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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 2018

SUMMARY OF RESULTS

For the year ended 31 March 2018, Hanison Construction Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) recorded turnover of HK\$2,849.5 million, representing a year-on-year decline of 11.4% from HK\$3,216.1 million recorded in the previous financial year. Despite the drop in turnover mainly from the Property Development Division, the Group recorded consolidated profit attributable to owners of the Company totalled HK\$616.3 million (2017: HK\$516.9 million), an increase of 19.2% over the profit attained last year. During the current financial year, the Group has been very active in the acquisitions and disposals of investment properties, both by its own or through joint ventures. The disposal of 50% interest of its own investment property, PeakCastle, has contributed a substantial amount of profit to the Group, while the increase in gain on change in fair value of other investment properties held by the Group and through joint ventures at this financial year end have also accounted for a significant increase in profit for the year. The above positive returns have more than sufficient to cover the decrease in contribution from sales of properties from the Property Development Division of the Group and increase in equity-settled share-based payments recognised for the year ended 31 March 2018.

The basic earnings per share and diluted earnings per share for the year were HK62.4 cents and HK60.7 cents, representing increase of 22.4% and 19.7% respectively when compared with HK51.0 cents and HK50.7 cents respectively last year.

As at 31 March 2018, the net asset value of the Group amounted to HK\$3,725.7 million (2017: HK\$3,066.6 million), representing an increase of 21.5% over last year. Net asset value per share as at 31 March 2018 was HK\$3.56 (2017: HK\$2.95).

DIVIDEND

The board of directors of the Company (the “Board”) has recommended a final dividend of HK5.0 cents per share for the year ended 31 March 2018 (2017: HK5.0 cents per share) to shareholders whose names appear on the register of members of the Company on 30 August 2018. This, together with an interim dividend of HK2.2 cents per share (2017: HK2.2 cents per share) distributed during the year, gives a total dividend of HK7.2 cents per share for the year (2017: HK7.2 cents per share). The proposed final dividend will be paid on 12 September 2018 following approval at the annual general meeting scheduled to be held on 21 August 2018 (the “AGM”).

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from 16 August 2018 to 21 August 2018, 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 15 August 2018.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from 28 August 2018 to 30 August 2018, 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 2018 (the "2018 Final Dividend"). In order to qualify for the 2018 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 27 August 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2018

	NOTES	2018 HK\$'000	2017 HK\$'000
Turnover	3	2,849,504	3,216,077
Cost of sales		<u>(2,476,089)</u>	<u>(2,762,364)</u>
Gross profit		373,415	453,713
Other income		7,771	7,770
Other gains and losses	5	30,137	49,115
Marketing and distribution costs		(17,779)	(46,917)
Administrative expenses		(283,393)	(208,508)
Gain on change in fair value of investment properties		431,948	255,042
Share of profit of an associate		80	323
Share of profit of joint ventures		125,677	57,182
Finance costs		<u>(19,555)</u>	<u>(13,229)</u>
Profit before taxation	6	648,301	554,491
Taxation	7	<u>(32,003)</u>	<u>(37,552)</u>
Profit for the year		<u>616,298</u>	<u>516,939</u>
Earnings per share			
Basic (HK cents)	9	<u>62.4</u>	<u>51.0</u>
Diluted (HK cents)	9	<u>60.7</u>	<u>50.7</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Profit for the year	<u>616,298</u>	<u>516,939</u>
Other comprehensive income (expense):		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	6,677	(3,362)
Share of exchange differences of a joint venture	<u>10,039</u>	<u>(3,667)</u>
	16,716	(7,029)
Item that will not reclassified to profit or loss:		
Revaluation gain on property, plant and equipment upon transfer to investment properties	<u>25,572</u>	<u>–</u>
	<u>42,288</u>	<u>(7,029)</u>
Total comprehensive income for the year	<u><u>658,586</u></u>	<u><u>509,910</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2018

	<i>NOTES</i>	31.3.2018 HK\$'000	31.3.2017 <i>HK\$'000</i>
Non-current assets			
Investment properties		1,712,360	2,399,700
Property, plant and equipment		588,758	251,131
Prepaid lease payments		5,851	5,472
Interest in an associate		7,021	6,941
Interests in joint ventures		464,325	422,738
Loans to joint ventures		63,646	–
Deposit paid for acquisition of a subsidiary		50,638	–
Deferred tax assets		358	492
		2,892,957	3,086,474
Current assets			
Properties under development for sale		319,607	–
Properties held for sale		7,441	110,474
Inventories		15,293	14,803
Amounts receivable on contract work		96,992	104,115
Progress payments receivable	<i>10</i>	99,199	233,819
Retention money receivable		246,029	281,686
Debtors, deposits and prepayments	<i>11</i>	167,496	158,221
Prepaid lease payments		207	201
Amount due from a joint venture		17	17
Loans to joint ventures		137,482	–
Investments held for trading		580	383
Taxation recoverable		5,096	2,949
Pledged bank deposits		–	139,263
Bank balances and cash		1,070,124	840,074
		2,165,563	1,886,005
Assets classified as held for sale	<i>12</i>	282,067	24,784
		2,447,630	1,910,789
Current liabilities			
Amounts payable on contract work		470,129	344,798
Trade and other payables	<i>13</i>	720,313	727,468
Taxation payable		20,782	24,227
Bank and other loans – amounts due within one year		395,507	822,155
		1,606,731	1,918,648
Net current assets (liabilities)		840,899	(7,859)
Total assets less current liabilities		3,733,856	3,078,615

	<i>NOTE</i>	31.3.2018 <i>HK\$'000</i>	31.3.2017 <i>HK\$'000</i>
Non-current liability			
Deferred tax liabilities		<u>8,110</u>	<u>12,000</u>
		<u>3,725,746</u>	<u>3,066,615</u>
Capital and reserves			
Share capital	<i>14</i>	104,618	103,800
Reserves		<u>3,621,128</u>	<u>2,962,815</u>
		<u>3,725,746</u>	<u>3,066,615</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 (the “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 REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle

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

Amendments to HKAS 7 “Disclosure Initiative”

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the followings to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

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.

3. TURNOVER

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

4. SEGMENT INFORMATION

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

(a) Segment revenues and results

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

For the year ended 31 March 2018

	Construction <i>HK\$'000</i>	Interior and renovation <i>HK\$'000</i>	Building materials <i>HK\$'000</i>	Health products <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Property agency and management <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
TURNOVER										
External sales	2,037,100	125,792	488,691	59,513	54,002	73,055	11,351	2,849,504	-	2,849,504
Inter-segment sales	805	43,061	9,107	95	5,040	-	31,701	89,809	(89,809)	-
Total	<u>2,037,905</u>	<u>168,853</u>	<u>497,798</u>	<u>59,608</u>	<u>59,042</u>	<u>73,055</u>	<u>43,052</u>	<u>2,939,313</u>	<u>(89,809)</u>	<u>2,849,504</u>
Inter-segment sales are charged by reference to market prices.										
RESULTS										
Segment result	<u>68,704</u>	<u>8,048</u>	<u>82,912</u>	<u>3,690</u>	<u>537,543</u>	<u>24,384</u>	<u>453</u>	<u>725,734</u>	<u>-</u>	<u>725,734</u>
Unallocated expenses										(77,433)
Profit before taxation										<u>648,301</u>

For the year ended 31 March 2017

	Construction HK\$'000	Interior and renovation HK\$'000	Building materials HK\$'000	Health products HK\$'000	Property investment HK\$'000	Property development HK\$'000	Property agency and management HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER										
External sales	2,036,765	163,971	574,759	54,966	44,881	331,261	9,474	3,216,077	-	3,216,077
Inter-segment sales	609	6,917	17,831	108	4,268	-	11,029	40,762	(40,762)	-
Total	<u>2,037,374</u>	<u>170,888</u>	<u>592,590</u>	<u>55,074</u>	<u>49,149</u>	<u>331,261</u>	<u>20,503</u>	<u>3,256,839</u>	<u>(40,762)</u>	<u>3,216,077</u>

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

RESULTS

Segment result	<u>48,991</u>	<u>2,611</u>	<u>68,524</u>	<u>3,250</u>	<u>320,261</u>	<u>123,206</u>	<u>454</u>	<u>567,297</u>	<u>-</u>	<u>567,297</u>
Unallocated expenses										(12,806)
Profit before taxation										<u>554,491</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

Year ended 31 March 2018

	Construction HK\$'000	Interior and renovation HK\$'000	Building materials HK\$'000	Health products HK\$'000	Property investment HK\$'000	Property development HK\$'000	Property agency and management HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment results or segment assets:								
Depreciation of property, plant and equipment	9,669	953	7,763	527	4,352	19	1,677	24,960
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)	-	(102)	56	-	-	5	(202)
Loss on disposal of subsidiaries	-	-	-	-	324	-	-	324
Interest income	(368)	-	(16)	(1)	-	(1,268)	(1)	(1,654)
Share of profit of an associate	-	-	-	-	(80)	-	-	(80)
Share of (profit) loss of joint ventures	-	-	-	-	(129,529)	3,852	-	(125,677)
Finance costs	-	-	1,617	-	17,818	120	-	19,555
Additions to non-current assets (note)	3,668	-	849	1,076	310,695	-	5	316,293
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	<u>9,110</u>	<u>1,141</u>	<u>15,483</u>	<u>222</u>	<u>1,736</u>	<u>1,196</u>	<u>3,115</u>	<u>32,003</u>
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Note: Non-current assets exclude deferred tax assets, interest in an associate, interests in joint ventures and loans to joint ventures.

Year ended 31 March 2017

	Construction HK\$'000	Interior and renovation HK\$'000	Building materials HK\$'000	Health products HK\$'000	Property investment HK\$'000	Property development HK\$'000	Property agency and management HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment results or segment assets:								
Depreciation of property, plant and equipment	8,732	38	5,064	789	2,170	19	1,903	18,715
Gain on change in fair value of investment properties	-	-	-	-	(255,042)	-	-	(255,042)
Gain on change in fair value of investments held for trading	(58)	-	-	-	-	-	-	(58)
Gain on disposal of property, plant and equipment	(666)	-	-	-	-	-	(42)	(708)
Gain on disposal of a subsidiary	-	-	-	-	(49,057)	-	-	(49,057)
Interest income	(2,306)	-	(20)	(1)	-	(1,264)	(364)	(3,955)
Share of profit of an associate	-	-	-	-	(323)	-	-	(323)
Share of profit of joint ventures	-	-	-	-	(42,975)	(14,207)	-	(57,182)
Finance costs	-	-	12	-	13,217	-	-	13,229
Additions to non-current assets (note)	5,112	-	4,654	-	28,487	-	311	38,564
Interest in an associate	-	-	-	-	6,941	-	-	6,941
Interests in joint ventures	-	-	-	-	293,551	129,187	-	422,738

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

Income tax expenses	7,008	340	11,386	445	632	17,361	380	37,552
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Note: Non-current assets exclude deferred tax assets, interest in an associate and interests in joint ventures.

Geographical information

The Group's turnover which is generated from customers located in Hong Kong, the Company's place of domicile, amounted to HK\$2,805,452,000 (2017: HK\$3,197,536,000). Accordingly, no further analysis of the Group's turnover by geographical market based on geographical location of customers has been presented.

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

	2018 HK\$'000	2017 <i>HK\$'000</i>
Hong Kong (place of domicile)	2,689,769	2,953,501
The People's Republic of China (the "PRC")	139,184	132,481
	<u>2,828,953</u>	<u>3,085,982</u>

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

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

Information about major customers

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

	2018 HK\$'000	2017 <i>HK\$'000</i>
Customer A (<i>note</i>)	1,344,218	674,639
Customer B (<i>note</i>)	386,266	834,968
	<u>386,266</u>	<u>834,968</u>

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

5. OTHER GAINS AND LOSSES

	2018 HK\$'000	2017 <i>HK\$'000</i>
Other gains and losses comprises:		
(Loss) gain on disposal of subsidiaries	(324)	49,057
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	58
	<u>30,137</u>	<u>49,115</u>

6. PROFIT BEFORE TAXATION

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	19,088	13,532
Auditor's remuneration	3,430	3,150
Gain on disposal of property, plant and equipment	(202)	(708)
Net exchange loss	4,941	629
Operating lease rentals in respect of rented premises	4,399	4,491
Contract costs recognised as expense in cost of sales	2,408,997	2,573,663
Costs of inventories recognised as an expense in cost of sales	67,092	188,701
Reversal of over accrued contract costs upon finalisation of accounts during the year (included in cost of sales)	(13,310)	(22,598)
Gross rental income under operating leases	(54,002)	(44,881)
<i>Less:</i> Direct operating expenses that generated rental income during the year	<u>9,117</u>	<u>9,938</u>
	<u>(44,885)</u>	<u>(34,943)</u>
Sub-leasing income	(53)	(268)
<i>Less:</i> Direct operating expenses that generated sub-leasing income during the year	<u>–</u>	<u>52</u>
	<u>(53)</u>	<u>(216)</u>
Expenses included in cost of contract work:		
Depreciation	5,872	5,183
Release of prepaid lease payments	207	201
Rentals under operating leases in respect of:		
– plant and machinery	24,266	24,888
– others	<u>178</u>	<u>547</u>

7. TAXATION

	2018 HK\$'000	2017 <i>HK\$'000</i>
Hong Kong Profits Tax		
Current year	31,037	38,014
Overprovision in prior years	(491)	(67)
	30,546	37,947
Deferred taxation	1,457	(395)
	32,003	37,552

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

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.

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

8. DIVIDENDS

Dividends recognised as distribution during the year:

	2018 HK\$'000	2017 <i>HK\$'000</i>
Ordinary shares:		
2018 interim dividend – HK2.2 cents per share (2017: 2017 interim dividend – HK2.2 cents per share)	21,712	21,966
2017 final dividend – HK5.0 cents per share (2017: 2016 final dividend – HK5.0 cents per share)	49,344	51,857
	71,056	73,823
	2018 HK\$'000	2017 <i>HK\$'000</i>
Proposed final dividend for the financial year ended 31 March 2018 of HK5.0 cents (2017: for the financial year ended 31 March 2017 of HK5.0 cents) per share	52,309	49,315

9. EARNINGS PER SHARE

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

	2018 HK\$'000	2017 HK\$'000
<u>Earnings</u>		
Earnings for the purpose of basic and diluted earnings per share	616,298	516,939
	2018 '000	2017 '000
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>Note</i>)	988,325	1,014,378
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options issued by the Company	2,251	4,509
Adjustment in relation to award shares granted by the Company	25,030	369
Weighted average number of ordinary shares for the purpose of diluted earnings per share (<i>Note</i>)	1,015,606	1,019,256

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.

10. PROGRESS PAYMENTS RECEIVABLE

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

Management closely monitors the credit quality of progress payments receivables. 90% (2017: 69%) of the progress payments receivable that are neither past due nor impaired are considered to be of good credit quality based on historical repayment from the debtors. Included in the Group's progress payments receivable of HK\$10,080,000 (2017: HK\$73,018,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

The aged analysis of progress payments receivable is as follows:

	31.3.2018	31.3.2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	89,119	160,801
31 – 60 days	–	60,192
Over 60 days	10,080	12,826
	<u>99,199</u>	<u>233,819</u>

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 building materials and others, the Group generally allows a credit period of 30 to 90 days and not more than 90 days (2017: 30 to 90 days and not more than 90 days) to its customers. Before accepting any new customer, the Group will internally assess the credit quality of the potential customers and define appropriate credit limit. Other receivables are unsecured, interest-free and repayable on demand.

Management closely monitors the credit quality of trade debtors. 83% (2017: 92%) of the trade debtors that are neither past due nor impaired to be of a good credit quality based on their historical repayments. Included in the trade debtors balance are trade debtors with aggregate carrying amount of HK\$19,479,000 (2017: HK\$3,404,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. There are no balances included in other receivables which are past due.

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

	31.3.2018	31.3.2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	64,259	35,352
31 – 60 days	31,630	6,042
61 – 90 days	2,571	47
Over 90 days	14,330	3,052
	<u>112,790</u>	<u>44,493</u>

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.

On 22 March 2017, an indirect wholly owned subsidiary of the Company entered into two provisional agreements for sale and purchase ("agreements") with independent third parties to dispose of certain investment properties. The fair value of investment properties classified as held for sale was determined with reference to the contracted selling price. The directors of the Company assessed whether the held-for-sale criteria set out in HKFRS 5 were met. Taking into account (a) the fact that the subject properties 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 directors of the Company believed that the disposals would be completed in June 2017 and accordingly the relevant investment properties were classified as held for sale at 31 March 2017. The transactions were completed in June 2017.

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:

	31.3.2018 <i>HK\$'000</i>	31.3.2017 <i>HK\$'000</i>
Within 30 days	113,550	144,519
31 – 60 days	713	1,001
61 – 90 days	260	282
Over 90 days	10,339	3,568
	124,862	149,370

14. SHARE CAPITAL

	<i>No. of shares</i>	<i>HK\$'000</i>
Authorised:		
Shares of HK\$0.10 each		
Balance as at 1 April 2016 and 31 March 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	<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 2016	1,035,724,151	103,572
Issue of shares upon exercise of share options (<i>Note b</i>)	<u>2,279,775</u>	<u>228</u>
Balance as at 31 March 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	<u><u>1,046,176,651</u></u>	<u><u>104,618</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. EVENTS AFTER THE REPORTING PERIOD

- (i) 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% interest in and shareholder's loan to Pagson Development at a consideration of approximately HK\$278,712,000 adjusted by the net current asset value of Pagson Development Group on the completion date. Details of the disposal were disclosed in the circular of the Company dated 27 March 2018. The disposal was completed on 10 April 2018.
- (ii) 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 of 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 approximately HK\$505,143,000 adjusted by the net current asset value of Richway Group on the completion date. As at 31 March 2018, deposits for the acquisition of HK\$50,638,000 has been paid. Richway Group is engaged in property investment. The major assets of Richway Group represented the whole block of properties located at No. 222 Hollywood Road, Hong Kong. Details of the acquisition were disclosed in the circular of the Company dated 27 March 2018. The acquisition was completed on 12 April 2018.
- (iii) On 23 April 2018, a joint venture of the Group, Popular Castle Limited, entered into a sale and purchase agreement with an independent third party to acquire the entire issued share capital of and shareholder's loan to Berncastle Group Limited together with its wholly owned subsidiaries, Ever Peak Creation Limited, Point Base Limited and Park International Investment Limited (collectively referred to as "Berncastle Group") at a consideration of HK\$720,000,000 which will be subject to adjustment based on the net current asset value of Berncastle Group on the completion date. Up to date of this announcement, the acquisition has not yet completed.
- (iv) On 25 April 2018, an indirect wholly owned subsidiary of the Company, Emwell Limited, entered into a provisional agreement for sale and purchase with an independent third party to dispose of certain workshops and a car parking space of Shatin Industrial Centre situated in Shatin, New Territories at a consideration of HK\$158,380,000. Details of the proposed disposal were disclosed in the announcement of the Company dated 25 April 2018. Up to date of this announcement, the disposal has not yet completed.
- (v) On 9 May 2018, a joint venture of the Group, 338 Apartment Holdings (BVI) Limited entered into a sale and purchase agreement with an independent third party to dispose of the entire issued share capital of and the shareholder's loan to 338 Apartment (BVI) Limited at a consideration of HK\$1,100,000,000 which will be subject to adjustment based on the net current asset value of 338 Apartment (BVI) Limited on the completion date. Up to date of this announcement, the disposal has not yet completed.
- (vi) On 30 May 2018, an indirect wholly owned subsidiary of the Company, Emwell Limited, entered into a provisional agreement for sale and purchase with an independent third party to dispose of certain workshops and a car parking space of Shatin Industrial Centre situated in Shatin, New Territories at a consideration of HK\$209,840,000. Details of the proposed disposal were disclosed in the announcement of the Company dated 30 May 2018. Up to date of this announcement, the disposal has not yet completed.

OPERATIONS REVIEW

CONSTRUCTION DIVISION

The turnover for the Construction Division was HK\$2,037.9 million for the year ended 31 March 2018 (2017: HK\$2,037.4 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 2018 for the Construction Division amounted to HK\$3,480.2 million.

Major Projects Completed

- (1) Construction of the residential development at 1 Sheung Foo Street, KIL No.11228, Homantin, Kowloon
- (2) Construction of low-density residential development at Sha Tin Town Lot No. 603, Lok Lam Road, Fo Tan, New Territories

Major Projects in Progress

- (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 2018, the Interior and Renovation Division recorded a turnover of HK\$168.9 million, as compared with HK\$170.9 million last year.

The total amount of contracts on hand as at 31 March 2018 for the Interior and Renovation Division amounted to HK\$145.9 million.

Major Projects Completed

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

Major Projects Undertaken

- (1) Building renovation works of Cavendish Heights (Block 1-7) at 33 Perkins Road, Jardine's Lookout, Hong Kong
- (2) Renovation work of industrial building at No. 22 Yip Shing Street, Kwai Chung, New Territories

Major Project Awarded Subsequent to the Financial Year Ended 31 March 2018

- (1) Alteration and addition works for 99-101 Lai Chi Kok Road, Kowloon

BUILDING MATERIALS DIVISION

For the year ended 31 March 2018, the turnover of the Building Materials Division was HK\$497.8 million compared with that of HK\$592.6 million last year.

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

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

Major Projects Completed

- (1) MTR XRL Project 810B – West Kowloon Terminus Station South – Supply and installation of acoustic ceiling panel and fire rated ceiling system
- (2) MTR Express Rail Link Contract 810A – West Kowloon Terminus Station North – MCIQ – Design, supply and installation of BOH suspended ceiling system

Major Projects Undertaken

- (1) Proposed commercial development at New Kowloon Inland Lot No. 6311, Kowloon Bay – Design, supply and installation of suspended ceiling system
- (2) Proposed development at Tsuen Wan West Station TW5 Bayside – Design, supply and installation of suspended ceiling system
- (3) Property development at Tsuen Wan West Station TW6 – Design, supply and installation of suspended ceiling system
- (4) Proposed residential development at Tseung Kwan O Town Lot No. 95 – Design, supply and installation of suspended ceiling system
- (5) Museum Plus (M+) at West Kowloon Cultural District – Supply and installation of metal ceiling
- (6) MTR Express Rail Link Contract 810A – West Kowloon Terminus Station North – Footbridge – Design, supply and installation of suspended ceiling system
- (7) Proposed Hotel Development at China Resources Building, 26 Harbour Road, Wanchai, Hong Kong – Design, supply and installation of suspended ceiling system

Major Projects Awarded

- (1) Proposed office development at 1 Hennessy Road, Hong Kong – Supply and installation of suspended ceiling system
- (2) 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
- (3) Proposed residential development at Castle Peak Road, Kwu Tung, N.T. Lot No.2640 in D.D.92 – Supply and installation of aluminium suspended ceiling system

Major Projects Awarded Subsequent to the Financial Year Ended 31 March 2018

- (1) Proposed residential and commercial development at Yau Tong Lot No.42, 1 Lei Yue Mun Path, Lei Yue Mun, Kowloon – Supply and installation of timber flooring and skirting
- (2) Proposed residential development at TMTL 542, Castle Peak Road, Castle Peak Bay, Area 48, Tuen Mun, New Territories – Supply and installation of suspended ceiling system

The total amount of contracts on hand of Trigon as at 31 March 2018 amounted to HK\$66.5 million.

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

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

Major Projects Completed

- (1) Residential redevelopment at 100 Caine Road, Hong Kong – Design, supply and installation of aluminium curtain wall, window and louvre
- (2) Redevelopment of Grand Court, 109-135 Kadoorie Avenue, Homantin, Kowloon – Supply and installation of slide folding door and window
- (3) Residential development at TMTL 423, Area 48, Castle Peak Road, So Kwun Wat, Tuen Mun, New Territories – Design, supply and installation of aluminium window, louvre, grille and metal balustrade
- (4) Residential and commercial development at 33 Tong Yin Street, TKOTL 125, Area 125, Area 68A1, Tseung Kwan O, New Territories – Design, supply and installation of tower curtain wall and podium façade
- (5) Residential and commercial development – TKOTL 112, Area 65C1, Tseung Kwan O, New Territories – Design, supply and installation of aluminium cladding, canopy, skylight and curtain wall
- (6) Residential development at STTL 566 in Area 56A, Kau To Shan, Shatin, New Territories – Design, supply and installation of aluminium window, door and aluminium works to towers
- (7) Residential development at “翡翠海岸” Phase 1, Nanshan District, Shenzhen – Design, supply and installation of window and door

Major Projects Undertaken

- (1) Residential development at STTL 567, Lai Ping Road in Area 56A, Kau To Shan, Shatin, New Territories – Design, supply and installation of aluminium window, curtain wall, louver, metal cladding and glass balustrade
- (2) Residential development at NKIL 6532, Lung Cheung Road, Beacon Hill, Kowloon – Design, supply and installation of aluminium window, louver, railing and glass balustrade
- (3) Residential development at NKIL 6532, Lung Cheung Road, Beacon Hill, Kowloon – Design, supply and installation of curtain wall
- (4) Residential development at TKOTL 70 RP Lohas Park Package 6 – Design, supply and installation of aluminium window and door
- (5) Residential development at TPTL 225, Pak Shek Kok, Tai Po, New Territories – Design, supply and installation of curtain wall system to residential tower
- (6) Residential development at Antuo Hill, Shenzhen – Supply of aluminium window and door

Major Projects Awarded

- (1) Residential development at Site N of TKOTL 70 RP, Lohas Park Package 6 – Design, supply and installation of aluminium grille and cladding work to AC platform
- (2) Residential development at TKOTL 70 RP, Lohas Park Package 7 – Design, supply and installation of tower curtain wall and podium glass wall
- (3) Commercial development at STTL 143, New Town Plaza, Shatin, New Territories – Design, supply and installation of glass wall, shop front, bi-folding door, glass balustrade, aluminium cladding and louvre
- (4) Residential development at TMTL 541, So Kwun Wat Road, Area 56, Tuen Mun, New Territories – Design, supply and installation of aluminium window and door
- (5) Residential development at STTL 605 Lok Wo Sha Lane at Ma On Shan, Shatin, New Territories – Design, supply and installation of sliding folding door, window and glass wall
- (6) Residential development at TSWTL34, Area 115, Tin Shui Wai, New Territories – Design, supply and installation of curtain wall
- (7) Imperial Pacific Resort development – Phase 1, Saipan Island – Design, supply and installation of curtain wall and sliding door

The total amount of contracts on hand of Million Hope as at 31 March 2018 amounted to HK\$655.1 million.

PROPERTY DEVELOPMENT DIVISION

The Property Development Division recorded a turnover of HK\$73.1 million for the year ended 31 March 2018 (2017: HK\$331.3 million).

During the year, the Group sold the remaining 1 unit at ground floor and 3 car parking spaces of The Bedford and the last 2 residential units of The Austine Place.

As for Mount Vienna, the low-density residential project in Fo Tan, New Territories in which the Group has 25% interest, the Group recorded the pre-sales of 6 out of the total 12 units by the financial year end and 3 more units subsequent to the financial year end. The Certificate of Compliance issued by Lands Department has been obtained in May 2018. Up to the date of this announcement, 8 units have been delivered to customers.

LUXÉAST, the Group's 49% interest in the parcel of land situated at 中國浙江省海寧市區文苑路西側·後富亭港南側 (West of Wenyuan Road and South of Houfutingang, Haining, Zhejiang Province, the PRC) for the development 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 126 商品房買賣合同 (Sale and Purchase Agreement for Commodity Flat) has been signed up to the end of the reporting year in which 122 units had been delivered to customers.

The Group acquired a parcel of land together with messuage, erections and buildings situated at No. 57A Nga Tsin Wai Road, Kowloon Tong, Kowloon in April 2017 with the objective of developing the property into a premium residential project. Lease modification for redevelopment has been applied and we are waiting for the offer of land premium.

In February 2018, a joint venture in which the Group has 50% interest entered into the provisional sale and purchase agreement to acquire the Central Industrial Building, located in Kwai Chung, New Territories for property redevelopment purpose and the transaction is expected to be completed in late June 2018.

PROPERTY INVESTMENT DIVISION

The Property Investment Division recorded a turnover of HK\$59.0 million for the year ended 31 March 2018 (2017: HK\$49.1 million).

To diversify its investment portfolio, the Group entered into a memorandum of agreement on 28 June 2017 and a sale and purchase agreement on 31 July 2017 for acquisition of a commercial property located at Nos. 99-101 Lai Chi Kok Road, Mong Kok, Kowloon (namely "Ying Yu Building") and various office units on 21st Floor and car parking spaces of a commercial property, namely Kings Wing Plaza 1, situated in Shatin, New Territories ("Kings Wing Plaza") respectively. The Division started to receive rental income derived from Ying Yu Building and Kings Wing Plaza upon completion of the respective acquisitions in September 2017 and August 2017. Recently, Ying Yu Building is under renovation to improve the rental income and to enhance the property value.

On 2 March 2018, the Group entered into a sale and purchase agreement with an independent third party to acquire the whole block of residential-cum retail composite property located at No. 222 Hollywood Road, Hong Kong. The transaction was completed on 12 April 2018 and rental income has been derived after the completion.

On the other hand, the Group entered into a sale and purchase agreement on 1 February 2018 to dispose 50% interest of a joint venture of the Group, which indirectly hold the industrial property, Success Centre, situated at Nos.26-28 Ta Chuen Ping Street, Kwai Chung, New Territories. The transaction was completed on 10 April 2018. The profit was recognised as share of profit of joint ventures during the financial year ended 31 March 2018.

The Group entered into a sale and purchase agreement on 21 February 2018 to dispose 50% interest of a subsidiary, which indirectly hold the commercial property, PeakCastle, situated at No.476 Castle Peak Road, Kowloon. The transaction was completed on 28 March 2018. The profit was recognised as gain on change in fair value of investment properties during the financial year ended 31 March 2018.

On 9 May 2018, a joint venture of the Group in which the Group has 40% interest entered into the sale and purchase agreement to dispose its wholly owned subsidiary which directly hold a serviced apartment, Queen Central, located at No. 338 Queen's Road Central, Hong Kong. The transaction is expected to be completed in October 2018.

Investment properties of the Group include various units at Shatin Industrial Centre, 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, Hoi Bun Godown in Tuen Mun in which the Group has 50% interest and PeakCastle in Cheung Sha Wan in which the Group has 50% interest, all contributed satisfactory income to the Group during the financial year.

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

PROPERTY AGENCY AND MANAGEMENT DIVISION

The turnover of the Property Agency and Management Division for the year ended 31 March 2018 was HK\$43.1 million (2017: HK\$20.5 million).

In Hong Kong, the 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 and two of the Group's redevelopment projects, The Bedford at Nos. 91-93 Bedford Road and The Austine Place at No. 38 Kwun Chung Street. This Division also 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, Golf Parkview in Sheung Shui (which was terminated on 28 December 2017), One Eleven in Sai Ying Pun and PeakCastle in Cheung Sha Wan.

Other services of this Division include rental collection and leasing agency services to 8 Hart Avenue and The Cameron in Tsim Sha Tsui, One Eleven in Sai Ying Pun and PeakCastle in Cheung Sha Wan.

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 2018, the Division recorded turnover of HK\$59.6 million, compared to HK\$55.1 million last year.

Retailcorp manages the “HealthPlus” retail chain. As at 31 March 2018, the chain had 10 outlets (including a HealthPlus shop at St. Teresa’s Hospital) and 1 service centre in operation. During the year under review, one poor-performing shop was closed.

Key products such as the “Lingzhi Master” series, which includes the Ganoderma Bioactive Essence, Ganoderma Spore Bioactive Lipid and Ganoderma Spores, has been wearing the “STC tested Mark” since June 2014 and “Buyickfong 28 Chinese Herbal Soup for Postnatal Women” has prided the label since November 2012.

Aware of the fast growing popularity of online shopping, the Group has developed its e-commerce business using social media platforms to conduct marketing activities and serve customers, as well as to improve customer relationship and relay product information more effectively. The Group sees e-commerce platforms as an effective sales channel as they allow customers to make purchases anytime, anywhere. With better located retail shops and its e-commerce business gaining strength, the Group has devised a comprehensive marketing strategy to make sure it can serve customers more effectively using both traditional and modern channels.

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\$2,835.5 million (HK\$685.5 million was secured by first charges over certain leasehold land and buildings and investment properties of the Group), of which HK\$395.5 million bank loans have been drawn down and approximately HK\$339.6 million has been utilised mainly for the issuance of letters of credit and performance bonds as at 31 March 2018. The bank loans under these banking facilities bear interests at prevailing market interest rates.

The Group follows a prudent policy in managing its cash balance, and endeavours to maintain its sound cash flow generating capability, its ability to take on investments and acquisition projects, in order to enhance shareholder wealth. The total cash and bank balances of the Group amounted to HK\$1,070.1 million as at 31 March 2018 (2017: HK\$840.1 million), and accounted for 43.7% of the current assets (2017: 44.0%).

During the year, the Group has a net cash inflow of HK\$102.0 million in its operating activities (mainly due to the decrease in progress payment receivable, properties held for sale and retention money receivable and increase in amounts payable on contract work, netting off increase in properties under development for sale and debtors, deposits and prepayments), a net cash outflow of HK\$345.7 million in its investing activities (mainly due to net cash outflows on acquisitions of subsidiaries, purchase of investment properties, deposit paid for acquisition of a subsidiary and loans to joint ventures, netting off net cash inflows on disposal of subsidiaries and withdrawal of pledged bank deposits), and a net cash inflow of HK\$470.0 million in its financing activities (mainly due to new bank and other loans raised, netting off dividends paid to shareholders and repayment of bank loans). As at 31 March 2018, the Group was in a net cash position, calculated on the basis of total cash and bank balances less total bank and other loans. As at year-end date, the Group was with a net current asset of HK\$840.9 million (2017: net current liabilities of HK\$7.9 million) and the current ratio (current assets divided by current liabilities) was 1.52 times (2017: 1.00 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\$3,725.7 million including reserves of HK\$3,621.1 million, an increase of HK\$658.3 million from HK\$2,962.8 million at 31 March 2017. On that basis, the consolidated net asset value of the Group as at 31 March 2018 was HK\$3.56 per share, compared to the consolidated net asset value of HK\$2.95 per share as at 31 March 2017. The increase in shareholders' funds was mainly attributable to profits retained after the payments of 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 2018, the Group borrowed Hong Kong dollar loans amounting to HK\$395.5 million from the banks (at 31 March 2017: HK\$815.1 million). The borrowings have been used as general working capital for financing the properties for development and investment purposes over the years. The maturity profile of the loans spread over a period of two years with HK\$52.6 million repayable within the first year and HK\$342.9 million repayable within the second 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\$342.9 million have been classified as current liabilities. Interest is based on Hong Kong Interbank Offered Rate plus a competitive margin. As at 31 March 2017, other loan of Renminbi 6.3 million (equivalent to approximately HK\$7.0 million) (at 31 March 2018: nil) was repayable within one year and interest bearing at a fixed interest rate of 4.9% per annum.

Major Acquisitions and Disposals

On 13 July 2017, an indirect wholly owned subsidiary of the Company, Heroic Elite Investments Limited, entered into a sale and purchase agreement with an independent third party to acquire the entire issued share capital of Waller Holdings Limited together with the shareholder's loan at a consideration of approximately HK\$145.4 million. The acquisition was completed on 14 August 2017. The major assets of Waller Holdings Limited together with its wholly owned subsidiary, Rich Victory (Hong Kong) Limited, are office units at 20/F and certain car parking spaces of a commercial property, namely Kings Wing Plaza 1, situated in Shatin, New Territories. Waller Holdings Limited was acquired so as to relocate the Group's office to the commercial property.

On 13 July 2017, an indirect wholly owned subsidiary of the Company, Oriental Elite Global Limited, entered into a sale and purchase agreement with an independent third party to acquire the entire issued share capital of Faithful Sun Limited together with the shareholder's loan at a consideration of approximately HK\$149.9 million. The acquisition was completed on 14 August 2017. The major assets of Faithful Sun Limited are office units at 22/F and certain car parking spaces of a commercial property, namely Kings Wing Plaza 1, situated in Shatin, New Territories. Faithful Sun Limited was acquired so as to relocate the Group's office to the commercial property.

On 31 July 2017, an indirect wholly owned subsidiary of the Company, Keen Elite Developments Limited, entered into a sale and purchase agreement with an independent third party to acquire the entire issued share capital of Ultimate Elite Investments Limited together with the shareholder's loan at a consideration of approximately HK\$149.7 million. The acquisition was completed on 28 August 2017. The major assets of Ultimate Elite Investments Limited together with its wholly owned subsidiary, Vision Smart Limited, are office units at 21/F and certain car parking spaces of a commercial property, namely Kings Wing Plaza 1, situated in Shatin, New Territories, which were classified as investment properties.

On 21 February 2018, a wholly owned subsidiary of the Company, Hanison Construction Holdings (BVI) Limited, entered into a sale and purchase agreement with an independent third party to dispose of its 50% equity interests in and shareholder's loan to Gallant Elite Enterprises Limited ("Gallant Elite") together with its wholly owned subsidiaries, Nimble Run Limited and Trillion Mart Development Limited ("Trillion Mart"). Trillion Mart is engaged in property investment. The major asset of Trillion Mart represented commercial property "PeakCastle" situated at No. 476 Castle Peak Road, Kowloon. The consideration for the disposal is HK\$332.7 million. The disposal was completed on 28 March 2018. Subsequent to the disposal, Gallant Elite became a joint venture of the Group.

Collateral

As at 31 March 2018, certain leasehold land and buildings and investment properties of the Group, at the carrying value of approximately HK\$1,081.5 million (at 31 March 2017: HK\$1,908.8 million), were pledged to the banks to secure the Hong Kong dollar loans of HK\$395.5 million (at 31 March 2017: HK\$605.1 million). In addition, at 31 March 2017, bank deposits of HK\$139.3 million (at 31 March 2018: nil) were pledged for the banking facility granted to a joint venture.

Contingent Liabilities

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 have been taken against the Group in respect of such actions after the court hearing for directions to appoint experts and exchange witness statements since 2004. At 31 March 2018 and 2017, the directors of the Company are of the opinion that in view of the uncertainty of the outcome, it is not practicable to assess the financial effect.

As at 31 March 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 (2017: HK\$53,181,000), 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 the end of the reporting period.

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 (2017: 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 the end of the reporting period.

As at 31 March 2018, the Group had outstanding performance bonds in respect of construction contracts amounting to HK\$222,991,000 (2017: HK\$501,210,000).

Capital Commitments

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

	31.3.2018	31.3.2017
	HK\$'000	HK\$'000
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	216,000
Acquisition of a subsidiary	454,505	—
	<u>863,505</u>	<u>216,000</u>

As at 31 March 2018 and 2017, the Group had also committed with other joint venturers to contribute to the joint ventures by means of shareholder's loans proportioned to its equity interest in the joint ventures to finance working capital of the joint ventures.

Employees and Remuneration Policy

As at 31 March 2018, the Group (excluding its joint ventures) had 943 full time employees (of which 146 employees were in Mainland China). The Group offers competitive remuneration packages, including discretionary bonus, share option scheme and share award 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

In the coming year, the global economy is expected to maintain positive, mirroring the upturn of major economies around the world. This outlook corresponds with the latest International Monetary Fund forecast of global economic growth, set at 3.9% for 2018, which will be the fastest since 2011. Despite the favourable outlook, we remain cautious of potential uncertainties on the horizon, including risks associated with the political tension between USA and North Korea, the rising protectionism and trade tension between China and USA.

In China, the nation will continue to undergo structural reforms to realise economic transformation and advancement, extending to the controlling and preventing of financial risk. Such efforts are expected to enable China to maintain a medium-to-high rate of economic growth, which in turn will allow it to serve as the main engine for global economic growth.

Back in Hong Kong, the expected global upturn and resultant rise in demand from major economies are set to drive Asian exports, and this knock-on effect will also benefit Hong Kong. A recovering tourism industry, if sustainable, will likewise benefit the city, particularly in reviving the retail sector. Given that the local employment level and personal incomes remain stable, consumption should also increase in the coming year. Besides favourable consumption sentiment, more positive economic and business outlook should lead to investment growth, with the government forecasting GDP expanding by between 3-4% in 2018.

In view of the encouraging economic outlook for Hong Kong and the world in general, as well as a steadily growing property market in China and Hong Kong, we maintain optimistic in the Group's prospects in the coming year. However, in our investment decisions in Hong Kong, we must factor in the possibility of interest rate rise. The US Federal interest rate has gone up several times and is still on the upward trend. It would likely push up the interest rate in Hong Kong, which is bound by the dollar peg to follow the interest rate rise in USA. We will stay alert to the uncertainties as we move forward in the years ahead.

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 2018, 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 deviations:

- (a) Code Provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors (including the independent non-executive directors) of the Company were not appointed for a specific term prior to 14 November 2017. However, all directors of the Company are subject to retirement at least once every three years pursuant to the articles of association of the Company. The appointment of each of the non-executive directors (including the independent non-executive directors) of the Company has been fixed for a three year term with effect from 14 November 2017, subject to the retirement by rotation provisions as set out in the Company's memorandum and articles of association and the Listing Rules.

- (b) 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 2017 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 of the Company, all directors confirmed that they have complied with the required standard set out in the Model Code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

REVIEW OF ANNUAL RESULTS

The Group's consolidated financial statements for the year ended 31 March 2018 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 2018 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, 26 June 2018

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 Director

Mr. Cha Mou Daid, Johnson

Independent Non-executive Directors

Mr. Chan Pak Joe

Dr. Lau Tze Yiu, Peter

Dr. Sun Tai Lun