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(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 896)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

SUMMARY OF RESULTS

For the year ended 31 March 2019, Hanison Construction Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) recorded revenue from continuing operations of HK\$1,948.1 million, representing a year-on-year decline of 19.9% from HK\$2,432.4 million (restated) recorded in the previous financial year which are mainly resulted from the decline in revenue from Construction Division and Property Development Division. Consolidated profit attributable to owners of the Company amounted to HK\$578.0 million (2018: HK\$616.3 million), a decrease of 6.2% over the profit attained last year. The decline was mainly attributable to the decrease in contributions from Building Materials Division as a result of the drop in revenue and lower gross profit ratio, coupled with the legal and professional fees incurred in relation to the spin-off and separate listing of the Company’s aluminium windows, doors and curtain walls business, through Million Hope Industries Holdings Limited (“Million Hope”).

The basic earnings per share and diluted earnings per share for continuing and discontinued operations for the year were HK55.7 cents and HK54.9 cents, representing decreases of 10.7% and 9.6% respectively when compared with HK62.4 cents and HK60.7 cents respectively last year.

As at 31 March 2019, the net asset value of the Group amounted to HK\$3,779.4 million (2018: HK\$3,725.7 million), representing an increase of 1.4% over last year. Net asset value per share as at 31 March 2019 was HK\$3.46 (2018: HK\$3.56).

DIVIDEND

On 22 February 2019, the Company declared a special interim dividend by distribution in specie of all shares in Million Hope, representing the entire issued shares of Million Hope. The distribution was made by way of allocating 2 Million Hope shares for every 5 shares of the Company held by the shareholders whose names appeared on the register of members of the Company on 12 March 2019. The relevant share certificates of Million Hope were despatched to the Company’s shareholders on 18 March 2019. The aggregate amount of this special interim dividend was approximately HK\$500.0 million.

The board of directors of the Company (the “Board”) has recommended a final dividend of HK5.0 cents per share in cash for the year ended 31 March 2019 (2018: HK5.0 cents per share) to shareholders whose names appear on the register of members of the Company on 5 September 2019. This, together with an interim dividend of HK2.5 cents per share (2018: HK2.2 cents per share) in cash distributed during the year, gives a total cash dividend of HK7.5 cents per share for the year (2018: HK7.2 cents per share). The proposed final dividend will be paid on 17 September 2019 following approval at the annual general meeting scheduled to be held on 27 August 2019 (the “AGM”).

SPINOFF AND SEPARATE LISTING OF MILLION HOPE

On 19 September 2018, Million Hope submitted a listing application to The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for a separate listing on the Main Board of the Stock Exchange by way of introduction, through a distribution in specie by the Company of the entire issued share capital of Million Hope. The spin off was subsequently completed on 19 March 2019 upon the successful listing of Million Hope.

Subsequent to the separate listing of Million Hope, Million Hope and its subsidiaries (the “Million Hope Group”) ceased to be subsidiaries of the Company. Million Hope Group is engaged in design, supply and installation of facade and curtain wall systems, with a focus on curtain walls, aluminium windows and doors.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from 22 August 2019 to 27 August 2019, both days inclusive, for the purpose of determining the identity of members who are entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 21 August 2019.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from 3 September 2019 to 5 September 2019, both days inclusive, for the purpose of determining the identity of members who are entitled to the final dividend for the year ended 31 March 2019 (the “2019 Final Dividend”). In order to qualify for the 2019 Final Dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 2 September 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2019

	<i>NOTES</i>	2019 HK\$'000	2018 HK\$'000 (restated)
Continuing operations			
Revenue	3	1,948,123	2,432,443
Cost of sales		(1,727,267)	(2,176,208)
Gross profit		220,856	256,235
Other income		7,720	6,179
Other gains and losses	5	(430)	30,705
Gain on disposal of property, plant and equipment		166,054	100
Gain (loss) on disposal of subsidiaries		318,106	(324)
Reversal of impairment losses		113	–
Marketing and distribution costs		(12,174)	(17,779)
Administrative expenses		(248,897)	(230,254)
Change in fair value of investment properties			
– Realised gains on disposals		44,325	344,230
– Unrealised gains		73,614	87,718
Share of profit of an associate		89	80
Share of profit of joint ventures		74,423	125,677
Finance costs		(15,151)	(16,909)
Profit before taxation	6	628,648	585,658
Taxation	8	(62,425)	(17,165)
Profit for the year from continuing operations		566,223	568,493
Discontinued operations			
Profit for the year from discontinued operations	7	11,799	47,805
Profit for the year		578,022	616,298
Profit for the year			
For continuing operations		566,223	568,493
For discontinued operations		11,799	47,805
		578,022	616,298
Earnings per share			
For continuing and discontinued operations			
Basic (HK cents)	10	55.7	62.4
Diluted (HK cents)	10	54.9	60.7
For continuing operations			
Basic (HK cents)	10	54.5	57.5
Diluted (HK cents)	10	53.8	56.0

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Profit for the year	<u>578,022</u>	<u>616,298</u>
Other comprehensive (expense) income:		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(4,266)	6,677
Release of exchange reserve upon disposal of a foreign operation	1,285	–
Share of exchange differences of a joint venture	<u>(7,533)</u>	<u>10,039</u>
	(10,514)	16,716
<i>Item that will not reclassified to profit or loss:</i>		
Revaluation gain on property, plant and equipment upon transfer to investment properties	<u>–</u>	<u>25,572</u>
	<u>(10,514)</u>	<u>42,288</u>
Total comprehensive income for the year	<u><u>567,508</u></u>	<u><u>658,586</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2019

	<i>NOTES</i>	31.3.2019 HK\$'000	31.3.2018 <i>HK\$'000</i>
Non-current assets			
Investment properties		2,225,570	1,712,360
Property, plant and equipment		393,119	588,758
Prepaid lease payments		–	5,851
Interest in an associate		7,110	7,021
Interests in joint ventures		396,984	464,325
Loans to joint ventures		498,289	63,646
Deposit paid for acquisition of a subsidiary		–	50,638
Deposit paid and prepayment for acquisition of investment properties		90,465	–
Deferred tax assets		2,538	358
		3,614,075	2,892,957
Current assets			
Properties under development for sale		322,596	319,607
Properties held for sale		7,441	7,441
Inventories		15,357	15,293
Amounts receivable on contract work		–	96,992
Retention money receivable		–	246,029
Contract assets		267,080	–
Debtors, deposits and prepayments	<i>11</i>	114,148	266,695
Prepaid lease payments		–	207
Amounts due from joint ventures		17	17
Amount due from a related party		24,364	–
Loans to joint ventures		24,209	137,482
Financial assets at fair value through profit or loss		519	–
Investments held for trading		–	580
Taxation recoverable		10,394	5,096
Bank balances and cash		869,514	1,070,124
		1,655,639	2,165,563
Assets classified as held for sale	<i>12</i>	–	282,067
		1,655,639	2,447,630
Current liabilities			
Amounts payable on contract work		–	470,129
Trade and other payables	<i>13</i>	772,165	720,313
Provisions		87,637	–
Taxation payable		66,813	20,782
Bank loans – amounts due within one year		351,000	395,507
		1,277,615	1,606,731
Net current assets		378,024	840,899
Total assets less current liabilities		3,992,099	3,733,856

	<i>NOTE</i>	31.3.2019 <i>HK\$'000</i>	31.3.2018 <i>HK\$'000</i>
Non-current liabilities			
Provisions		200,299	–
Deferred tax liabilities		12,356	8,110
		<u>212,655</u>	<u>8,110</u>
		<u>3,779,444</u>	<u>3,725,746</u>
Capital and reserves			
Share capital	<i>14</i>	109,083	104,618
Reserves		3,670,361	3,621,128
		<u>3,779,444</u>	<u>3,725,746</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”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs and an interpretation issued by the HKICPA for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 “Financial Instruments” with HKFRS 4 “Insurance Contracts”
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

2.1 HKFRS 15 “Revenue from Contracts with Customers”

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening accumulated profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and HKAS 11 and the related interpretations.

The Group recognises revenue from the following major sources:

- Construction contracts
- Interior and renovation contracts – building maintenance and renovation contracting works
- Installation of building materials contracts – design, supply and installation of aluminium windows and curtain walls; and supply and installation of interior products such as different types of suspended ceiling system, metal cladding system, demountable partition system, fire related protection system, decorative moulding, raised flooring and wood flooring (“supply and installation of ceiling system”)
- Sales of properties
- Sales of health products – wholesale of Chinese and Western nutritional supplements and management of “HealthPlus” retail chain stores
- Provision of property agency and management services
- Rental income from property investment (not within the scope of HKFRS 15)

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

		Carrying amounts previously reported at 31 March 2018	Impact of adopting HKFRS 15	Carrying amounts under HKFRS 15 of 1 April 2018*
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Inventories	<i>(a)</i>	15,293	28,055	43,348
Amounts receivable on contract work	<i>(a)</i>	96,992	(96,992)	–
Retention money receivable	<i>(b)</i>	246,029	(246,029)	–
Contract assets	<i>(a), (b)</i>	–	419,624	419,624
Debtors, deposits and prepayments	<i>(a)</i>	266,695	14,229	280,924
Amounts payable on contract work	<i>(a)</i>	(470,129)	470,129	–
Trade and other payables	<i>(a), (c)</i>	(720,313)	(225,461)	(945,774)
Provisions	<i>(a)</i>	–	(360,242)	(360,242)
Contract liabilities	<i>(c)</i>	–	(3,313)	(3,313)

* The amounts in this column are before the adjustments from the application of HKFRS 9.

Notes:

- (a) In relation to construction contract, interior and renovation contract and design, supply and installation of aluminium windows and curtain walls, previously accounted under HKAS 11, the Group continues to apply output method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15. The Group applies input method in estimating the performance obligations satisfied for supply and installation of ceiling system. HK\$28,055,000, HK\$173,595,000, HK\$14,229,000, HK\$228,774,000 and HK\$360,242,000 of amounts receivable/payable for contract work were reclassified to inventories, contract assets, debtors, deposits and prepayments, trade and other payables and provisions, respectively. Provisions for warranty costs and rectification work recognised in relation to construction contract, interior and renovation contract and installation of building materials contract were previously presented as amounts payable on contract work.
- (b) Contract assets recognised in relation to construction contract, interior and renovation contract and installation of building materials contract were previously presented as amounts receivable on contract work and retention money receivable. At the date of initial application, retention money receivable of HK\$246,029,000 arising from construction contract, interior and renovation contract and installation of building materials contract are conditional on the Group's achieving specified milestones as stipulated in the contracts, and hence such balance was reclassified to contract assets.

- (c) Contract liabilities recognised in relation to construction contract, interior and renovation contract and installation of building materials contract were previously presented as amounts payable on contract work and deposits received and advances from customers. As at 1 April 2018, advances from customers of HK\$3,313,000 in respect of installation of building materials contract previously included in trade and other payables were reclassified to contract liabilities.

The following table summarises the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019 for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

		As reported	Adjustments	Amounts without application of HKFRS 15
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts receivable on contract work	<i>(a)</i>	–	86,495	86,495
Retention money receivable	<i>(b)</i>	–	175,652	175,652
Contract assets	<i>(a), (b)</i>	267,080	(267,080)	–
Debtors, deposits and prepayments	<i>(a)</i>	114,148	(9,467)	104,681
Amounts payable on contract work	<i>(a)</i>	–	(420,333)	(420,333)
Trade and other payables	<i>(a)</i>	(772,165)	146,797	(625,368)
Provisions	<i>(a)</i>	(287,936)	287,936	–
		<u> </u>	<u> </u>	<u> </u>

Notes:

- (a) In relation to construction contract, interior and renovation contract and design, supply and installation of aluminium windows and curtain walls, previously accounted under HKAS 11, the Group continues to apply output method in estimating the performance obligations satisfied. The Group applies input method in estimating the performance obligations satisfied for supply and installation of ceiling system. HK\$91,428,000, HK\$9,467,000, HK\$146,797,000 and HK\$287,936,000 of amounts receivable/payable for contract work were reclassified to contract assets, debtors, deposits and prepayments, trade and other payables and provisions, respectively.
- (b) As at 31 March 2019, retention money receivable of HK\$175,652,000 arising from construction contract, interior and renovation contract and installation of building materials contract are conditional on the Group's achieving specified milestones as stipulated in the contracts, and hence such balance was reclassified to contract assets.

2.2 HKFRS 9 “Financial Instruments”

In the current year, the Group has applied HKFRS 9 “Financial Instruments” and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses (“ECL”) for financial assets and contract assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018, if any, are recognised in the opening accumulated profits, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 “Financial Instruments: Recognition and Measurement”.

Summary of effects arising from initial application of HKFRS 9

Below illustrates the classification and measurement (including impairment) of financial assets and other items subject to ECL under HKFRS 9 at the date of initial application, 1 April 2018.

Investments held for trading to financial assets at fair value through profit or loss (“FVTPL”)

The Group has reassessed its investments in equity securities classified as investments held for trading under HKAS 39 as if the Group had purchased these investments at the date of initial application. Based on the facts and circumstances as at the date of initial application, HK\$580,000 of the Group’s investments were held for trading and continued to be measured at FVTPL.

Impairment under ECL model

The Group applies HKFRS 9 simplified approach to measure ECL using lifetime ECL for all trade debtors and contract assets. To measure the ECL, trade debtors and contract assets have been grouped based on shared credit risk characteristics, except for those which had been determined as credit impaired under HKAS 39 and those from departments of The Government of the Hong Kong Special Administrative Region which are assessed individually taking into consideration of their credit standings, good repayment record in the past and long term relationships with the Group.

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade debtors for the same types of contracts. The Group has therefore estimated the expected loss rates for the trade debtors and contract assets on the same basis.

Loss allowance for loan commitments, financial guarantee contracts and other financial assets at amortised cost mainly comprise of loans to joint ventures, other receivables, amounts due from joint ventures, amount due from a related party and bank balances are assessed on 12-month ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, additional credit loss allowance of HK\$15,936,000 has been recognised against accumulated profits. The additional loss allowance is charged against loans to joint ventures, trade debtors and contract assets.

The table below illustrates the classification and measurement of financial assets and other item subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application 1 April 2018.

	Loans to joint ventures <i>HK\$'000</i>	Trade debtors <i>HK\$'000</i>	Retention money receivable <i>HK\$'000</i>	Contract assets <i>HK\$'000</i>	Investments held for trading <i>HK\$'000</i>	Financial assets at FVTPL <i>HK\$'000</i>	Deferred tax assets <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>
At 31 March 2018								
– HKAS 39	201,128	211,989	246,029	N/A	580	N/A	358	3,236,023
Effect arising from initial application of HKFRS 15	-	-	(246,029)	419,624	-	-	-	-
Effect arising from initial application of HKFRS 9	-	-	-	-	(580)	580	-	-
Reclassification	-	-	-	-	(580)	580	-	-
Amounts remeasured through opening accumulated profits	(105)	(14,208)	-	(1,623)	-	-	2,065	(13,871)
At 1 April 2018 – HKFRS 9	<u>201,023</u>	<u>197,781</u>	<u>-</u>	<u>418,001</u>	<u>-</u>	<u>580</u>	<u>2,423</u>	<u>3,222,152</u>

The impact of credit loss allowance for loans to joint ventures, trade debtors and contract assets as at 31 March 2018 reconciled to the beginning loss allowance as at 1 April 2018 is as follows:

	Loans to joint ventures <i>HK\$'000</i>	Trade debtors <i>HK\$'000</i>	Contract assets <i>HK\$'000</i>
At 31 March 2018 – HKAS 39	-	2,649	-
Impairment under ECL model	<u>105</u>	<u>14,208</u>	<u>1,623</u>
At 1 April 2018 – HKFRS 9	<u>105</u>	<u>16,857</u>	<u>1,623</u>

2.3 Amendments to HKAS 40 “Transfers of Investment Property”

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in HKAS 40 may evidence a change in use, and that a change in use is possible for properties under development and properties held for sale. For example, change in use for transfer from properties held for sale in the ordinary course of business to investment properties could be evidenced by inception of an operating lease to another party. Currently, the Group accounts for such transfer only upon commencement of an operating lease. At the date of initial application, the Group assessed the classification of certain properties based on conditions existing at that date. There is no impact to the classification at 1 April 2018.

2.4 Impacts on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each individual line items affected. Line items that were not affected by the changes have not been included.

	31 March			1 April
	2018	HKFRS 15	HKFRS 9	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loans to joint ventures	201,128	–	(105)	201,023
Deferred tax assets	358	–	2,065	2,423
Inventories	15,293	28,055	–	43,348
Amounts receivable on contract work	96,992	(96,992)	–	–
Retention money receivable	246,029	(246,029)	–	–
Contract assets	–	419,624	(1,623)	418,001
Debtors, deposits and prepayments	266,695	14,229	(14,208)	266,716
Financial assets at FVTPL	–	–	580	580
Investments held for trading	580	–	(580)	–
Amounts payable on contract work	(470,129)	470,129	–	–
Trade and other payables	(720,313)	(225,461)	–	(945,774)
Provisions	–	(360,242)	–	(360,242)
Contract liabilities	–	(3,313)	–	(3,313)
Accumulated profits	<u>3,236,023</u>	<u>–</u>	<u>(13,871)</u>	<u>3,222,152</u>

2.5 Amendments to HKFRS 3 “Definition of a Business”

The amendments clarify the definition of a business and provide additional guidance with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition. Furthermore, an optional concentration test is introduced to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has early adopted the amendments for its acquisition transactions completed on or after 1 April 2018. The Group has performed the concentration test for certain acquisition transactions during the current year and considered they are acquisition of assets and accounted for such.

The HKICPA has issued new and amendments to HKFRSs and interpretations which are not yet effective for the year and have not been early adopted by the Group, except for the early application of Amendments to HKFRS 3.

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, sale of properties and provision of property agency and management services and rental income from property investment during the year, and is analysed as follows:

Continuing operations

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue from construction contract work	1,620,484	2,037,100
Revenue from interior and renovation contracts	130,115	125,792
Revenue from installation of building materials	90,982	71,630
Sales of health products	59,870	59,513
Sale of properties	–	73,055
Property agency income	6,879	4,830
Property management service income	6,460	6,521
Rental income from property investment	33,333	54,002
	<u>1,948,123</u>	<u>2,432,443</u>

Disaggregation of revenue from contracts with customers

The following table provides an analysis of the Group's revenue from external customers for the year ended 31 March 2019 based on:

Timing of revenue recognition

	2019 <i>HK\$'000</i>
Continuing operations	
Revenue from contracts with customers:	
– At a point in time	66,749
– Over time	1,848,041
	<u>1,914,790</u>
Rental income from property investment	33,333
	<u>1,948,123</u>

4. SEGMENT INFORMATION

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

The design, supply and installation of aluminium windows and curtain walls business included in 'building materials' segment was discontinued in the current year. The segment information reported below does not include any amounts for these discontinued operations, which are described in more details in note 7.

(a) **Segment revenues and results**

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

Continuing operations

For the year ended 31 March 2019

	Construction	Interior and renovation	Building materials	Health products	Property investment	Property development	Property agency and management	Segment total	Eliminations	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE										
External sales	1,620,484	130,115	90,982	59,870	33,333	-	13,339	1,948,123	-	1,948,123
Inter-segment sales	703	59,284	2,198	145	6,869	-	11,664	80,863	(80,863)	-
Total	<u>1,621,187</u>	<u>189,399</u>	<u>93,180</u>	<u>60,015</u>	<u>40,202</u>	<u>-</u>	<u>25,003</u>	<u>2,028,986</u>	<u>(80,863)</u>	<u>1,948,123</u>

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

RESULTS

Segment result	<u>61,147</u>	<u>4,474</u>	<u>261</u>	<u>(2,881)</u>	<u>285,512</u>	<u>302,126</u>	<u>831</u>	<u>651,470</u>	<u>-</u>	<u>651,470</u>
Unallocated expenses										<u>(22,822)</u>
Profit before taxation										<u>628,648</u>

For the year ended 31 March 2018 (restated)

	Construction	Interior and renovation	Building materials	Health products	Property investment	Property development	Property agency and management	Segment total	Eliminations	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE										
External sales	2,037,100	125,792	71,630	59,513	54,002	73,055	11,351	2,432,443	-	2,432,443
Inter-segment sales	805	43,061	5,022	95	3,864	-	31,701	84,548	(84,548)	-
Total	<u>2,037,905</u>	<u>168,853</u>	<u>76,652</u>	<u>59,608</u>	<u>57,866</u>	<u>73,055</u>	<u>43,052</u>	<u>2,516,991</u>	<u>(84,548)</u>	<u>2,432,443</u>

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

RESULTS

Segment result	<u>68,704</u>	<u>8,421</u>	<u>892</u>	<u>3,690</u>	<u>540,232</u>	<u>24,384</u>	<u>453</u>	<u>646,776</u>	<u>-</u>	<u>646,776</u>
Unallocated expenses										<u>(61,118)</u>
Profit before taxation										<u>585,658</u>

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

(b) Other Information***Continuing operations***Year ended 31 March 2019

	Construction	Interior and renovation	Building materials	Health products	Property investment	Property development	Property agency and management	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts included in the measure of segment results or segment assets:								
Depreciation of property, plant and equipment	12,064	941	1,061	678	5,196	19	2,839	22,798
Gain on change in fair value of investment properties	-	-	-	-	(117,939)	-	-	(117,939)
Loss on change in fair value of financial assets at FVTPL	61	-	-	-	-	-	-	61
(Gain) loss on disposal of property, plant and equipment	(337)	-	-	1	(165,718)	-	-	(166,054)
Gain on disposal of subsidiaries	-	-	-	-	-	(318,106)	-	(318,106)
(Reversal) provision of impairment losses	(763)	(48)	(7)	(24)	864	(105)	(30)	(113)
Interest income	(2,824)	-	-	(6)	(113)	-	(1)	(2,944)
Share of profit of an associate	-	-	-	-	(89)	-	-	(89)
Share of profit of joint ventures	-	-	-	-	(47,136)	(27,287)	-	(74,423)
Finance costs	102	-	-	-	15,049	-	-	15,151
Additions to non-current assets (<i>Note</i>)	961	-	21	28	181,632	-	9	182,651
Interest in an associate	-	-	-	-	7,110	-	-	7,110
Interests in joint ventures	-	-	-	-	272,648	124,336	-	396,984
Loans to joint ventures	-	-	-	-	179,587	342,911	-	522,498

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

Income tax expenses (credit)	3,851	(800)	(233)	(38)	11,591	47,369	685	62,425
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Note: Non-current assets exclude those related to discontinued operations, deferred tax assets, interest in an associate, interests in joint ventures and loans to joint ventures.

Year ended 31 March 2018 (restated)

	Construction <i>HK\$'000</i>	Interior and renovation <i>HK\$'000</i>	Building materials <i>HK\$'000</i>	Health products <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Property agency and management <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts included in the measure of segment results or segment assets:								
Depreciation of property, plant and equipment	9,669	384	2,196	527	4,352	19	1,677	18,824
Revaluation gain on properties held for sale upon transfer to investment properties	-	-	-	-	(30,264)	-	-	(30,264)
Gain on change in fair value of investment properties	-	-	-	-	(431,948)	-	-	(431,948)
Gain on change in fair value of investments held for trading	(197)	-	-	-	-	-	-	(197)
(Gain) loss on disposal of property, plant and equipment	(161)	-	-	56	-	-	5	(100)
Loss on disposal of subsidiaries	-	-	-	-	324	-	-	324
Interest income	(368)	-	-	(1)	-	(1,268)	(1)	(1,638)
Share of profit of an associate	-	-	-	-	(80)	-	-	(80)
Share of (profit) loss of joint ventures	-	-	-	-	(129,529)	3,852	-	(125,677)
Finance costs	-	-	628	-	16,161	120	-	16,909
Additions to non-current assets (<i>Note</i>)	3,668	-	-	1,076	304,929	-	5	309,678
Interest in an associate	-	-	-	-	7,021	-	-	7,021
Interests in joint ventures	-	-	-	-	359,743	104,582	-	464,325
Loans to joint ventures	-	-	-	-	139,963	61,165	-	201,128

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

Income tax expenses	9,110	1,141	682	222	1,699	1,196	3,115	17,165
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Note: Non-current assets exclude those related to discontinued operations, deferred tax assets, interest in an associate, interests in joint ventures and loans to joint ventures.

Geographical information

The Group's revenue which is generated from customers located in Hong Kong, the Company's place of domicile, amounted to HK\$1,948,123,000 (2018: HK\$2,432,443,000). 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):

	2019 HK\$'000	2018 <i>HK\$'000</i>
Hong Kong (place of domicile)	3,009,296	2,540,226
The People's Republic of China (the "PRC")	103,952	112,559
	<u>3,113,248</u>	<u>2,652,785</u>

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

Non-current assets excluded those related to discontinued operations, 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:

	2019 HK\$'000	2018 <i>HK\$'000</i>
Customer A (<i>Note</i>)	1,137,421	1,344,218
Customer B (<i>Note</i>)	371,131	– *
Customer C (<i>Note</i>)	– *	386,266
	<u>– *</u>	<u>386,266</u>

Note: Revenue from construction contracts income within the construction 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

	2019 HK\$'000	2018 <i>HK\$'000</i>
Continuing operations		
Net exchange (losses) gains	(369)	244
Loss on change in fair value of financial assets at FVTPL	(61)	–
Revaluation gain on properties held for sale upon transfer to investment properties	–	30,264
Gain on change in fair value of investments held for trading	–	197
	<u>(430)</u>	<u>30,705</u>

6. PROFIT BEFORE TAXATION

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Continuing operations		
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	22,798	18,824
<i>Less:</i> Depreciation expenses included in the cost of sales	<u>(2,988)</u>	<u>(3,026)</u>
	<u>19,810</u>	<u>15,798</u>
Auditor's remuneration	3,750	2,969
Operating lease rentals in respect of rented premises	4,611	4,349
Contract costs recognised as expenses in cost of sales	1,693,073	2,109,116
Costs of inventories recognised as expenses in cost of sales	34,194	67,092
Reversal of over accrued contract costs upon finalisation of accounts during the year (included in cost of sales)	–	(13,310)
Gross rental income under operating leases	(33,333)	(54,002)
<i>Less:</i> Direct operating expenses that generated rental income during the year	<u>2,115</u>	<u>9,117</u>
	<u>(31,218)</u>	<u>(44,885)</u>
Sub-leasing income	(1,849)	(53)
<i>Less:</i> Direct operating expenses that generated sub-leasing income during the year	<u>49</u>	<u>–</u>
	<u>(1,800)</u>	<u>(53)</u>
Expenses included in cost of sales:		
Depreciation	2,988	3,026
Rentals under operating leases in respect of:		
– plant and machinery	17,219	24,266
– others	<u>938</u>	<u>200</u>

7. DISCONTINUED OPERATIONS

Disposal of Million Hope Group by way of distribution in specie

Million Hope and its subsidiaries ceased to be subsidiaries of the Company upon the distribution of Million Hope shares to the Company's shareholders on 18 March 2019 as special interim dividend by way of distribution in specie.

The profit for the year from the discontinued operations carried out by Million Hope Group is set out below. The comparative figures in the consolidated statement of profit or loss has been restated to re-present the operations of Million Hope Group as discontinued operations.

	For the period from 1 April 2018 to 18 March 2019 <i>HK\$'000</i>	For the year ended 31 March 2018 <i>HK\$'000</i>
Revenue	366,884	417,061
Cost of sales	(293,856)	(299,881)
Gross profit	73,028	117,180
Other income	2,462	1,390
Other gains and losses	348	(5,185)
(Loss) gain on disposal of property, plant and equipment	(15)	102
Reversal of impairment losses (impairment losses recognised)	3,144	(3,548)
Administrative and other expenses	(59,834)	(44,650)
Finance costs	(2,047)	(2,646)
Profit before taxation	17,086	62,643
Taxation	(5,287)	(14,838)
Profit for the period/year	11,799	47,805

Profit for the period/year from discontinued operations includes the following:

	For the period from 1 April 2018 to 18 March 2019 HK\$'000	For the year ended 31 March 2018 HK\$'000
Auditor's remuneration	1,530	461
Depreciation of property, plant and equipment	9,262	6,136
Operating lease rentals in respect of rented premises	90	50
Release of prepaid lease payments included in cost of inventories	197	207
(Reversal of) impairment loss recognised on inventories	(1,366)	1,462
Reversal of impairment loss recognised on trade debtors	(2,986)	3,548
Reversal of impairment loss recognised on contract assets	(158)	–
Interest income	(25)	(16)
Loss (gain) on disposal of property, plant and equipment	15	(102)
	<u>15</u>	<u>(102)</u>

8. TAXATION

	2019 HK\$'000	2018 HK\$'000
Continuing operations		
Hong Kong Profits Tax		
Current year	52,974	16,288
Under(over)provision in prior years	5,479	(491)
	<u>58,453</u>	<u>15,797</u>
Deferred taxation	3,972	1,368
	<u>62,425</u>	<u>17,165</u>

Hong Kong Profits Tax was calculated at a flat rate of 16.5% of the estimated assessable profit for both years.

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of qualifying group entity will be taxed at 8.25%, and assessable profits above HK\$2,000,000 will be taxed at 16.5%. Accordingly, starting from the current year, Hong Kong Profits Tax of the qualified entity is calculated in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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

9 DIVIDENDS

Dividends recognised as distribution during the year:

	2019 HK\$'000	2018 <i>HK\$'000</i>
Ordinary shares:		
2019 interim dividend – HK2.5 cents per share (2018: 2018 Interim dividend – HK2.2 cents per share)	26,169	21,712
2018 final dividend – HK5.0 cents per share (2018: 2017 final dividend – HK5.0 cents per share)	52,294	49,344
Sub-total	78,463	71,056
Special interim dividend by way of distribution in specie of subsidiaries (<i>Note</i>)	500,048	–
	578,511	71,056
	2019 HK\$'000	2018 <i>HK\$'000</i>
Proposed final dividend for the financial year ended 31 March 2019 of HK5.0 cents per share (2018: for the financial year ended 31 March 2018 of HK5.0 cents per share)	54,542	52,309

Note: On 22 February 2019, the Company declared a special interim dividend, satisfied by distribution in specie of all shares in Million Hope, representing the Company's entire interest in Million Hope. The distribution was made by way of allocating 2 Million Hope shares for every 5 shares held by the Company's shareholders. The distribution in specie by the Company was recognised at the carrying amount of the net assets of Million Hope Group attributable to the owners of the Company as the directors of the Company considered that Million Hope was ultimately under the control of the same parties before and after the distribution.

10. EARNINGS PER SHARE

For continuing and discontinued operations

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

	2019 HK\$'000	2018 <i>HK\$'000</i>
Earnings		
Earnings for the purpose of basic and diluted earnings per share	<u>578,022</u>	<u>616,298</u>
	2019 '000	2018 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>Note</i>)	1,038,165	988,325
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options issued by the Company	789	2,251
Adjustment in relation to award shares granted by the Company	<u>13,007</u>	<u>25,030</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share (<i>Note</i>)	<u>1,051,961</u>	<u>1,015,606</u>

Note: The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for both years have been arrived at after deducting the shares held in trust for the Company.

For continuing operations

The calculation of basic and diluted earnings per share for continuing operations attributable to the owners of the Company is based on earnings figures calculated as follows:

	2019 HK\$'000	2018 <i>HK\$'000</i>
Earnings for the purpose of calculating basic and diluted earnings per share	578,022	616,298
<i>Less:</i> Profit for the year from discontinued operations	<u>(11,799)</u>	<u>(47,805)</u>
Earnings for the purpose of calculating basic and diluted earnings per share for continuing operations	<u>566,223</u>	<u>568,493</u>

The denominators used are the same as those detailed above for basic and diluted earnings per share for continuing and discontinued operations.

For discontinued operations

Basic earnings per share for discontinued operations for the year is HK1.2 cents per share (2018: HK4.9 cents per share) and diluted earnings per share for the discontinued operations is HK1.1 cents per share (2018: HK4.7 cents per share), based on the profit for the year from discontinued operations of HK\$11,799,000 (2018: HK\$47,805,000) and the denominators used are the same as those detailed above for basic and diluted earnings per share for continuing and discontinued operations.

11. DEBTORS, DEPOSITS AND PREPAYMENTS

Proceeds from property sales are receivable pursuant to the terms of the sale and purchase agreements. 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 (2018: 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 presented based on the invoice date or agreement date, as appropriate, at the end of the reporting period is as follows:

	31.3.2019 HK\$'000	31.3.2018 HK\$'000
Within 30 days	54,957	153,378
31 – 60 days	8,562	31,630
61 – 90 days	8,504	2,571
Over 90 days	4,511	24,410
	<hr/> 76,534 <hr/>	<hr/> 211,989 <hr/>

12. ASSETS CLASSIFIED AS HELD FOR SALE

On 1 February 2018, an indirect wholly owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party to dispose of its 50% interests in and shareholder's loan to a joint venture, Pagson Development Limited ("Pagson Development") together with its wholly owned subsidiary, namely Wall Street 38 Limited (collectively referred to as "Pagson Development Group"). The directors of the Company assessed whether the held-for-sale criteria set out in HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" were met. Taking into account (a) the fact that the subject equity interests and shareholder's loan were immediately available for sale, and (b) the conditions to be met to complete the disposal as set out in the terms of the relevant agreements, the carrying amount of 50% interests in the joint venture of HK\$282,067,000 as at 31 March 2018 was reclassified from interests in a joint venture to assets classified as held for sale. The disposal has been completed on 10 April 2018.

13. TRADE AND OTHER PAYABLES

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

	31.3.2019	31.3.2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	68,646	113,550
31 – 60 days	192	713
61 – 90 days	649	260
Over 90 days	3,825	10,339
	73,312	124,862

14. SHARE CAPITAL

	<i>No. of shares</i>	<i>HK\$'000</i>
Authorised:		
Shares of HK\$0.10 each		
Balance as at 1 April 2017	1,200,000,000	120,000
Increased during the year (<i>Note a</i>)	<u>300,000,000</u>	<u>30,000</u>
Balance as at 31 March 2018, 1 April 2018 and 31 March 2019	<u><u>1,500,000,000</u></u>	<u><u>150,000</u></u>
Issued and fully paid:		
Shares of HK\$0.10 each		
Balance as at 1 April 2017	1,038,003,926	103,800
Issue of shares upon exercise of share options (<i>Note b</i>)	<u>8,172,725</u>	<u>818</u>
Balance as at 31 March 2018 and 1 April 2018	1,046,176,651	104,618
Issue of shares upon exercise of share options (<i>Note b</i>)	<u>44,654,925</u>	<u>4,465</u>
Balance as at 31 March 2019	<u><u>1,090,831,576</u></u>	<u><u>109,083</u></u>

Notes:

- (a) Pursuant to a resolution passed at the annual general meeting held on 22 August 2017, the authorised share capital of the Company was increased from HK\$120,000,000 divided into 1,200,000,000 ordinary shares of HK\$0.10 each to HK\$150,000,000 divided into 1,500,000,000 ordinary shares of HK\$0.10 each by the creation of an additional 300,000,000 ordinary shares of HK\$0.10 each.
- (b) The new shares issued rank *pari passu* in all respects with the existing shares in issue.

15. EVENT AFTER THE REPORTING PERIOD

On 15 April 2019, an indirect wholly owned subsidiary of the Company, Great Virtue Ventures Limited, entered into a sale and purchase agreement with an independent third party to purchase a property located at No.1 Tai Yip Street, Kwun Tong, Kowloon, Hong Kong, at a consideration of HK\$489,000,000. As at 31 March 2019, the Group had paid the initial deposits of HK\$20,000,000 and paid stakeholder money amounting to HK\$28,900,000. The transaction was completed on 8 May 2019 and the remaining balance of consideration of HK\$440,100,000 was paid on the same day.

OPERATIONS REVIEW

CONSTRUCTION DIVISION

The revenue for the Construction Division was HK\$1,621.2 million for the year ended 31 March 2019 (2018: HK\$2,037.9 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 2019 for the Construction Division amounted to HK\$1,906.9 million.

Major projects undertaken

- (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
- (3) Construction of Sports Centre, Community Hall and Football Pitches in Area 1, Tai Po, New Territories
- (4) Construction of a 30-classroom Secondary School at Site 1A-2, Kai Tak Development, Kowloon

INTERIOR AND RENOVATION DIVISION

For the year ended 31 March 2019, the Interior and Renovation Division recorded a revenue of HK\$189.4 million, as compared with HK\$168.9 million last year.

The total amount of contracts on hand as at 31 March 2019 for the Interior and Renovation Division amounted to HK\$79.5 million.

Major projects undertaken

- (1) Building renovation works of Cavendish Heights (Block 1-7) at 33 Perkins Road, Jardine's Lookout, Hong Kong
- (2) Alteration and addition works for 99-101 Lai Chi Kok Road, Kowloon
- (3) Proposed renovation works for Pentecostal Mission Hong Kong and Kowloon Church at 71 Waterloo Road, Kowloon

Major projects awarded subsequent to the financial year ended 31 March 2019

- (1) Combined fitting out works for hotel and office packages for proposed hotel and office building at 43 Heung Yip Road, Hong Kong
- (2) Full reinstatement at 24/F – 26/F of Exchange Square 3, Central, Hong Kong

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, demountable partition system, fire related protection system, decorative moulding, raised flooring and wood flooring.

For the year ended 31 March 2019, the revenue of the Building Materials Division was HK\$93.2 million compared with that of HK\$76.7 million (restated) last year.

The total amount of contracts on hand as at 31 March 2019 for the Building Materials Division amounted to HK\$57.7 million.

Major Projects Completed

- (1) ASD Contract No. SS C502 for design and construction of West Kowloon Government Offices at Yau Ma Tei – Design, supply and installation of external ceiling system

Major Projects Undertaken

- (1) Construction of a 30-classroom Secondary School at Site 1A-2, Kai Tak Development, Kowloon – Design, supply and installation of suspended ceiling system
- (2) Museum Plus (M+) at West Kowloon Cultural District – Supply and installation of metal ceiling system
- (3) Proposed office development at 1 Hennessy Road, Hong Kong – Supply and installation of suspended ceiling system
- (4) Proposed residential development at Castle Peak Road, Kwu Tung, New Territories Lot No.2640 in D.D.92 – Supply and installation of suspended ceiling system
- (5) Proposed Site C1 Development at Area 86, TKOTL 70RP Tseung Kwan O, New Territories, Lohas Park Package 7A & B – Supply and installation of suspended ceiling system
- (6) Proposed residential & commercial development at Yau Tong Lot No.42, 1 Lei Yue Mun Path, Lei Yue Mun, Kowloon – Supply and installation of suspended ceiling system, timber flooring and skirting

Major Projects Awarded during the Financial Year Ended 31 March 2019

- (1) Construction of Sports Centre, Community Hall and Football Pitches in Area 1, Tai Po – Design, supply and installation of suspended ceiling system and hardwood sport flooring system
- (2) Proposed residential development at TMTL 500 Kwun Chui Road, Tuen Mun, New Territories – Supply and installation of suspended ceiling system
- (3) Proposed redevelopment at No.3 Marble Road, North Point – Supply and installation of external ceiling system and aluminium louvre

- (4) Proposed residential redevelopment at No.23 Robinson Road, Hong Kong at Carpark – Supply and installation of external ceiling system

Major Project Awarded Subsequent to the Financial Year Ended 31 March 2019

- (1) MTR SCL Contract No.1123 – Exhibition Station – Design, supply and installation of suspended ceiling system

PROPERTY DEVELOPMENT DIVISION

The Property Development Division recorded no revenue during the year ended 31 March 2019 (2018: HK\$73.1 million).

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, the Group has recorded the sales of 9 residential units and 10 car parking spaces during the year. The profit was recognised as share of profit of joint ventures. One more unit was sold subsequent to the financial year end. The remaining 2 units are being offered for sales.

LUXÉAST, the Group's 49% interest in the parcel of land situated at 中華人民共和國浙江省海寧市區文苑路西側、後富亭港南側 (West of Wenyuan Road and South of Houfutinggang, Haining, Zhejiang Province, the People's Republic of China) for the development and construction of office, retail, car parking spaces and other development pertaining to the land. The respective 房屋所有權證 (Building Ownership Certificates) have been issued in March 2015. A total of 130 商品房買賣合同 (Sale and Purchase Agreement for Commodity Flat) have been signed up to the end of the reporting period in which 126 units had been delivered to customers.

In June 2018, a joint venture in which the Group has 50% interest acquired the Central Industrial Building, located in Kwai Chung, New Territories for the property redevelopment purpose. It is under design stage now and we recently submitted a planning application for extra gross floor area.

In July 2018, the Group completed a series of acquisitions from various vendors holding an industrial building, namely Mee Wah Factory Building situated at No. 1 Tsat Po Street and No. 19 Sam Chuk Street, San Po Kong, Kowloon, Hong Kong for an aggregate consideration of HK\$850.0 million for redevelopment. In August 2018, the Group entered into a sale and purchase agreement to dispose of 100% interest in a subsidiary which indirectly held Mee Wah Factory Building at a consideration of HK\$1,252.9 million. The disposal was completed on 15 November 2018.

For a piece of land at No. 57A Nga Tsin Wai Road, Kowloon Tong, Kowloon with the objective of developing the property into a premium residential project, lease modification for redevelopment has been applied and is under processing.

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

For the proposed residential development project with Sun Hung Kai Properties Limited at So Kwun Wat, Tuen Mun, planning application to the Town Planning Board was completed in the previous financial year. A land exchange application to convert the land to residential use will be made with the Lands Department in due course.

PROPERTY INVESTMENT DIVISION

The Property Investment Division recorded a revenue of HK\$40.2 million for the year ended 31 March 2019 (2018: HK\$57.9 million).

To diversify its investment portfolio, the Group completed the acquisition of the company holding a property for serviced apartment business, now namely Hollywood Hill, located at No. 222 Hollywood Road, Hong Kong in April 2018. In addition, a joint venture of the Group in which the Group has 50% interest entered into a sale and purchase agreement to acquire a company holding the whole block of property, now namely The Connaught, located at No. 138 Connaught Road West, Hong Kong. The transaction was completed in November 2018. In May 2019, the Group acquired a whole block of industrial property namely Hay Nien Building located at No. 1 Tai Yip Street, Kwun Tong, Kowloon, Hong Kong.

As the Group considered that the market presented a good opportunity to unlock the value of the properties, several sale and purchase agreements were entered into to dispose of its properties. In April 2018 and May 2018, the Group entered into a sale and purchase agreement with an independent third party to dispose of certain workshops and car parking spaces of Shatin Industrial Centre at a consideration of HK\$158.4 million and HK\$209.8 million respectively. The transactions were completed in October 2018 and September 2018 respectively. In May 2018, a joint venture of the Group in which the Group has 40% interest entered into a sale and purchase agreement to dispose of its wholly owned subsidiary which directly held a serviced apartment, Queen Central, located at No. 338 Queen's Road Central, Hong Kong. The transaction has been completed in October 2018.

Investment properties of the Group including various units at Shatin Industrial Centre, some units at Kings Wing Plaza 1 in Shek Mun, Hollywood Hill at No. 222 Hollywood Road, One Eleven in Sai Ying Pun, No. 31 Wing Wo Street in Sheung Wan, some units at Kin Wing Industrial Building in Tuen Mun, various land lots in D.D. 76 Ping Che in Fanling, retail shops of The Austine Place in Tsim Sha Tsui, and following three investment properties in which the Group has 50% interest: PeakCastle in Cheung Sha Wan, Hoi Bun Godown in Tuen Mun and The Connaught at No.138 Connaught Road West, all contributed satisfactory rental incomes to the Group during the financial year.

Investment properties including West Castle, West Park and The Edward are now under renovation in order to improve the respective rental incomes and to enhance the property values.

PROPERTY AGENCY AND MANAGEMENT DIVISION

The revenue of the Property Agency and Management Division for the year ended 31 March 2019 was HK\$25.0 million (2018: HK\$43.1 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, Success Centre at Ta Chuen Ping Street (service ended in April 2018), Queen Central at Queen's Road Central (service ended in October 2018), PeakCastle in Cheung Sha Wan, Central Industrial Building in Kwai Chung, The Connaught at No.138 Connaught Road West and one of the Group's redevelopment project, The Austine Place at No. 38 Kwun Chung Street. This Division also provides 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, One Eleven in Sai Ying Pun, PeakCastle in Cheung Sha Wan, Mount Vienna at Lok Lam Road, Queen Central at Queen's Road Central (service ended in October 2018), The Connaught at No.138 Connaught Road West and Hollywood Hill at No. 222 Hollywood Road.

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

Made up of two subsidiaries of the Group, namely Care & Health Limited (“Care & Health”) and Retailcorp Limited (“Retailcorp”), the Health Products Division focuses on wholesale of Chinese and Western nutritional supplements and management of relevant retail chain stores.

For the year ended 31 March 2019, the Division recorded revenue of HK\$60.0 million, compared to HK\$59.6 million last year.

Retailcorp manages the Group’s chain stores business under the trade name HealthPlus. Currently, there are 9 retail outlets (including a HealthPlus shop at St. Teresa’s Hospital) and 1 service centre in operation. During the current financial year, HealthPlus joined the Eugene Baby Fair 2018 from 3 to 6 August 2018 and Care & Health joined the Food Expo from 16 to 20 August 2018, both held at Hong Kong Convention and Exhibition Centre. To enhance our advertising effort, the Group has appointed an actress Ms. Chiu Ngar Chi as a celebrity endorser for our product “Lingzhi Master” in order to increase the product’s awareness and popularity. In respect of the e-Commerce business, the Group has established different e-commercial channels 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\$2,151.0 million (HK\$811.0 million was secured by first charges over certain leasehold land and buildings and investment properties of the Group), of which HK\$351.0 million bank loans have been drawn down and approximately HK\$245.7 million has been utilised mainly for the issuance of letters of credit and performance bonds as at 31 March 2019. The bank loans under these banking facilities bear interests at prevailing market interest rates.

The Group follows a prudent policy in managing its cash balance, and endeavours to maintain its sound cash flow generating capability, its ability to take on investments and acquisition projects, in order to enhance shareholder wealth. The total cash and bank balances of the Group amounted to HK\$869.5 million as at 31 March 2019 (2018: HK\$1,070.1 million), and accounted for 52.5% of the current assets (2018: 43.7%).

During the year, the Group has a net cash outflow of HK\$892.4 million in its operating activities (mainly due to the increase in properties under development for sale), a net cash inflow of HK\$1,077.3 million in its investing activities (mainly due to net cash inflows on disposal of subsidiaries, proceeds from disposals of property, plant and equipment, investment properties and assets classified as held for sale, repayment of loan and dividend received from joint ventures, netting off net cash outflows on acquisitions of subsidiaries and loans to joint ventures), and a net cash outflow of HK\$384.3 million in its financing activities (mainly due to net cash outflows from dividend by way of distribution in specie of subsidiaries, dividends paid to shareholders and repayment of bank loans, netting off new bank loans raised). As at 31 March 2019, the Group was in a net cash position, calculated on the basis of total cash and bank balances less total bank loans. As at year-end date, the Group was with a net current asset of HK\$378.0 million (2018: HK\$840.9 million) and the current ratio (current assets divided by current liabilities) was 1.30 times (2018: 1.52 times).

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\$3,779.4 million including reserves of HK\$3,670.4 million, an increase of HK\$49.3 million from HK\$3,621.1 million at 31 March 2018. On that basis, the consolidated net asset value of the Group as at 31 March 2019 was HK\$3.46 per share, compared to the consolidated net asset value of HK\$3.56 per share as at 31 March 2018. The increase in shareholders' funds was mainly attributable to profits retained after completion of distribution of special interim dividend by distribution in specie of all Million Hope shares owned by the Company in March 2019, the payments of cash dividends, exercise of share options and recognition of equity-settled share-based payments.

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 2019, the Group borrowed Hong Kong dollar loans amounting to HK\$351.0 million from the banks (at 31 March 2018: HK\$395.5 million). The borrowings have been used as general working capital for financing the properties for development and investment purposes over the years. The maturity profile of the loans spread over a period of three years with HK\$179.1 million repayable within the first year, HK\$9.0 million repayable within the second year and HK\$162.9 million repayable within the third year. Bank loans that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause with carrying amount of HK\$351.0 million have been classified as current liabilities. Interest is based on Hong Kong Interbank Offered Rate plus a competitive margin.

Major Acquisitions And Disposals

On 2 March 2018, an indirect wholly owned subsidiary of the Company, Shining Bliss Limited, entered into a sale and purchase agreement with an independent third party to acquire the entire issued share capital and shareholder's loan to Richway Group Holdings Limited together with its wholly owned subsidiary, Sunny Way Properties Limited, (collectively referred to as "Richway Group") at a consideration of HK\$505,144,000. The acquisition was completed on 12 April 2018. The major asset of Richway Group represented the whole block of property located at No. 222 Hollywood Road, Hong Kong, which was classified as investment properties.

On 24 August 2018, an indirect wholly owned subsidiary of the Company, Flair Forward Limited, entered into a sale and purchase agreement with an independent third party to dispose of its entire interests in and shareholder's loan to Pleasing Ideal Limited (the "Pleasing Ideal") together with its wholly owned subsidiary, Superb Leading Limited (the "Superb Leading") at a consideration of approximately HK\$1,252,907,000. Superb Leading is engaged in property development. The major asset of Superb Leading represented industrial property "Mee Wah Factory Building" situated at No.19 Sam Chuk Street and No.1 Tsat Po Street, Kowloon, Hong Kong. The disposal was completed on 15 November 2018.

Collateral

As at 31 March 2019, certain leasehold land and buildings and investment properties of the Group, at the carrying value of approximately HK\$942.2 million (at 31 March 2018: HK\$1,081.5 million), were pledged to the banks to secure the Hong Kong dollar loans of HK\$351.0 million (at 31 March 2018: HK\$395.5 million).

Contingent Liabilities and Performance Bonds

During the year ended 31 March 2004, legal actions in respect of allegations of copyright infringement and defamation were taken against certain subsidiaries of the Company carrying on its health products business. No further steps had been taken against the Group in respect of such actions after the court hearing for directions to appoint experts and exchange witness statements took place in 2004. In 2018, the counterparty has been voluntary winding-up and the case was closed accordingly.

As at 31 March 2018, the Group has an outstanding corporate guarantee issued to a bank in respect of banking facilities granted to a joint venture of approximately HK\$67,125,000, which represents the Group's proportionate share of the banking facilities utilised as at 31 March 2018. In the opinion of the directors of the Company, the fair values of these financial guarantee contracts are insignificant at initial recognition and no provision for financial guarantee contracts has been made at 31 March 2018. During the year ended 31 March 2019, the joint venture's bank loan has been fully repaid.

As at 31 March 2018, the Group has an outstanding counter indemnity in favour of the partners of a joint venture amounting to HK\$62,000,000 which represents the Group's maximum liability. This maximum liability was determined among the parties to the counter indemnity with reference to the Group's proportionate share of estimated amount of interest payment under the banking facilities granted to the joint venture and the cost overrun in respect of the renovation, management and marketing and leasing of the property held by the joint venture. In the opinion of the directors of the Company, the fair value of the counter indemnity is insignificant at initial recognition and no provision for counter indemnity has been made at 31 March 2018. During the year ended 31 March 2019, the joint venture's bank loan has been fully repaid.

As at 31 March 2019, the Group has outstanding performance bonds in respect of construction contracts amounting to HK\$136,941,000 (2018: HK\$222,991,000).

Commitments

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

	31.3.2019 HK\$'000	31.3.2018 <i>HK\$'000</i>
Capital expenditure contracted for but not provided in the consolidated financial statements in relation to:		
Acquisition of a property under development for sale	–	409,000
Acquisition of a subsidiary	–	454,505
Acquisition of investment properties	<u>440,100</u>	<u>–</u>
	<u>440,100</u>	<u>863,505</u>

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

	31.3.2019 HK\$'000	31.3.2018 <i>HK\$'000</i>
Commitments to provide loans	<u>382,857</u>	<u>757,206</u>

Employees and Remuneration Policy

As at 31 March 2019, the Group (excluding its joint ventures) had 611 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

Political uncertainties are clouding the global economic prospects and global growth is anticipated to slow to 2.9% in 2019. With the trade tensions remain unresolved, international trade and investment are expected to be softened.

In Hong Kong, the Government projected that our GDP in 2019 will drop to between 2% to 3%, down from last year's 3%. However, the low unemployment and interest rates have provided strong support to Hong Kong economy, especially the property market. We will move forward with caution amidst this challenging and uncertain environment.

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 2019, 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 following:

- Code Provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board, Mr. Cha Mou Sing, Payson, was unable to attend the Company's 2018 annual general meeting due to other important engagement. The Managing Director took the chair of that meeting in accordance with the articles of association of the Company.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors (excluding director appointed after the year end) 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 2019.

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 2019 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 2019 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 Sing, Payson
Chairman

Hong Kong, 25 June 2019

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

Non-executive Chairman

Mr. Cha Mou Sing, Payson

Executive Directors

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

Mr. Tai Sai Ho (*General Manager*)

Mr. Lo Kai Cheong

Non-executive Directors

Mr. Cha Mou Daid, Johnson

Dr. Zhang Wei

(also alternate director to Mr. Cha Mou Sing, Payson)

Independent Non-executive Directors

Mr. Chan Pak Joe

Dr. Lau Tze Yiu, Peter

Dr. Sun Tai Lun