sai Ying Pun.

On 30 July 2015, a wholly owned subsidiary of the Company, Hanison BVI entered into a sale and purchase agreement with an independent third party to dispose of the entire issued capital and shareholder’s loan of Wisdom Concept. Wisdom Concept is engaged in property development. The major assets of Wisdom Concept represented properties under development situated at D.D. 129, Lau Fau Shan in Yuen Long. The cash consideration for the disposal is HK\$710,000,000. The disposal was completed on 22 March 2016.

On 8 September 2015, an indirect wholly owned subsidiary of the Company, Nimble Run Limited, entered into a sale and purchase agreement with an independent third party to acquire the entire issued capital of Trillion Mart Development Limited (formerly known as “Billion Mart Development Limited”) (“Trillion Mart”), and the shareholder’s loan, at a cash consideration of HK\$993,304,000, representing HK\$987,801,000 adjusted by the net current asset value of Trillion Mart on the completion date. The acquisition was completed on 22 October 2015. The major asset of Trillion Mart is an investment property representing an en-bloc commercial property situated at No. 476 Castle Peak Road in Cheung Sha Wan.

Collateral

As at 31 March 2016, certain leasehold land and buildings and investment properties of the Group, at the carrying value of approximately HK\$1,785.4 million (at 31 March 2015: certain leasehold land and buildings, investment properties and properties held for sale of the Group at the carrying value of approximately HK\$1,231.5 million), were pledged to the banks to secure the Hong Kong dollar loans of HK\$634.8 million (at 31 March 2015: HK\$361.3 million). In addition, bank deposits of HK\$200.9 million (at 31 March 2015: HK\$83.7 million) were pledged for bank loans granted to one of the Group's joint ventures in the PRC.

Contingent Liabilities

During the year ended 31 March 2004, legal actions in respect of allegations of copyright infringement and defamation have been taken against certain subsidiaries of the Company carrying on health products business. No further steps have been taken against the Group in respect of such actions after the court hearing for directions to appoint experts and exchange witness statements since 2004. At 31 March 2016, the directors of the Company are of the opinion that in view of the uncertainty of the outcome, it is not practicable to assess the financial effect.

As at 31 March 2016, the Group has a corporate guarantee provided to a bank to secure banking facilities granted to a joint venture of approximately HK\$34,312,000 (2015: HK\$27,100,000), which represents the Group's proportionate share of the banking facilities utilised as at 31 March 2016. In the opinion of the directors of the Company, the fair values of these financial guarantee contracts are insignificant at initial recognition and no provision for financial guarantee contracts has been made at the end of the reporting period.

Capital Commitments

At the end of the reporting period, the Group had committed with another joint venturer to contribute the joint venture by means of shareholder's loan proportioned to its equity interest in the joint venture to finance the expenditure of property under development if called.

Employees and Remuneration Policy

The number of full time monthly employees of the Group, excluding its joint ventures, was 714 (of which 208 employees were in Mainland China) as at 31 March 2016. The Group recruits and promotes individuals based on their development potential, merits and competencies, and ensures that their remuneration packages are at a reasonable market level.

CORPORATE GOVERNANCE

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

Throughout the year ended 31 March 2016, the Company has complied with all the Code Provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except for the deviations set out below in respect of which remedial steps for compliance have been taken or considered reasons are given below:

- (a) Code Provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors (including the independent non-executive directors) of the Company are not appointed for a specific term. However, pursuant to the Articles of Association of the Company amended on 2 August 2005, at each annual general meeting of the Company, one-third of the directors, including executive, non-executive and independent non-executive directors shall retire from office by rotation, and every director shall be subject to retirement at least once every three years. As such, the Company considers that sufficient measures have been taken to ensure that the corporate governance practices of the Company are no less exacting than those in the CG Code.
- (b) Code Provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. The then three non-executive directors of the Company did not attend one or all of the general meetings of the Company held during the year as they had other important business engagements. Details of the directors’ attendance record of meetings are set out in the Corporate Governance Report of the Company’s annual report to be dispatched shortly. To ensure compliance with the CG Code, the Company has taken and will continue to take all reasonable measures to arrange the schedule in such a cautious way that all directors can attend the general meetings.
- (c) Code Provision E.1.2 of the CG Code stipulates that the Chairman of the Board should attend the annual general meeting. The Chairman of the Board, Mr. Cha Mou Sing, Payson, was unable to attend the annual general meeting of the Company held on 25 August 2015 due to other engagement. However, the Managing Director, present at the annual general meeting, took the chair of that meeting in accordance with Article 78 of 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 they have complied with the required standard set out in the Model Code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF ANNUAL RESULTS

The Group's consolidated financial statements for the year ended 31 March 2016 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 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

By order of the Board
HANISON CONSTRUCTION HOLDINGS LIMITED
Cha Mou Sing, Payson
Chairman

Hong Kong, 8 June 2016

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

Non-executive Chairman

Mr. Cha Mou Sing, Payson

Non-executive Director

Mr. Cha Mou Daid, Johnson

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