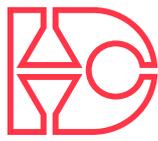


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興勝創建控股有限公司

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 2021**

### **SUMMARY OF RESULTS**

For the year ended 31 March 2021, Hanison Construction Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) recorded revenue of HK\$1,451.6 million, representing a year-on-year increase of 51.5% from HK\$958.2 million recorded in the previous financial year. Consolidated profit attributable to owners of the Company amounted to HK\$275.0 million (2020: HK\$221.4 million), an increase of 24.2% over the profit attained last year. The increase was mainly attributable to (a) the gain on disposals of an agricultural land in Ping Che, 50% interest of a land in Kowloon Tong and 50% interest of a land at Tong Yan San Tsuen in Yuen Long in this year; and (b) partially offset by the decrease in gain on change in fair value of investment properties held by the Group and through joint ventures in this year.

The basic earnings per share and diluted earnings per share for the year were HK25.2 cents, representing increases of 24.1% when compared with HK20.3 cents last year.

As at 31 March 2021, the net asset value of the Group amounted to HK\$4,137.1 million (2020: HK\$3,923.6 million), representing an increase of 5.4% over last year. Net asset value per share as at 31 March 2021 was HK\$3.75 (2020: HK\$3.60).

### **DIVIDEND**

Currently, the Company pays an interim dividend and a final dividend (in September after the annual general meeting).

With effect from the year ended 31 March 2021, the Company intends to pay two interim dividends. Second interim dividend will be in lieu of final dividend.

Shareholders shall receive an earlier payment of the second interim dividend (in lieu of final dividend) (in July instead of September), thus the timing of dividend payments will be more evenly spread over the year (in December and July). The total amount of the dividends paid to shareholders for the year will be the same with two interim dividends as it would have been with interim dividend and final dividend.

The board of directors of the Company (the “Board”) has declared a second interim dividend of HK5.0 cents per share (in lieu of a final dividend) for the year ended 31 March 2021 (2020: final dividend HK5.0 cents per share) to shareholders whose names appear on the register of members of the Company on 7 July 2021. This, together with the first interim dividend of HK2.5 cents per share (2020: HK2.5 cents per share) distributed during the year, gives a total dividend of HK7.5 cents per share for the year (2020: HK7.5 cents per share). The second interim dividend will be paid on 19 July 2021.

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

The register of members of the Company will be closed from 5 July 2021 to 7 July 2021, 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 2021. 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 2 July 2021.

#### **CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING**

The register of members of the Company will be closed from 19 August 2021 to 24 August 2021, 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 24 August 2021. 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 2021.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

|  | <i>NOTES</i> | <b>2021</b><br><b>HK\$'000</b> | 2020<br>HK\$'000      |
|--|--------------|--------------------------------|-----------------------|
| Revenue  | 3            | <b>1,451,560</b>               | 958,245               |
| Cost of sales  |              | <b>(1,314,320)</b>             | (796,200)             |
| Gross profit   |              | <b>137,240</b>                 | 162,045               |
| Other income   |              | <b>50,584</b>                  | 20,616                |
| Other gains and losses                                   | 5            | <b>(1,556)</b>                 | 31,509                |
| Gain (loss) on disposal of property, plant and equipment |              | <b>199,618</b>                 | (308)                 |
| Gain (loss) on disposal of subsidiaries                  |              | <b>116,497</b>                 | (1,235)               |
| Impairment losses under expected credit loss model, net  |              | <b>(24,849)</b>                | (3,992)               |
| Marketing and distribution costs                         |              | <b>(4,334)</b>                 | (43,435)              |
| Administrative expenses                                  |              | <b>(191,091)</b>               | (212,478)             |
| Change in fair value of investment properties            |              |                                |                       |
| – Realised gains on disposals                            |              | <b>137,425</b>                 | 68,786                |
| – Unrealised (losses) gains                              |              | <b>(79,551)</b>                | 114,480               |
| Share of profit of an associate                          |              | <b>3,226</b>                   | 404                   |
| Share of (loss) profit of joint ventures                 |              | <b>(31,971)</b>                | 130,042               |
| Finance costs  |              | <b>(38,048)</b>                | (34,682)              |
| Profit before taxation                                   | 6            | <b>273,190</b>                 | 231,752               |
| Taxation   | 7            | <b>1,796</b>                   | (10,376)              |
| Profit for the year                                      |              | <b><u>274,986</u></b>          | <b><u>221,376</u></b> |
| <b>Earnings per share</b>                                |              |                                |                       |
| Basic (HK cents)   | 9            | <b><u>25.2</u></b>             | <b><u>20.3</u></b>    |
| Diluted (HK cents)                                       | 9            | <b><u>25.2</u></b>             | <b><u>20.3</u></b>    |

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2021**

|   | <b>2021</b><br><b>HK\$'000</b> | 2020<br>HK\$'000 |
|---|--------------------------------|------------------|
| Profit for the year   | <u>274,986</u>                 | <u>221,376</u>   |
| Other comprehensive income (expense):                                 |                                |                  |
| <i>Items that may be subsequently reclassified to profit or loss:</i> |                                |                  |
| Exchange differences arising on translation of foreign operations     | <b>189</b>                     | (32)             |
| Share of exchange differences of a joint venture                      | <u>7,111</u>                   | <u>(6,520)</u>   |
|   | <u>7,300</u>                   | <u>(6,552)</u>   |
| Total comprehensive income for the year                               | <u><b>282,286</b></u>          | <u>214,824</u>   |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 MARCH 2021**

|   | <i>NOTES</i> | <b>31.3.2021</b><br><b>HK\$'000</b> | 31.3.2020<br><i>HK\$'000</i> |
|---|--------------|-------------------------------------|------------------------------|
| <b>Non-current assets</b>                             |              |                                     |                              |
| Investment properties                                 |              | <b>4,943,560</b>                    | 2,858,773                    |
| Property, plant and equipment                         |              | <b>366,036</b>                      | 1,114,411                    |
| Right-of-use assets                                   |              | <b>2,855</b>                        | 5,957                        |
| Interest in an associate                              |              | <b>10,740</b>                       | 7,514                        |
| Interests in joint ventures                           |              | <b>148,030</b>                      | 373,458                      |
| Loans to joint ventures                               |              | <b>560,231</b>                      | 701,959                      |
| Deferred tax assets                                   |              | <b>2,836</b>                        | 2,508                        |
|   |              | <b>6,034,288</b>                    | 5,064,580                    |
| <b>Current assets</b>                                 |              |                                     |                              |
| Properties under development for sale                 |              | <b>879,489</b>                      | 329,689                      |
| Inventories   |              | <b>12,857</b>                       | 16,695                       |
| Contract assets                                       |              | <b>264,800</b>                      | 270,177                      |
| Debtors, deposits and prepayments                     | <i>10</i>    | <b>164,171</b>                      | 100,739                      |
| Amounts due from joint ventures                       |              | <b>32,610</b>                       | 17                           |
| Financial assets at fair value through profit or loss |              | <b>438</b>                          | 319                          |
| Taxation recoverable                                  |              | <b>5,042</b>                        | 7,501                        |
| Bank balances and cash                                |              | <b>706,389</b>                      | 246,140                      |
|   |              | <b>2,065,796</b>                    | 971,277                      |
| Assets classified as held for sale                    | <i>11</i>    | <b>30,077</b>                       | 483,587                      |
|   |              | <b>2,095,873</b>                    | 1,454,864                    |
| <b>Current liabilities</b>                            |              |                                     |                              |
| Trade and other payables                              | <i>12</i>    | <b>640,536</b>                      | 646,038                      |
| Provisions  |              | <b>13,613</b>                       | 70,727                       |
| Lease liabilities                                     |              | <b>3,370</b>                        | 6,270                        |
| Taxation payable                                      |              | <b>68,515</b>                       | 65,346                       |
| Bank loans – amounts due within one year              |              | <b>3,184,500</b>                    | 1,666,350                    |
|   |              | <b>3,910,534</b>                    | 2,454,731                    |
| Net current liabilities                               |              | <b>(1,814,661)</b>                  | (999,867)                    |
| Total assets less current liabilities                 |              | <b>4,219,627</b>                    | 4,064,713                    |

|                          | <i>NOTE</i> | <b>31.3.2021</b><br><b><i>HK\$'000</i></b> | 31.3.2020<br><i>HK\$'000</i> |
|--------------------------|-------------|--|------------------------------|
| Non-current liabilities  |             |  |                              |
| Provisions               |             | <b>70,609</b>                              | 119,442                      |
| Deferred tax liabilities |             | <b>8,120</b>                               | 16,758                       |
| Lease liabilities        |             | <b>3,793</b>                               | 4,867                        |
|                          |             | <u><b>82,522</b></u>                       | <u>141,067</u>               |
|                          |             | <u><b>4,137,105</b></u>                    | <u>3,923,646</u>             |
| Capital and reserves     |             |  |                              |
| Share capital            | <i>13</i>   | <b>110,212</b>                             | 109,092                      |
| Reserves                 |             | <b>4,026,893</b>                           | 3,814,554                    |
|                          |             | <u><b>4,137,105</b></u>                    | <u>3,923,646</u>             |

## NOTES:

### 1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT

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

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by HK\$1,814,661,000 as at 31 March 2021 and the Group also has bank loans totaling HK\$3,184,500,000, which were classified as current liabilities on the same date. Based on past experience that the Group has successfully renewed its borrowing facilities, the directors of the Company are confident that the Group will be able to renew the borrowing facilities upon expiry.

The directors of the Company are of the opinion that, taking into account of the unutilised and available banking facilities, the internally generated funds of the Group and the Group’s ability to renew borrowing facilities as described above, the Group has sufficient working capital for its present requirements for the next twelve months from 31 March 2021. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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

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

### 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

#### Amendments to HKFRSs that are mandatorily effective for the current year

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

|   |                                |
|---|--------------------------------|
| Amendments to HKAS 1 and HKAS 8               | Definition of Material         |
| Amendments to HKFRS 9, HKAS 39<br>and HKFRS 7 | Interest Rate Benchmark Reform |

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

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

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”. The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on 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  | Insurance Contracts and the related Amendments <sup>5</sup>   |
| Amendments to HKFRS 3   | Reference to the Conceptual Framework <sup>4</sup>  |
| Amendments to HKFRS 9,<br>HKAS 39, HKFRS 7,<br>HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform – Phase 2 <sup>2</sup>   |
| Amendments to HKFRS 10<br>and HKAS 28                               | Sale or Contribution of Assets between an Investor<br>and its Associate or Joint Venture <sup>6</sup>                               |
| Amendment to HKFRS 16   | Covid-19-Related Rent Concessions <sup>1</sup>  |
| Amendment to HKFRS 16   | Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>3</sup>  |
| Amendments to HKAS 1  | Classification of Liabilities as Current or Non-current and related<br>amendments to Hong Kong Interpretation 5 (2020) <sup>5</sup> |
| Amendments to HKAS 1<br>and HKFRS Practice Statement 2              | Disclosure of Accounting Policies <sup>5</sup>  |
| Amendments to HKAS 8  | Definition of Accounting Estimates <sup>5</sup>   |
| Amendments to HKAS 12   | Deferred Tax related to Assets and Liabilities arising from a Single<br>Transaction <sup>5</sup>                                    |
| Amendments to HKAS 16   | Property, Plant and Equipment – Proceeds before Intended Use <sup>4</sup>   |
| Amendments to HKAS 37   | Onerous Contracts – Cost of Fulfilling a Contract <sup>4</sup>  |
| Amendments to HKFRSs  | Annual Improvements to HKFRSs 2018 – 2020 <sup>4</sup>  |

<sup>1</sup> Effective for annual periods beginning on or after 1 June 2020

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> Effective for annual periods beginning on or after 1 April 2021

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>6</sup> Effective for annual periods beginning on or after a date to be determined

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2”

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform - Phase 2” relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements applying HKFRS 7 “Financial Instruments: Disclosures” to accompany the amendments regarding modifications and hedge accounting.

- **Modification of financial assets, financial liabilities and lease liabilities.** A practical expedient is introduced for modifications required by the reform (modifications required as a direct consequence of the interest rate benchmark reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current HKFRSs requirements. A similar practical expedient is proposed for lessee accounting applying HKFRS 16;
- **Hedge accounting requirements.** Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements; and
- **Disclosures.** The amendments require disclosures in order to allow users to understand the nature and extent of risks arising from the interest rate benchmark reform to which the Group is exposed to and how the entity manages those risks as well as the entity’s progress in transitioning from interbank offered rates to alternative benchmark rates, and how the entity is managing this transition.

As at 31 March 2021, the Group has several Hong Kong Interbank Offered Rate (“HIBOR”) bank loans which may be subject to interest rate benchmark reform. The Group expects no significant gains or losses should the interest rate benchmark for these loans change resulting from the reform on application of the amendments.

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

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

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
  - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
  - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 “Financial Instruments: Presentation”.

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

Based on the Group's outstanding liabilities as at 31 March 2021, the application of the amendments will not result in reclassification of the Group's liabilities.

### 3. REVENUE

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

#### Disaggregation of revenue

|   | <b>2021</b>      | 2020     |
|---|------------------|----------|
|   | <b>HK\$'000</b>  | HK\$'000 |
| Recognised over time:                           |                  |          |
| Revenue from construction contract work         | <b>1,147,285</b> | 600,251  |
| Revenue from interior and renovation contracts  | <b>167,736</b>   | 211,677  |
| Revenue from installation of building materials | <b>36,905</b>    | 38,207   |
| Revenue from hotel operations                   | <b>773</b>       | 2,798    |
| Property management service income              | <b>5,792</b>     | 13,030   |
| Recognised at a point in time:                  |                  |          |
| Sales of health products                        | <b>32,180</b>    | 50,279   |
| Property agency service income                  | <b>5,227</b>     | 3,429    |
| Revenue from contracts with customers           | <b>1,395,898</b> | 919,671  |
| Lease income from property investment           | <b>55,662</b>    | 38,574   |
|   | <b>1,451,560</b> | 958,245  |
| Geographical market:                            |                  |          |
| Hong Kong                                       | <b>1,451,560</b> | 958,245  |

#### 4. SEGMENT INFORMATION

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

##### (a) Segment revenues and results

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

##### For the year ended 31 March 2021

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

##### For the year ended 31 March 2020

|                        | Construction<br>HK\$'000 | Interior and<br>renovation<br>HK\$'000 | Building<br>materials<br>HK\$'000 | Health<br>products<br>HK\$'000 | Property<br>investment<br>HK\$'000 | Property<br>development<br>HK\$'000 | Property<br>agency and<br>management<br>HK\$'000 | Segment<br>total<br>HK\$'000 | Eliminations<br>HK\$'000 | Consolidated<br>HK\$'000 |
|------------------------|--------------------------|--|-----------------------------------|--------------------------------|------------------------------------|-------------------------------------|--|------------------------------|--------------------------|--------------------------|
| REVENUE                |                          |  |                                   |                                |                                    |                                     |  |                              |                          |                          |
| External sales         | 600,251                  | 211,677                                | 38,207                            | 50,279                         | 41,372                             | –                                   | 16,459   | 958,245                      | –                        | 958,245                  |
| Inter-segment sales    | 4,778                    | 22,624                                 | 3,769                             | 69                             | 6,815                              | –                                   | 1,671  | 39,726                       | (39,726)                 | –                        |
| Total                  | <u>605,029</u>           | <u>234,301</u>                         | <u>41,976</u>                     | <u>50,348</u>                  | <u>48,187</u>                      | <u>–</u>                            | <u>18,130</u>                                    | <u>997,971</u>               | <u>(39,726)</u>          | <u>958,245</u>           |
| RESULTS                |                          |  |                                   |                                |                                    |                                     |  |                              |                          |                          |
| Segment result         | <u>32,463</u>            | <u>7,945</u>                           | <u>730</u>                        | <u>(8,583)</u>                 | <u>99,329</u>                      | <u>132,730</u>                      | <u>353</u>                                       | <u>264,967</u>               | <u>–</u>                 | <u>264,967</u>           |
| Unallocated expenses   |                          |  |                                   |                                |                                    |                                     |  |                              |                          | (33,215)                 |
| Profit before taxation |                          |  |                                   |                                |                                    |                                     |  |                              |                          | <u>231,752</u>           |

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of administration costs incurred by head office and the inactive subsidiaries. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

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

**(b) Other Information**Year ended 31 March 2021

|  | Construction<br>HK\$'000 | Interior and<br>renovation<br>HK\$'000 | Building<br>materials<br>HK\$'000 | Health<br>products<br>HK\$'000 | Property<br>investment<br>HK\$'000 | Property<br>development<br>HK\$'000 | Property<br>agency and<br>management<br>HK\$'000 | Unallocated<br>HK\$'000 | Consolidated<br>HK\$'000 |
|--|--------------------------|--|-----------------------------------|--------------------------------|------------------------------------|-------------------------------------|--|-------------------------|--------------------------|
| Amounts included in the measure of segment results or segment assets:                                    |                          |  |                                   |                                |                                    |                                     |  |                         |                          |
| Depreciation of property,<br>plant and equipment   | 5,282                    | 666                                    | 362                               | 87                             | 6,471                              | -                                   | 1,828  | 11,445                  | 26,141                   |
| Depreciation of right-of-use assets  | 2,623                    | 530                                    | 575                               | 1,738                          | -                                  | -                                   | -  | -                       | 5,466                    |
| Revaluation loss on property,<br>plant and equipment upon transfer<br>to investment properties           | -                        | -                                      | -                                 | -                              | 11,267                             | -                                   | -  | -                       | 11,267                   |
| Gain on change in fair value of<br>investment properties   | -                        | -                                      | -                                 | -                              | (57,874)                           | -                                   | -  | -                       | (57,874)                 |
| Gain on change in fair value of<br>financial assets at fair value<br>through profit or loss ("FVTPL")    | (119)                    | -                                      | -                                 | -                              | -                                  | -                                   | -  | -                       | (119)                    |
| Write-down of inventories  | -                        | -                                      | -                                 | 892                            | -                                  | -                                   | -  | -                       | 892                      |
| Reversal of write-down of inventories  | -                        | -                                      | -                                 | -                              | -                                  | -                                   | (687)  | -                       | (687)                    |
| Loss (gain) on disposal of property,<br>plant and equipment  | 112                      | -                                      | -                                 | -                              | 12                                 | (199,742)                           | -  | -                       | (199,618)                |
| Gain on disposal of subsidiaries   | -                        | -                                      | -                                 | -                              | -                                  | (116,497)                           | -  | -                       | (116,497)                |
| Impairment losses<br>(reversal of impairment losses)<br>under expected credit loss ("ECL")<br>model, net | 525                      | (8)                                    | 22                                | -                              | 5,316                              | 18,994                              | -  | -                       | 24,849                   |
| Gain on disposal of assets classified<br>as held for sale  | -                        | -                                      | -                                 | -                              | (249)                              | -                                   | -  | -                       | (249)                    |
| Gain on disposal of joint ventures   | -                        | -                                      | -                                 | -                              | -                                  | (9,098)                             | -  | -                       | (9,098)                  |
| Interest income  | (498)                    | (147)                                  | (29)                              | -                              | (124)                              | (16,666)                            | (1)  | (23)                    | (17,488)                 |
| Share of profit of an associate  | -                        | -                                      | -                                 | -                              | (3,226)                            | -                                   | -  | -                       | (3,226)                  |
| Share of loss of joint ventures  | -                        | -                                      | -                                 | -                              | 28,353                             | 3,618                               | -  | -                       | 31,971                   |
| Finance costs  | 185                      | 30                                     | 33                                | 101                            | 23,505                             | 14,194                              | -  | -                       | 38,048                   |
| Additions to non-current assets ( <i>Note</i> )  | 1,277                    | -                                      | -                                 | 133                            | 32,854                             | -                                   | 1,498  | -                       | 35,762                   |
| Interest in an associate   | -                        | -                                      | -                                 | -                              | 10,740                             | -                                   | -  | -                       | 10,740                   |
| Interests in joint ventures  | -                        | -                                      | -                                 | -                              | -                                  | 148,030                             | -  | -                       | 148,030                  |
| Loans to joint ventures  | -                        | -                                      | -                                 | -                              | 132,203                            | 428,028                             | -  | -                       | 560,231                  |

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

|                              |       |      |       |   |         |   |     |   |         |
|------------------------------|-------|------|-------|---|---------|---|-----|---|---------|
| Income tax expenses (credit) | 1,519 | (43) | (202) | - | (3,320) | - | 250 | - | (1,796) |
|------------------------------|-------|------|-------|---|---------|---|-----|---|---------|

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

## Year ended 31 March 2020

|   | Construction<br>HK\$'000 | Interior and<br>renovation<br>HK\$'000 | Building<br>materials<br>HK\$'000 | Health<br>products<br>HK\$'000 | Property<br>investment<br>HK\$'000 | Property<br>development<br>HK\$'000 | Property<br>agency and<br>management<br>HK\$'000 | Unallocated<br>HK\$'000 | Consolidated<br>HK\$'000 |
|---|--------------------------|--|-----------------------------------|--------------------------------|------------------------------------|-------------------------------------|--|-------------------------|--------------------------|
| Amounts included in the measure of segment results or segment assets:                     |                          |  |                                   |                                |                                    |                                     |  |                         |                          |
| Depreciation of property,<br>plant and equipment  | 6,052                    | 130                                    | –                                 | 588                            | 9,700                              | –                                   | 1,426  | 11,299                  | 29,195                   |
| Depreciation of right-of-use assets   | 1,774                    | 719                                    | 781                               | 2,592                          | –                                  | –                                   | –  | –                       | 5,866                    |
| Impairment of right-of-use assets   | –                        | –                                      | –                                 | 2,151                          | –                                  | –                                   | –  | –                       | 2,151                    |
| Revaluation gain on properties<br>held for sale upon transfer to<br>investment properties | –                        | –                                      | –                                 | –                              | (31,859)                           | –                                   | –  | –                       | (31,859)                 |
| Gain on change in fair value<br>of investment properties                                  | –                        | –                                      | –                                 | –                              | (183,266)                          | –                                   | –  | –                       | (183,266)                |
| Write-down of inventories   | –                        | –                                      | –                                 | –                              | –                                  | –                                   | 1,242  | –                       | 1,242                    |
| Loss on change in fair value of<br>financial assets at FVTPL                              | 200                      | –                                      | –                                 | –                              | –                                  | –                                   | –  | –                       | 200                      |
| (Gain) loss on disposal of property,<br>plant and equipment                               | (108)                    | –                                      | –                                 | 448                            | –                                  | –                                   | (32)   | –                       | 308                      |
| Loss on disposal of subsidiaries  | –                        | –                                      | –                                 | –                              | 1,235                              | –                                   | –  | –                       | 1,235                    |
| (Reversal of impairment loss)<br>impairment losses under ECL<br>model, net                | (4,920)                  | (30)                                   | (178)                             | (40)                           | 3                                  | 9,168                               | (11)   | –                       | 3,992                    |
| Interest income   | (2,605)                  | (161)                                  | (91)                              | (8)                            | (27)                               | (2,323)                             | (1)  | (463)                   | (5,679)                  |
| Share of profit of an associate   | –                        | –                                      | –                                 | –                              | (404)                              | –                                   | –  | –                       | (404)                    |
| Share of loss (profit) of joint ventures  | –                        | –                                      | –                                 | –                              | 20,847                             | (150,889)                           | –  | –                       | (130,042)                |
| Finance costs   | 35                       | 16                                     | 17                                | 206                            | 32,091                             | 2,317                               | –  | –                       | 34,682                   |
| Additions to non-current assets ( <i>Note</i> )   | 676                      | 1,263                                  | –                                 | 685                            | 657,778                            | –                                   | 1,792  | –                       | 662,194                  |
| Interest in an associate  | –                        | –                                      | –                                 | –                              | 7,514                              | –                                   | –  | –                       | 7,514                    |
| Interests in joint ventures   | –                        | –                                      | –                                 | –                              | 121,658                            | 251,800                             | –  | –                       | 373,458                  |
| Loans to joint ventures   | –                        | –                                      | –                                 | –                              | 479,711                            | 222,248                             | –  | –                       | 701,959                  |

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

|                              |       |       |    |   |       |   |         |   |        |
|------------------------------|-------|-------|----|---|-------|---|---------|---|--------|
| Income tax expenses (credit) | 5,446 | 1,216 | 91 | – | 5,566 | – | (1,943) | – | 10,376 |
|------------------------------|-------|-------|----|---|-------|---|---------|---|--------|

*Note:* Non-current assets exclude deferred tax assets, right-of-use 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\$1,451,560,000 (2020: HK\$958,245,000). 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*):

|  |                  |                 |
|--|------------------|-----------------|
|  | <b>31.3.2021</b> | 31.3.2020       |
|  | <b>HK\$'000</b>  | <b>HK\$'000</b> |
| Hong Kong (place of domicile)              | <b>5,372,282</b> | 4,265,429       |
| The People's Republic of China (the "PRC") | <b>98,939</b>    | 94,684          |
|  | <b>5,471,221</b> | 4,360,113       |

*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:

|                              | <b>2021</b><br><b>HK\$'000</b> | 2020<br><i>HK\$'000</i> |
|------------------------------|--------------------------------|-------------------------|
| Customer A ( <i>Note 1</i> ) | <b>508,247</b>                 | 271,883                 |
| Customer B ( <i>Note 1</i> ) | <b>246,661</b>                 | 281,867                 |
| Customer C ( <i>Note 2</i> ) | <b>150,483</b>                 | N/A*                    |
| Customer D ( <i>Note 1</i> ) | <b>145,318</b>                 | N/A*                    |
|                              | <b><u>145,318</u></b>          | <b><u>145,318</u></b>   |

*Notes:*

- (1) The revenue is income from construction contracts within the construction segment.
  - (2) The revenue is income from interior and renovation contracts within the interior and renovation segment.
- \* The corresponding revenue does not contribute over 10% of the total revenue of the Group in the respective year.

## 5. OTHER GAINS AND LOSSES

|   | <b>2021</b><br><b>HK\$'000</b> | 2020<br><i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Revaluation loss on property, plant and equipment<br>upon transfer to investment properties | <b>(11,267)</b>                | –                       |
| Gain on disposal of assets classified as held for sale                                      | <b>249</b>                     | –                       |
| Gain on disposal of a joint venture   | <b>9,098</b>                   | –                       |
| Net exchange gains (losses)   | <b>245</b>                     | (150)                   |
| Gain (loss) on change in fair value of financial assets at FVTPL                            | <b>119</b>                     | (200)                   |
| Revaluation gain on properties held for sale<br>upon transfer to investment properties      | <b>–</b>                       | 31,859                  |
|   | <b><u>(1,556)</u></b>          | <b><u>31,509</u></b>    |

## 6. PROFIT BEFORE TAXATION

|   | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Profit before taxation has been arrived at after charging (crediting):              |                         |                         |
| Depreciation of property, plant and equipment                                       | 26,141                  | 29,195                  |
| <i>Less:</i> Depreciation expenses included in the cost of sales                    | <u>(1,867)</u>          | <u>(2,562)</u>          |
|   | <u>24,274</u>           | <u>26,633</u>           |
| Depreciation of right-of-use assets   | 5,466                   | 5,866                   |
| <i>Less:</i> Depreciation expenses included in the cost of sales                    | <u>(2,712)</u>          | <u>(1,774)</u>          |
|   | <u>2,754</u>            | <u>4,092</u>            |
| Impairment of right-of-use assets   | –                       | 2,151                   |
| Auditor's remuneration  | 3,500                   | 3,580                   |
| Short-term leases expense in respect of rented premises                             | –                       | 1,619                   |
| Contract costs recognised as expenses in cost of sales                              | 1,264,371               | 744,224                 |
| Costs of inventories recognised as expenses in cost of sales                        | 27,616                  | 32,972                  |
| Write-down of inventories in cost of sales  | 892                     | 1,242                   |
| Reversal of write-down of inventories in cost of sales                              | (687)                   | –                       |
| Gross rental income under operating leases on:                                      |                         |                         |
| Investment properties   | (55,662)                | (38,574)                |
| Other properties  | (32)                    | (48)                    |
| <i>Less:</i> Direct operating expenses that generated rental income during the year | <u>7,382</u>            | <u>2,635</u>            |
|   | <u>(48,312)</u>         | <u>(35,987)</u>         |
| Expenses included in cost of sales:   |                         |                         |
| Depreciation of property, plant and equipment                                       | 1,867                   | 2,562                   |
| Depreciation of right-of-use assets   | 2,712                   | 1,774                   |
| Short-term leases expense in respect of plant and machinery                         | <u>17,549</u>           | <u>13,426</u>           |

## 7. TAXATION

|                              | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|------------------------------|-------------------------|-------------------------|
| Hong Kong Profits Tax        |                         |                         |
| Current year                 | 8,816                   | 10,532                  |
| Overprovision in prior years | <u>(1,646)</u>          | <u>(1,210)</u>          |
|                              | 7,170                   | 9,322                   |
| Deferred taxation            | <u>(8,966)</u>          | <u>1,054</u>            |
|                              | <u><b>(1,796)</b></u>   | <u><b>10,376</b></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%.

Under the Law of the PRC on Enterprise Income Tax (“EIT”) and Implementation Regulation of EIT Law, the tax rate of the PRC subsidiary is 25% for both years.

## 8. DIVIDENDS

Dividends recognised as distribution during the year:

|  | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Ordinary shares:   |                         |                         |
| 2021 first interim dividend – HK2.5 cents per share<br>(2020: 2020 interim dividend – HK2.5 cents per share)   | 27,273                  | 27,273                  |
| 2020 final dividend – HK5.0 cents per share<br>(2020: 2019 final dividend – HK5.0 cents per share)   | <u>54,546</u>           | <u>54,546</u>           |
| Sub-total  | <u><b>81,819</b></u>    | <u><b>81,819</b></u>    |
| Proposed second interim dividend and final dividend for the financial year ended 31 March 2021 of HK5.0 cents per share and nil, respectively (2020: final dividend for the financial year ended 31 March 2020 of HK5.0 cents per share) | <u><b>55,106</b></u>    | <u><b>54,546</b></u>    |

## 9. EARNINGS PER SHARE

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

|  | <b>2021</b><br><b>HK\$'000</b> | 2020<br><i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| <b>Earnings</b>  |                                |                         |
| Earnings for the purpose of basic and diluted earnings per share                         | <b><u>274,986</u></b>          | <u>221,376</u>          |
|  | <b>2021</b><br><b>'000</b>     | 2020<br><i>'000</i>     |
| <b>Number of shares</b>  |                                |                         |
| Weighted average number of ordinary shares for the purpose of basic earnings per share   | <b>1,091,444</b>               | 1,090,899               |
| Effect of dilutive potential ordinary shares:  |                                |                         |
| Adjustment in relation to share options granted by the Company                           | <u>–</u>                       | <u>171</u>              |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | <b><u>1,091,444</u></b>        | <u>1,091,070</u>        |

## 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 (2020: 30 to 90 days and not more than 90 days), respectively, to its customers. Before accepting any new customer, the Group will internally assess the credit quality of the potential customers and define appropriate credit limit. Other receivables are unsecured, interest-free and repayable on demand.

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

|                | <b>31.3.2021</b><br><b>HK\$'000</b> | 31.3.2020<br><i>HK\$'000</i> |
|----------------|-------------------------------------|------------------------------|
| Within 30 days | <b>92,872</b>                       | 50,620                       |
| 31 – 60 days   | <b>2,883</b>                        | 8,645                        |
| 61 – 90 days   | <b>1,347</b>                        | 1,418                        |
| Over 90 days   | <u><b>12,821</b></u>                | <u>6,482</u>                 |
|                | <b><u>109,923</u></b>               | <u>67,165</u>                |

## 11. ASSETS CLASSIFIED AS HELD FOR SALE

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

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

During the year ended 31 March 2020, the Group launched a block of residential investment properties located in Hong Kong with carrying value amounting to HK\$483,587,000 for sale in the market. As at 31 March 2020, the Group has entered into sale and purchase agreements with independent third parties to dispose of certain units at a total consideration of HK\$286,281,000. For the units without sale and purchase agreements and offered for sales as at 31 March 2020 with carrying value amounting to HK\$197,306,000, the directors of the Company considered that the held-for-sale criteria as set out in HKFRS 5 were met, by taking into account the fact that the subject investment properties were immediately available for sale, and the sale is to be highly probable as appropriate level of management had be committed to a plan to sell the investment properties. Accordingly, the subject investment properties were classified as assets held for sale as at 31 March 2020. During the year ended 31 March 2021, the Group has entered into sale and purchase agreements with independent third parties to dispose of all residential units. The remaining 1 unit to be handed over with carrying value of HK\$9,200,000 was presented as assets held for sale as at 31 March 2021.

As at 31 March 2021, fair value of the investment properties classified as held for sale amounting to HK\$15,500,000 (2020: HK\$483,587,000) were determined by Colliers International (Hong Kong) Limited, an independent property valuer, with reference to the contracted selling price, if any. Change in fair value of investment properties amounting to HK\$838,000 (2020: nil) is recognised in profit or loss during the year ended 31 March 2021.

## 12. TRADE AND OTHER PAYABLES

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

|                | <b>31.3.2021</b><br><b>HK\$'000</b> | 31.3.2020<br><i>HK\$'000</i> |
|----------------|-------------------------------------|------------------------------|
| Within 30 days | <b>87,787</b>                       | 28,391                       |
| 31 – 60 days   | <b>128</b>                          | 780                          |
| 61 – 90 days   | <b>13</b>                           | 2                            |
| Over 90 days   | <b>3,749</b>                        | 4,152                        |
|                | <u><b>91,677</b></u>                | <u>33,325</u>                |

## 13. SHARE CAPITAL

|  | <i>No. of shares</i> | <i>HK\$'000</i> |
|--|----------------------|-----------------|
| Authorised:  |                      |                 |
| Shares of HK\$0.10 each  |                      |                 |
| Balance as at 1 April 2019, 31 March 2020 and 31 March 2021    | <u>1,500,000,000</u> | <u>150,000</u>  |
| Issued and fully paid:   |                      |                 |
| Shares of HK\$0.10 each  |                      |                 |
| Balance as at 1 April 2019                                     | 1,090,831,576        | 109,083         |
| Issue of shares upon exercise of share options ( <i>Note</i> ) | <u>93,100</u>        | <u>9</u>        |
| Balance as at 31 March 2020 and 1 April 2020                   | 1,090,924,676        | 109,092         |
| Issue of shares upon exercise of share options ( <i>Note</i> ) | <u>11,200,000</u>    | <u>1,120</u>    |
| Balance as at 31 March 2021                                    | <u>1,102,124,676</u> | <u>110,212</u>  |

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

## 14. EVENT AFTER THE REPORTING PERIOD

On 31 May 2021, the Group has entered into a sale and purchase agreement with an independent third party to dispose of 50% of the issued share capital in Esteemed Virtue Limited, an indirect wholly owned subsidiary of the Company, and the shareholder's loan at the aggregate consideration of HK\$130,000,000, subject to adjustments. Esteemed Virtue Limited indirectly holds the legal and beneficial ownership of an industrial property named "West Castle" located in Hong Kong.

## **OPERATIONS REVIEW**

### **CONSTRUCTION DIVISION**

The revenue for the Construction Division was HK\$1,148.2 million for the year ended 31 March 2021 (2020: HK\$605.0 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 2021 for the Construction Division amounted to HK\$1,483.6 million.

#### **Major Projects Completed**

- (1) Construction of public rental housing development at Shek Mun Estate Phase 2, Shatin, New Territories
- (2) Construction of public rental housing development at Choi Yuen Road Sites 3 and 4, Sheung Shui, New Territories

#### **Major Projects Undertaken**

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

#### **Major Projects Awarded After the Financial Year Ended 31 March 2021**

- (1) Construction of public housing development at Java Road, North Point, Hong Kong
- (2) Construction of public housing development at Hin Fat Lane, Tuen Mun, New Territories

### **INTERIOR AND RENOVATION DIVISION**

For the year ended 31 March 2021, the Interior and Renovation Division recorded a revenue of HK\$195.7 million, as compared with HK\$234.3 million last year.

The total amount of contracts on hand as at 31 March 2021 for the Interior and Renovation Division amounted to HK\$156.5 million.

## **Major Projects Completed**

- (1) Building renovation works of Cavendish Heights (Block 1-7) at No. 33 Perkins Road, Jardine's Lookout, Hong Kong
- (2) Alteration and addition works for Nos. 99-101 Lai Chi Kok Road, Kowloon
- (3) Proposed additions and alterations works at No.138 Connaught Road West, Hong Kong
- (4) Combined fitting out works for hotel and office packages for proposed hotel and office building at No. 43 Heung Yip Road, Hong Kong

## **Major Projects Undertaken**

- (1) 3-year general building maintenance term contract (2019-2022) for the City University of Hong Kong
- (2) Façade repair works for campus buildings (2019-2022) for the City University of Hong Kong
- (3) Builder's works term contract (2020-2023) for Hong Kong Baptist University
- (4) 2-year term tenancy works contract (2020-2022) for shopping centres, car parks, markets & cooked-food stalls for Hong Kong Island, Kowloon East, New Territories East and Tseung Kwan O (Region 2) for the Link
- (5) Improvement works for Haking Wong Building for The University of Hong Kong
- (6) Conversion of offices and data centre into wet laboratories at Yellow Zone on 2/F, Yeung Kin Man Academic Building for the City University of Hong Kong
- (7) Main contract for toilet improvement works at shopping centres of Chuk Yuen South, Fu Shin, Stanley, Tai Hing, Tai Wo, Yu Chui and Temple Mall for the Link

## **BUILDING MATERIALS DIVISION**

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

For the year ended 31 March 2021, the revenue of the Building Materials Division was HK\$48.9 million compared with that of HK\$42.0 million last year.

The total amount of contracts on hand as at 31 March 2021 for the Building Materials Division amounted to HK\$299.7 million.

## **Major Projects Completed**

- (1) Museum Plus (M+) at West Kowloon Cultural District – Supply and installation of metal ceiling and FRP system
- (2) Proposed residential development at TMTL 500 Kwun Chui Road, Tuen Mun, New Territories – Supply and installation of suspended ceiling system at podium and basement level
- (3) Proposed redevelopment at No. 3 Marble Road, North Point, Hong Kong – Supply and installation of suspended ceiling system at balcony and podium level

## **Major Projects Undertaken**

- (1) MTR SCL 1123 – Exhibition Station and Western Approach Tunnel – Design, supply and installation of suspended ceiling system
- (2) Tai Wai Station property development – External ceiling system under transfer plate (T1 to T8)
- (3) The Hong Kong Palace Museum for The West Kowloon Cultural District Authority – Design, supply and installation of suspended ceiling system at balcony and G/F
- (4) Public rental housing development at Queen’s Hill Site 1, Phase 1 & Portion of Phase 6 – Design, supply and installation of external ceiling system at G/F
- (5) Sports centre, community hall and football pitches in Area 1, Tai Po, New Territories – Design, supply and installation of suspended ceiling system, fire resistance enclosure system and hardwood sport flooring system

## **Major Projects Awarded During the Financial Year Ended 31 March 2021**

- (1) Proposed residential development of Wong Chuk Hang Station Site A property development – Supply and installation of suspended ceiling system at podium level
- (2) Proposed residential development of Wong Chuk Hang Station Site B property development – Supply and installation of aluminium baffle ceiling system at 3/F carpark
- (3) Proposed residential development at NKIL 6564, Kai Tak Area 1L, Site 1, Kai Tak, Kowloon – Supply and installation of suspended ceiling system at balcony
- (4) Proposed residential and commercial development at Nos. 33-47 Catchick Street, Kennedy Town, Hong Kong – Supply and installation of suspended ceiling system
- (5) HKAA Contract 3508 Terminal 2 expansion works – Design, supply and installation of main roof baffle ceiling system

## **Major Project Awarded After the Financial Year Ended 31 March 2021**

- (1) HKAA Contract 3508 Terminal 2 expansion works – Design, supply and installation of lower-level roof baffle and external metal ceiling system

## PROPERTY DEVELOPMENT DIVISION

The Property Development Division recorded no revenue during the year ended 31 March 2021 (2020: nil).

As for the joint venture project, Mount Vienna, the low-density residential project in Fo Tan, New Territories in which the Group has 25% interest, on 2 September 2020 and 26 February 2021, the Group and its joint venture partner entered into two sale and purchase agreements with two independent third parties to dispose of two duplex units and certain car parking spaces of Mount Vienna. All of the units were sold up to the end of the reporting period. Up to the date of this announcement, 1 unit has not been delivered to customer.

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 154 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 139 units had been delivered to customers.

For the proposed residential development project with Sun Hung Kai Properties Limited at So Kwun Wat, Tuen Mun, the land exchange application to convert the land to residential use was completed. Land premium had been determined in October 2020. Up to February 2021, all balance of the land premium had been paid. The land grant document was executed.

In March 2021, the Group entered into the sale and purchase agreement with an independent third party to dispose of 50% interest of a piece of land at No. 57A Nga Tsin Wai Road, Kowloon Tong, Kowloon and a joint venture was formed with the objective of developing the property into a premium residential project. Lease modification for redevelopment has been approved. It is expected that the offer of land premium will be issued soon.

For the pieces of agricultural land at Tong Yan San Tsuen in Yuen Long, a land exchange application for residential use was made in 2012 with the Lands Department. Land premium has been determined and deposit of the same was paid in January 2021. In March 2021, the Group entered into the sale and purchase agreement with an independent third party to dispose of 50% interest of the land and a joint venture was formed with the objective of developing the property into a residential project. Balance of land premium was paid in April 2021.

As for the joint venture project, Johnson Place, located at Nos. 14-16 Lee Chung Street, Chai Wan, Hong Kong, will be redeveloped into a brand new industrial property, the planning application for bonus plot ratio has been approved and the building plans submission is under processing.

In May 2021, the Group entered into the sale and purchase agreement with an independent third party to dispose of 50% interest of West Castle and a joint venture was formed with the objective of developing the property into a brand new industrial property.

## **PROPERTY INVESTMENT DIVISION**

The Property Investment Division recorded a revenue of HK\$63.7 million for the year ended 31 March 2021 (2020: HK\$48.2 million).

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

In December 2020, the Group entered into the sale and purchase agreement with an independent third party to dispose of various land lots in Demarcation District No. 76 Ping Che, Fanling, New Territories. The transaction has been completed in January 2021.

Investment properties of the Group including various units at Shatin Industrial Centre, Hollywood Hill at No. 222 Hollywood Road, No. 31 Wing Wo Street in Sheung Wan, some units at Kin Wing Industrial Building in Tuen Mun, various land lots in D.D. 76 Ping Che in Fanling (disposed in January 2021), retail shops of The Austine Place in Tsim Sha Tsui, Hay Nien Building in Kwun Tong, Minibox Tower in Chai Wan, certain industrial units and car parking spaces at Chaiwan Industrial Centre and Kwun Tong Industrial Centre, The Mercer in Sheung Wan, PeakCastle in Cheung Sha Wan and following two properties in which the Group has 50% interest: Hoi Bun Godown in Tuen Mun (land resumed by government in November 2020) and The Connaught at No. 138 Connaught Road West, all contributed rental incomes to the Group during the financial year.

Renovation of The Edward was completed and is now available for rent.

## **PROPERTY AGENCY AND MANAGEMENT DIVISION**

The revenue of the Property Agency and Management Division for the year ended 31 March 2021 was HK\$17.3 million (2020: HK\$18.1 million).

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

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

## **HEALTH PRODUCTS DIVISION**

For the year ended 31 March 2021, the Health Products Division recorded revenue of HK\$32.2 million, compared to HK\$50.3 million last year.

The Health Products Division focuses on retail and wholesale of Chinese and Western nutritional supplements (including Lingzhi Master and Bu Yick Fong – 28 Chinese Herbal Soup) and management of a club and e-commerce business.

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

## **FINANCIAL REVIEW**

### **Group Liquidity and Financial Resources**

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

For day-to-day liquidity management and to maintain flexibility in funding, the Group has access to facilities from banks and an insurance company with an aggregate amount of HK\$4,304.5 million (HK\$2,964.5 million was secured by first charges over certain leasehold land and buildings and investment properties of the Group), of which HK\$3,184.5 million bank loans have been drawn down and approximately HK\$302.6 million has been utilised mainly for the issuance of letters of credit and performance bonds as at 31 March 2021. 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 bank balances and cash of the Group amounted to HK\$706.4 million as at 31 March 2021 (2020: HK\$246.1 million), and accounted for 33.7% of the current assets (2020: 16.9%).

During the year, the Group has a net cash outflow of HK\$844.4 million in its operating activities (mainly due to increase in properties under development for sale, increase in debtors, deposits and prepayments and the utilisation of provisions), a net cash inflow of HK\$764.9 million in its investing activities (mainly due to proceeds from disposal of assets classified as held for sale and investment properties, repayments of loans from joint ventures and net cash inflows on disposals of subsidiaries, netting off net cash outflows on acquisitions of subsidiaries), and a net cash inflow of HK\$539.8 million in its financing activities (mainly due to new bank loans raised, netting off dividends paid to shareholders and repayment of bank loans). Net bank borrowings (total bank loans less total bank balances and cash) amounted to HK\$2,478.1 million as at 31 March 2021 (2020: net bank borrowings of HK\$1,420.2 million). Accordingly, the gearing ratio of the Group, calculated on the basis of the Group's net bank borrowings to shareholders' funds, was 59.9% (2020: 36.2%). As at year-end date, the Group was with a net current liabilities of HK\$1,814.7 million (2020: net current liabilities of HK\$999.9 million) and the current ratio (current assets divided by current liabilities) was 0.54 time (2020: 0.59 time).

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

### **Treasury 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\$4,137.1 million including reserves of HK\$4,026.9 million, an increase of HK\$212.3 million from HK\$3,814.6 million at 31 March 2020. On that basis, the consolidated net asset value of the Group as at 31 March 2021 was HK\$3.75 per share, compared to the consolidated net asset value of HK\$3.60 per share as at 31 March 2020. The increase in shareholders' funds was mainly attributable to profits retained after payments of cash dividends and exercise of share options.

### **Capital Structure**

The Group intends to keep an appropriate mix of equity and debt to ensure an efficient capital structure over time. As at 31 March 2021, the Group borrowed Hong Kong dollar loans amounting to HK\$3,184.5 million from the banks (at 31 March 2020: HK\$1,666.4 million). The borrowings have been used as general working capital for financing the properties for development and investment purposes over the years. All of the loans are repayable within one year. Interest is based on Hong Kong Interbank Offered Rate plus a competitive margin.

### **Major Acquisition and Disposals**

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

On 22 December 2020, an indirect wholly owned subsidiary of the Company, Tai Kee Pipes Limited entered into a sale and purchase agreement with an independent third party to disposed of various land lots in Demarcation District No. 76 Ping Che, Fanling, New Territories, at a consideration of HK\$208,552,888. The transaction has been completed in January 2021.

On 31 March 2021, a direct wholly-owned subsidiary of the Company, Hanison BVI, entered into a sale and purchase agreement with an independent third party to dispose of 50% interests in and the shareholder's loan to Protic Limited at a consideration of approximately HK\$81,746,000 (subject to adjustment). Protic Limited is engaged in property development. The major asset of Protic Limited represented various lots in Demarcation District No.121, Tong Yan San Tsuen, Yuen Long, New Territories. The disposal was completed on 31 March 2021.

On 31 March 2021, an indirect wholly-owned subsidiary of the Company, Prosper Jade Limited, entered into a sale and purchase agreement with an independent third party to dispose of 50% interests in and shareholder's loan to Honour Advent Limited together with its wholly owned subsidiaries, Prime Success Global Limited, Capital Green Holdings Limited and Fortune Shiner Development Limited (collectively referred to as "Honour Advent Group") at a consideration of approximately HK\$99,978,000 (subject to adjustment). Honour Advent Group is engaged in property development. The major asset of Honour Advent Group represented No. 57A, Nga Tsin Wai Road, Kowloon Tong, Kowloon. The disposal was completed on 31 March 2021.

### **Collateral**

As at 31 March 2021, certain leasehold land and buildings and investment properties of the Group, at the carrying value of approximately HK\$4,055.5 million (at 31 March 2020: certain leasehold land and buildings, investment properties and properties under development for sale of the Group, at the carrying value of approximately HK\$2,808.3 million), were pledged to the banks to secure the Hong Kong dollar loans of HK\$2,634.5 million (at 31 March 2020: HK\$1,366.4 million).

### **Performance Bonds**

As at 31 March 2021, the Group had outstanding performance bonds in respect of construction contracts amounting to HK\$195,272,000 (2020: HK\$169,323,000).

### **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:

|                              | <b>31.3.2021</b>        | 31.3.2020       |
|------------------------------|-------------------------|-----------------|
|                              | <b><i>HK\$'000</i></b>  | <i>HK\$'000</i> |
| Commitments to provide loans | <b><u>1,515,106</u></b> | <u>620,020</u>  |

### **Employees and Remuneration Policy**

As at 31 March 2021, the Group (excluding its joint ventures) had 485 full time employees. The Group offers competitive remuneration packages, including discretionary bonus and share option scheme, to its employees, commensurable to market level and their qualifications. The Group also provides retirement schemes, medical benefits and both in-house and external training courses for employees.

## **PROSPECTS**

According to the International Monetary Fund, global growth is projected at 6% in 2021, moderating to 4.4% in 2022. The projections reflect confidence in the anticipated vaccine-powered recovery in the second half of 2021. However, certain doubt surrounds this outlook, stemming from such uncertainties as the path of the pandemic, the effectiveness of policy support to provide a bridge to vaccine-powered normalisation, and the evolution of financial conditions.

On the other hand, Mainland China's ability to expand while the world has struggled to control the deadly virus, which has claimed more than three million lives so far, has undoubtedly cemented its place as the dominant economy in Asia. With the largely stable situation in Mainland China, most expect the border between Hong Kong and the Mainland to reopen by mid-2021. Furthermore, the high availability of vaccines in the city is another encouraging factor. With the majority of the population set to hopefully be vaccinated by mid to late 2021, it is expected that positive GDP growth will resume for Hong Kong in 2021.

To support the local construction industry and the economy as a whole, the Hong Kong Government announced during its budget speech for 2021-22 that annual capital works expenditure will exceed HK\$100 billion in the coming years. What is more, annual total construction output will increase to around HK\$300 billion, creating over 300,000 employment opportunities in the sector. To solve the longstanding labour supply problem, the Government and the Construction Industry Council have been providing professional and comprehensive training programmes for construction workers. The Hong Kong Institute of Construction also has an established training system in place offering career progression paths for its trainees. The Group welcomes such initiatives and looks forward to having more young and enthusiastic practitioners in the construction industry.

As for the property sector, it has been announced that the Government's 2021-22 Land Sale Programme will comprise a total of 15 residential sites and 3 commercial sites, providing approximately 6,000 residential units and around 480,000 square metres of commercial floor area respectively. With the residential sites under the Land Sale Programme, together with railway property development projects, private development and redevelopment projects and the Urban Renewal Authority's projects, the potential land supply in the whole financial year is expected to have a capacity of providing approximately 16,500 units. Given that huge demand continues to exist in the market, the Group is of the view that property prices will stay relatively stable. Still, in order to diversify our investments and better manage risks, we will take a joint-venture approach when engaging in property development projects in the future. In fact, we have already adopted this strategy in the past financial year as evidenced by our divestment efforts.

Moving forward, the management will continue to stay agile and reactive to changes in the market. The Group will continue with its prudent approach to development and investment projects, as well as maintain its financials and property portfolio at healthy levels.

## **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 2021, the Company has complied with all the Code Provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules, except for the Code Provision E.1.2 of the CG Code which stipulates that the chairman of the board should attend the annual general meeting. The former Chairman of the Board, the late Mr. Cha Mou Sing, Payson, was unable to attend the Company's 2020 annual general meeting due to other engagement. The Managing Director took the chair of that meeting in accordance with the articles of association of the Company.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry of all directors of the Company, all directors confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 March 2021 or the period from the appointment date to 31 March 2021 (for the directors appointed during the year).

## **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 2021 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 2021 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.

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

Hong Kong, 16 June 2021

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

### ***Non-executive Chairman***

Mr. Cha Mou Daid, Johnson

### ***Non-executive Directors***

Dr. Lam Chat Yu

Dr. Zhang Wei

### ***Executive Directors***

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

Mr. Tai Sai Ho (*General Manager*)

Mr. Chow Ka Fung

### ***Independent Non-executive Directors***

Mr. Chan Pak Joe

Dr. Lau Tze Yiu, Peter

Dr. Sun Tai Lun