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## 興勝創建控股有限公司

# HANISON CONSTRUCTION HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 896)

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

#### INTERIM RESULTS

The unaudited consolidated turnover of Hanison Construction Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2016 increased to HK\$1,529.1 million as compared with that of HK\$1,307.8 million for the corresponding period last year.

The unaudited consolidated profit attributable to owners of the Company for the six months ended 30 September 2016 was HK\$72.4 million, representing a decrease of 55.0%, as compared with that of HK\$160.8 million for the same period in 2015.

The decrease in the unaudited consolidated profit attributable to owners of the Company was mainly due to a reduction of profit from property development segment and a reduction of gain on change in fair value of investment properties of the Group for the six months ended 30 September 2016.

The basic earnings per share and diluted earnings per share for the six months ended 30 September 2016 were both HK7.0 cents. The basic earnings per share and diluted earnings per share represented a decrease of 66.8% and 66.7% as compared to HK21.1 cents (restated) and HK21.0 cents (restated) for the corresponding period last year.

#### DIVIDEND

The board of directors of the Company (the “Board”) has resolved to pay an interim dividend of HK2.2 cents per share for the six months ended 30 September 2016 (for the six months ended 30 September 2015: HK2.5 cents per share) to the shareholders whose names appear on the register of members of the Company on 5 December 2016. The dividend is expected to be paid to the shareholders on or around 15 December 2016.

#### CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from 1 December 2016 to 5 December 2016, both dates inclusive, for the purpose of determining the identity of members who are entitled to the interim dividend for the six months ended 30 September 2016. In order to qualify for the interim dividend for the six months ended 30 September 2016, 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 30 November 2016.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

	NOTES	Six months ended	
		30.9.2016 HK\$'000 (Unaudited)	30.9.2015 HK\$'000 (Unaudited)
Turnover	3	1,529,075	1,307,811
Cost of sales		<u>(1,341,296)</u>	<u>(1,071,482)</u>
Gross profit		187,779	236,329
Other income		3,714	4,472
Other gains and losses		(14)	573
Marketing and distribution costs		(19,975)	(26,977)
Administrative expenses		(77,972)	(104,897)
Gain on change in fair value of investment properties		12,917	91,354
Share of profit of an associate		39	95
Share of loss of joint ventures		(11,253)	(3,760)
Finance costs		<u>(6,411)</u>	<u>(3,433)</u>
Profit before taxation	4	88,824	193,756
Taxation	5	<u>(16,378)</u>	<u>(21,008)</u>
Profit for the period		<u><b>72,446</b></u>	<u>172,748</u>
Profit for the period attributable to:			
Owners of the Company		72,446	160,753
Non-controlling interest		<u>–</u>	<u>11,995</u>
		<u><b>72,446</b></u>	<u>172,748</u>
			(Restated)
Earnings per share			
Basic (HK cents)	7	<u><b>7.0</b></u>	<u>21.1</u>
Diluted (HK cents)	7	<u><b>7.0</b></u>	<u>21.0</u>

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

*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016*

	<b>Six months ended</b>	
	<b>30.9.2016</b>	30.9.2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Profit for the period	<u>72,446</u>	<u>172,748</u>
Other comprehensive expense:		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>(5,326)</u>	<u>(1,565)</u>
Total comprehensive income for the period	<u><b>67,120</b></u>	<u>171,183</u>
Total comprehensive income for the period attributable to:		
Owners of the Company	67,120	159,188
Non-controlling interest	<u>–</u>	<u>11,995</u>
	<u><b>67,120</b></u>	<u>171,183</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 SEPTEMBER 2016**

	<i>NOTES</i>	<b>30.9.2016</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.3.2016 <i>HK\$'000</i> <b>(Audited)</b>
<b>Non-current assets</b>			
Investment properties	8	<b>1,850,430</b>	1,827,310
Property, plant and equipment	8	<b>292,430</b>	293,745
Prepaid lease payments		<b>5,750</b>	6,032
Interest in an associate		<b>6,657</b>	6,618
Interests in joint ventures	9	<b>102,596</b>	117,483
Deposit paid for acquisition of a subsidiary		<b>15,000</b>	–
Pledged bank deposits		<b>138,000</b>	200,910
Deferred tax assets		<b>612</b>	627
		<b><u>2,411,475</u></b>	<u>2,452,725</u>
<b>Current assets</b>			
Properties held for sale		<b>191,668</b>	260,225
Inventories		<b>15,752</b>	14,226
Amounts receivable on contract work		<b>179,820</b>	122,024
Progress payments receivable	10	<b>182,049</b>	131,266
Retention money receivable		<b>285,445</b>	223,300
Debtors, deposits and prepayments	11	<b>73,440</b>	57,261
Prepaid lease payments		<b>205</b>	213
Amount due from a joint venture		<b>17</b>	17
Investments held for trading		<b>311</b>	325
Taxation recoverable		<b>990</b>	3,200
Bank balances and cash		<b>1,066,801</b>	1,221,284
		<b><u>1,996,498</u></b>	<u>2,033,341</u>
<b>Current liabilities</b>			
Amounts payable on contract work		<b>432,699</b>	329,224
Trade and other payables	12	<b>614,316</b>	655,679
Taxation payable		<b>33,519</b>	26,611
Bank and other loans – amounts due within one year		<b>622,119</b>	764,780
		<b><u>1,702,653</u></b>	<u>1,776,294</u>
Net current assets		<b><u>293,845</u></b>	<u>257,047</u>
Total assets less current liabilities		<b><u>2,705,320</u></b>	<u>2,709,772</u>

	<i>NOTE</i>	<b>30.9.2016</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.3.2016 <i>HK\$'000</i> (Audited)
Non-current liabilities			
Deferred tax liabilities		<u>13,372</u>	<u>12,530</u>
		<b><u>2,691,948</u></b>	<b><u>2,697,242</u></b>
Capital and reserves			
Share capital	<i>13</i>	<b>103,715</b>	103,572
Reserves		<u>2,588,233</u>	<u>2,593,670</u>
		<b><u>2,691,948</u></b>	<b><u>2,697,242</u></b>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016*

**1. BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

**2. PRINCIPAL ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared under the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2016. In addition, the Group has applied the following accounting policies during the current interim period as they have been applicable to the Group.

**Equity-settled share-based payment transactions**

***Shares purchased for share award scheme***

When the Company’s shares are purchased from the open market for share award scheme, the consideration paid, including any directly attributable incremental costs, is presented as shares held for share award scheme and deducted from total equity.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

### 3. 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 six months ended 30 September 2016

	Construction HK\$'000	Interior and renovation HK\$'000	Building materials HK\$'000	Health products HK\$'000	Property investment HK\$'000	Property development HK\$'000	Property agency and management HK\$'000	Segment Total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER										
External sales	990,368	110,768	262,664	25,453	22,879	111,465	5,478	1,529,075	-	1,529,075
Inter-segment sales	387	3,107	12,366	28	2,623	-	5,301	23,812	(23,812)	-
Total	<u>990,755</u>	<u>113,875</u>	<u>275,030</u>	<u>25,481</u>	<u>25,502</u>	<u>111,465</u>	<u>10,779</u>	<u>1,552,887</u>	<u>(23,812)</u>	<u>1,529,075</u>

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

RESULT										
Segment result	<u>28,247</u>	<u>4,505</u>	<u>27,568</u>	<u>1,318</u>	<u>17,045</u>	<u>13,944</u>	<u>655</u>	<u>93,282</u>	<u>-</u>	<u>93,282</u>
Unallocated expenses										(4,458)
Profit before taxation										<u>88,824</u>

##### For the six months ended 30 September 2015

	Construction HK\$'000	Interior and renovation HK\$'000	Building materials HK\$'000	Health products HK\$'000	Property investment HK\$'000	Property development HK\$'000	Property agency and management HK\$'000	Segment Total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER										
External sales	651,831	247,216	169,557	25,865	10,688	197,696	4,958	1,307,811	-	1,307,811
Inter-segment sales	803	2,461	21,081	19	832	-	5,863	31,059	(31,059)	-
Total	<u>652,634</u>	<u>249,677</u>	<u>190,638</u>	<u>25,884</u>	<u>11,520</u>	<u>197,696</u>	<u>10,821</u>	<u>1,338,870</u>	<u>(31,059)</u>	<u>1,307,811</u>

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

RESULT										
Segment result	<u>27,446</u>	<u>12,055</u>	<u>17,675</u>	<u>762</u>	<u>78,703</u>	<u>75,259</u>	<u>697</u>	<u>212,597</u>	<u>-</u>	<u>212,597</u>
Unallocated expenses										(18,841)
Profit before taxation										<u>193,756</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) Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by operating segment:

	<b>30.9.2016</b>	31.3.2016
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<u>Segment assets</u>		
Construction	<b>1,299,483</b>	1,412,165
Interior and renovation	<b>144,424</b>	117,809
Building materials	<b>258,638</b>	201,696
Health products	<b>37,798</b>	35,686
Property investment	<b>2,017,326</b>	1,989,224
Property development	<b>515,223</b>	610,306
Property agency and management	<b>64,034</b>	77,966
	<hr/>	<hr/>
Total segment assets	<b>4,336,926</b>	4,444,852
Unallocated assets	<b>71,047</b>	41,214
	<hr/>	<hr/>
Consolidated assets	<b><u>4,407,973</u></b>	<u>4,486,066</u>
<u>Segment liabilities</u>		
Construction	<b>643,958</b>	674,580
Interior and renovation	<b>80,500</b>	73,846
Building materials	<b>142,196</b>	161,416
Health products	<b>2,112</b>	2,884
Property investment	<b>648,765</b>	668,492
Property development	<b>28,696</b>	31,088
Property agency and management	<b>1,777</b>	1,231
	<hr/>	<hr/>
Total segment liabilities	<b>1,548,004</b>	1,613,537
Unallocated liabilities	<b>168,021</b>	175,287
	<hr/>	<hr/>
Consolidated liabilities	<b><u>1,716,025</u></b>	<u>1,788,824</u>

#### 4. PROFIT BEFORE TAXATION

	Six months ended	
	30.9.2016	30.9.2015
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging and (crediting):		
Depreciation of property, plant and equipment	9,208	5,118
Less: Depreciation expenses capitalised in the cost of contract work	<u>(2,592)</u>	<u>(2,188)</u>
	<u>6,616</u>	<u>2,930</u>
Finance costs	6,411	5,079
Less: Finance costs capitalised in properties under development for sale	<u>–</u>	<u>(1,646)</u>
	<u>6,411</u>	<u>3,433</u>
Reversal of over accrued contract costs upon finalisation of accounts during the period	(17,280)	(21,071)
Gain on disposals of property, plant and equipment	(359)	(1,900)
Gain on disposal of subsidiaries	<u>–</u>	<u>(252)</u>

#### 5. TAXATION

	Six months ended	
	30.9.2016	30.9.2015
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
Current tax	15,714	20,838
Overprovision in prior years	<u>(193)</u>	<u>–</u>
	<u>15,521</u>	<u>20,838</u>
Deferred taxation	<u>857</u>	<u>170</u>
	<u>16,378</u>	<u>21,008</u>

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

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 6. DIVIDENDS

During the period, a final dividend of HK5.0 cents per share totalling HK\$51,857,000 in respect of the year ended 31 March 2016 (for the six months ended 30 September 2015: final dividend of HK3.4 cents per share totalling HK\$18,433,000 in respect of the year ended 31 March 2015) was paid to shareholders.

Subsequent to 30 September 2016, the board of directors of the Company has resolved to declare an interim dividend of HK2.2 cents per share totalling not less than HK\$22,817,000 for the six months ended 30 September 2016 (2015: HK2.5 cents per share totalling HK\$16,942,000 for the six months ended 30 September 2015).

## 7. EARNINGS PER SHARE

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

	<b>Six months ended</b>	
	<b>30.9.2016</b>	30.9.2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<u>Earnings</u>		
Earnings for the purpose of basic and diluted earnings per share		
– Profit for the period attributable to owners of the Company	<u><b>72,446</b></u>	<u>160,753</u>
	<b>Six months ended</b>	
	<b>30.9.2016</b>	30.9.2015
	<b><i>'000</i></b>	<i>'000</i>
		(Restated)
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>1,034,529</b>	762,993
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options issued by the Company	<u><b>2,106</b></u>	<u>3,817</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><b>1,036,635</b></u>	<u>766,810</u>

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the period ended 30 September 2015 have been adjusted and restated for the rights issue on the basis of one rights share for every two existing shares held by shareholders of the Company at the price of HK\$1.00 per share.

## 8. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

### Investment properties

	<b>1.4.2016 to 30.9.2016 HK\$'000</b>	1.4.2015 to 30.9.2015 HK\$'000
<b>FAIR VALUE</b>		
At the beginning of the period	<b>1,827,310</b>	1,028,240
Disposals	<b>(9,173)</b>	(11,752)
Disposal of subsidiaries	–	(550,000)
Additions	<b>8,400</b>	–
Acquisition of subsidiaries	–	254,908
Gain on change in fair value	<b>12,917</b>	91,354
Transferred to assets classified as held for sale	–	(10,077)
Transferred from properties held for sale	<b>10,976</b>	–
	<b>1,850,430</b>	802,673
At the end of the period	<b>1,850,430</b>	802,673

The fair value of the Group's investment properties at 30 September 2016 and 31 March 2016 has been arrived at on the basis of valuation carried out by Jones Lang LaSalle Limited ("JLL"), an independent property valuer not connected with the Group. JLL has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation of properties at 30 September 2016 amounting to HK\$135,900,000 (at 31 March 2016: HK\$113,200,000) was arrived at by reference to market evidence of transaction prices of similar properties. The valuation of other properties at 30 September 2016 amounting to HK\$1,714,530,000 (at 31 March 2016: HK\$1,714,110,000) was arrived at by reference to the income capitalisation method which is based on the capitalisation of the net income potential by adopting an appropriate capitalisation rate, which is derived from analysis of sale transactions and interpretation of prevailing investor requirements or expectations.

### Property, plant and equipment

During the current period, the Group disposed of certain fully depreciated property, plant and equipment at a sale proceed of HK\$359,000, resulting in a gain on disposal of HK\$359,000. During the six months ended 30 September 2015, the Group disposed of certain property, plant and equipment with carrying amount of HK\$59,000, resulting in a gain on disposal of HK\$1,900,000.

In addition, during the current period, the Group acquired property, plant and equipment at approximately HK\$8,692,000 (for the six months ended 30 September 2015: HK\$7,270,000).

## 9. INTERESTS IN JOINT VENTURES

	<b>30.9.2016</b> <b>HK\$'000</b>	31.3.2016 <i>HK\$'000</i>
Cost of unlisted investments in joint ventures	<b>148,302</b>	148,302
Share of post acquisition loss and other comprehensive expense, net of dividends received	<u>(75,835)</u>	<u>(60,448)</u>
	<b>72,467</b>	87,854
Loan to a joint venture	<u><b>30,129</b></u>	<u>29,629</u>
	<u><b>102,596</b></u>	<u>117,483</u>

Loan to a joint venture is unsecured, non-interest bearing and has no fixed terms of repayment. The Group has no intention to exercise its right to demand repayment of this loan within the twelve months from the end of the reporting period. The directors of the Company believe the settlement of this loan is not likely to occur in the foreseeable future as it is, in substance, a part of the Group's net investment in the joint venture as working capital of the joint venture. Accordingly, the amount is classified as non-current asset and included in the Group's interests in joint ventures for the purpose of presentation in the condensed consolidated statement of financial position.

## 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.

The aged analysis of progress payments receivable is as follows:

	<b>30.9.2016</b> <b>HK\$'000</b>	31.3.2016 <i>HK\$'000</i>
Within 30 days	<b>162,288</b>	115,426
31 – 60 days	<b>9,681</b>	5,760
Over 60 days	<u><b>10,080</b></u>	<u>10,080</u>
	<u><b>182,049</b></u>	<u>131,266</u>

## 11. DEBTORS, DEPOSITS AND PREPAYMENTS

Proceeds from property sales are receivable pursuant to the terms of the sale and purchase agreements. In addition to the payment of rental deposits, the Group is required to pay monthly rents in respect of leased properties in advance. For other businesses, the Group generally allows a credit period of not more than 90 days (as at 31 March 2016: not more than 90 days) to its customers.

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

	<b>30.9.2016</b>	31.3.2016
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 30 days	<b>24,495</b>	22,462
31 – 60 days	<b>2,325</b>	2,440
61-90 days	<b>4,336</b>	731
Over 90 days	<b>1,261</b>	1,213
	<u><b>32,417</b></u>	<u>26,846</u>

## 12. TRADE AND OTHER PAYABLES

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

	<b>30.9.2016</b>	31.3.2016
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 30 days	<b>66,276</b>	110,816
31 – 60 day	<b>1,612</b>	524
61 – 90 days	<b>172</b>	1,015
Over 90 days	<b>7,564</b>	6,040
	<u><b>75,624</b></u>	<u>118,395</u>

### 13. SHARE CAPITAL

	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised:		
Shares of HK\$0.10 each		
Balance as at 1 April 2015, 31 March 2016 and 30 September 2016	<u>1,200,000,000</u>	<u>120,000</u>
Issued and fully paid:		
Shares of HK\$0.10 each		
Balance as at 1 April 2015	536,315,641	53,632
Issue of shares upon exercise of share options	18,641,075	1,864
Issue of bonus shares ( <i>Note a</i> )	135,536,410	13,553
Issue of rights shares ( <i>Note b</i> )	<u>345,231,025</u>	<u>34,523</u>
Balance as at 31 March 2016	1,035,724,151	103,572
Issue of shares upon exercise of share options	<u>1,423,800</u>	<u>143</u>
Balance as at 30 September 2016	<u><u>1,037,147,951</u></u>	<u><u>103,715</u></u>

*Notes:*

- a. Pursuant to a resolution passed at the annual general meeting held on 25 August 2015, the issued share capital was increased by way of the bonus issue by applying HK\$13,553,000 charging to the contributed surplus account in payment in full at par of 135,536,410 shares of HK\$0.10 each on the basis of one bonus share for every four existing shares held.
- b. On 23 February 2016, the Company issued 345,231,025 ordinary shares, on the basis of one rights share for every two existing ordinary shares at the issue price of HK\$1.00 per share. The net proceeds of approximately HK\$338,658,000 were raised by the Company.

The new shares issued rank pari passu in all respects with the existing share in issue.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATIONS REVIEW

#### Overview

For the six months ended 30 September 2016, the Group's unaudited consolidated turnover amounted to HK\$1,529.1 million (for the six months ended 30 September 2015: HK\$1,307.8 million).

#### Construction Division

The turnover of the Construction Division for the six months ended 30 September 2016 was HK\$990.8 million (for the six months ended 30 September 2015: HK\$652.6 million).

Contracts on hand as at 30 September 2016 for the Construction Division amounted to HK\$4,784.7 million.

Major construction works completed during the period under review:

- (1) Construction of the proposed residential development at No. 11 Grampian Road, Kowloon
- (2) Construction of the residential development at N.K.I.L. No. 6493 Inverness Road, Kowloon Tong

Major construction works undertaken during the period under review:

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

The quality and performance of the Group's construction works are recognised by the industry. In May 2016, Hanison Contractors Limited's Lok Lam Road, Fo Tan project and Tung Yuen Street, Yau Tong project were awarded Considerate Contractors Site Award – Silver in non-public works – new works (group B) and Merit in non-public works – new works (group B), respectively and the above two projects also won the Outstanding Environmental Management & Performance Award – Merit in non-public works – new works (group B) category in 22nd Considerate Contractors Site Award Scheme co-organised by Development Bureau and Construction Industry Council.

## **Interior and Renovation Division**

For the six months ended 30 September 2016, the turnover for the Interior and Renovation Division was HK\$113.9 million (for the six months ended 30 September 2015: HK\$249.7 million).

Contracts on hand as at 30 September 2016 for the Interior and Renovation Division amounted to HK\$112.2 million.

Major contract work completed during the period under review:

- (1) Renovation work of Flora Garden at No. 7 Chun Fai Road, Hong Kong

Major contract works undertaken during the period under review:

- (1) Refurbishment works for Regal Court and Wing Fung Building at Wing Fung Street, Wanchai, Hong Kong
- (2) Alternations and additions works for Takan Lodge at 199 Johnston Road, Wanchai, Hong Kong

## **Building Materials Division**

The Building Materials Division recorded a turnover of HK\$275.0 million for the six months ended 30 September 2016 (for the six months ended 30 September 2015: HK\$190.6 million).

Contracts on hand as at 30 September 2016 for the Building Materials Division amounted to HK\$710.2 million.

### ***Supply and installation of false ceiling and suspended ceiling system***

Major contract works undertaken during the period under review:

- (1) Kwun Tong Line Extension – Yau Mai Tei to Whampoa Tunnels and Ho Man Tin Station – Design, supply and installation of suspended ceiling system
- (2) South Island Line (East) – Lei Tung Station, South Horizons Station and Tunnels – Design, supply and installation of suspended ceiling system
- (3) Tin Shui Wai Hospital – Supply and installation of suspended ceiling system
- (4) Proposed Property Development at YLTL No. 518, Yuen Long – Design, supply and installation of suspended ceiling system
- (5) Kwun Tong Line Extension – Contract 1002, Whampoa Station and Overrun Tunnel Main Contract – Design, supply and installation of suspended ceiling system
- (6) TW5 Bayside Property Development at West Rail Tsuen Wan West Station – Supply and installation of suspended ceiling system

Major contract works awarded during the period under review:

- (1) TW6 Property Development at West Rail Tsuen Wan West Station – Supply and installation of suspended ceiling system
- (2) Proposed Commercial Development at NKIL No. 6311, Kowloon Bay – Supply and installation of suspended ceiling system
- (3) Proposed Residential Development at NKIL No. 6516 & 6517, Kai Tak – Supply and installation of suspended ceiling system

In August 2016, Trigon Building Materials Limited's ("Trigon") Kwun Tong Line Extension project was awarded the Best Safety Subcontractor Incentive Scheme (Champion) by the Site Safety & Environmental Committee of Nishimatsu Construction Co. Ltd. in recognition of the outstanding performance of Trigon in site safety during June 2016.

### ***Design, supply and installation of aluminium products***

Major contract works undertaken during the period under review:

- (1) Proposed residential redevelopment at 100 Caine Road, Hong Kong – Design, supply and installation of aluminium curtain wall, window and louvre
- (2) Proposed residential redevelopment at No. 31 Conduit Road, Mid-levels, Hong Kong – Installation of curtain wall system and aluminium window
- (3) Proposed residential development at TMTL 423, Area 48, Castle Peak Road, So Kwun Wat, Tuen Mun, New Territories – Design, supply and installation of aluminium window, louvre, grille and metal balustrade
- (4) Proposed residential and commercial development at 33 Tong Yin Street, TKOTL125, Area 125, Area 68A1, Tseung Kwan O, New Territories – Design, supply and installation of tower curtain wall and podium facade
- (5) Proposed residential and commercial development – TKOTL112, Area 65C1, Tseung Kwan O, New Territories – Design, supply and installation of aluminium cladding, canopy, skylight and curtain wall
- (6) Proposed residential and commercial development at S.T.T.L. 566 in Area 56A, Kau To Shan, Shatin, New Territories – Design, supply and installation of aluminium window, door and aluminium works to towers
- (7) Proposed residential development at S.T.T.L. 567, Lai Ping Road in Area 56A, Kau To Shan, Shatin, New Territories – Design, supply and installation of aluminium window, curtain wall, louvre, metal cladding and glass balustrade

Major contract work awarded during the period under review:

- (1) Proposed residential development at NKIL No. 6532, Lung Cheung Road, Beacon Hill, Kowloon – Design, supply and installation of aluminium window, louvre, railing and glass balustrade

Major contract work awarded subsequent to the period ended 30 September 2016:

- (1) Proposed residential development at NKIL No. 6532, Lung Cheung Road, Beacon Hill, Kowloon – Design, supply and installation of curtain wall

### **Property Development Division**

The Property Development Division recorded a turnover of HK\$111.5 million for the six months ended 30 September 2016 (for the six months ended 30 September 2015: HK\$197.7 million).

During the period under review, the Group has sold 2 workshops (one and a half floors with gross floor area of 4,580 square feet) and 1 car parking space of The Bedford and 4 residential units of The Austine Place.

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

LUXEAST, the Group's 49% interests 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, carparking spaces and other development pertaining to the land, pre-sale has commenced in late 2012, and the respective 房屋所有權證 (Building Ownership Certificates) have been issued in March 2015. A total of 94 商品房買賣合同 (Sale and Purchase Agreement for Commodity Flat) and a total of 11 認購書 (Purchaser Letter) have been signed up to the end of the reporting period.

### **Property Investment Division**

The Property Investment Division recorded a turnover of HK\$25.5 million for the six months ended 30 September 2016 (for the six months ended 30 September 2015: HK\$11.5 million).

Investment properties of the Group including Shatin Industrial Centre, One Eleven in Sai Ying Pun, PeakCastle in Cheung Sha Wan, No. 31 Wing Wo Street in Sheung Wan, some units at Kin Wing Industrial Building in Tuen Mun, various land lots in D.D. 76 Ping Che in Fanling, various land lots in D.D. 128 Deep Bay Road in Yuen Long, a residential unit of The Austine Place and Hoi Bun Godown in Tuen Mun in which the Group has 50% interest, all contributed satisfactory income to the Group during the period under review.

### **Property Agency and Management Division**

For the period under review, the turnover of the Property Agency and Management Division was HK\$10.8 million (for the six months ended 30 September 2015: HK\$10.8 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, a residential project at Sha Tin Town Lot No. 603, Lok Lam Road and two of the Group's redevelopment projects, The Bedford at Nos. 91-93 Bedford Road and The Austine Place at No. 38 Kwun Chung Street.

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

Other services of this Division included 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**

The Health Products Division recorded a turnover of HK\$25.5 million for the six months ended 30 September 2016 (for the six months ended 30 September 2015: HK\$25.9 million).

Retailcorp Limited manages the Group's chain stores under the trade name HealthPlus. Currently, there are 12 retail outlets (including a HealthPlus shop at St. Teresa's Hospital in Kowloon and one service centre in operation) and an e-shop. During the period under review, HealthPlus joined the Eugene Baby Fair 2016 from 4 to 7 August 2016 and Care & Health Limited joined the Food Expo from 11 to 15 August 2016, both held at Hong Kong Convention and Exhibition Centre.

### **OUTLOOK**

The future outlook of the world's economy remains challenging. The "Brexit" event in June 2016 has shocked the global equity and currencies market, capital fled from Britain and Europe to the United States of America ("USA") and Asia amid Europe's uncertain economic outlook. Hong Kong has not only benefited from this capital inflow, and in particular, has benefited from the investors of Mainland China who prefer to park their money in Hong Kong's properties to protect against the anticipated renminbi devaluation. In the USA, the "Brexit" has disturbed the Federal Reserve's timetable for federal fund rate rise. Even if the Federal Reserve eventually adopts the federal fund rate rise policy, there is limited room to do so.

With the above short-term favorable external factors and strong internal demands for housing, Hong Kong's property market remains active and correspondingly helps strengthen the building construction and construction related businesses.

For the Construction Division, although there are opportunities to secure more construction contract works, the problems of skilled labour shortage and resultant high labour cost, ageing working population still remain unresolved in the years ahead. Facing such difficult situation, the Group's primary objective is to keep a stable workforce and to retain its loyal staff members. Cost control and quality control are essential for the Group to stay competitive and to maintain the Group's profitability in the long run.

For the Interior and Renovation Division, the external wall renovation works are quiet but there are still lots of large scale renovation works for residential, hotels and service apartments in the market. The Group is aiming at procuring these large scale renovation works.

For the Building Materials Division, with the recent prosperity of the property development business, Million Hope Industries Limited's business continues to grow. Besides the aluminium window business, the supply and installation of curtain wall business expands as more residential properties are now using curtain walls. Trigon maintains steady performance. Its current main business is the supply and installation of building materials for ceilings at MTR stations. It is also targeting the ceiling works at the stations of Hong Kong-Zhuhai-Macao Bridge.

The Group has forward planning in launching its development projects progressively, ensuring steady performance in the coming few years. It will utilise its healthy cash flow to acquire land at affordable prices for development.

Leasing market remains stable and positive. Rental income from investment properties increases due to the acquisition of One Eleven and PeakCastle and these investment properties will continue to generate stable rental income to the Group. The performance of other properties in the Property Investment Division remains stable and generates satisfactory rental yield. We are continuously looking for opportunities to acquire some other properties with high potential for value enhancement after renovation and improvement in property management.

The Group mainly undertakes the property and project management for its own properties or for the properties built by it. We do not expect significant business growth in the Property Agency and Management Division.

Despite the slowdown in tourism activities and contraction of the retail business in Hong Kong, our Health Products Division still manages to maintain the turnover in similar level as last corresponding period by expanding its markets in some other remote places. It has also managed to improve its profitability by means of efficient resources deployment.

Going forward, as the Secretary for Development stated, there will be supply of around 93,000 new flats in the next three to four years from the private sector. Together with the Government of Hong Kong Special Administrative Region's determination to add more land supply and the target supply of 18,000 new flats by the end of this year, the property supply in Hong Kong will be at a high level in the near future. Coupled with the slowdown of economic growth in Mainland China, there may be downward adjustment pressure on Hong Kong property market. We should therefore be cautiously optimistic about the property market as we move on.

## **FINANCIAL REVIEW**

### **GROUP LIQUIDITY AND FINANCIAL RESOURCES**

The Group's financial position continued to be healthy. The total bank balances and cash had decreased from HK\$1,221.3 million as at 31 March 2016 to HK\$1,066.8 million at the close of business on 30 September 2016. As at the period end date, the current ratio (current assets divided by current liabilities) increased from 1.14 times as at 31 March 2016 to 1.17 times.

For the purposes of maintaining flexibility in funding and day-to-day financial management, the Group has obtained banking facilities with an aggregate amount of HK\$3,220.3 million (HK\$1,430.3 million was secured by first charges over certain leasehold land and buildings, investment properties and bank deposits of the Group), of which HK\$614.9 million bank loans have been drawn down and approximately HK\$722.2 million has been utilised mainly for the issuance of letters of credit and performance bonds as at 30 September 2016. The Group's current funding requirements are satisfied by available banking facilities, cash generated from operations and the bank balances and cash as at 30 September 2016.

## **TREASURY POLICIES**

In order to minimise the cost of funds and to achieve better risk control, the treasury activities of the Group are centralised and scrutinised by the top management. The Group's treasury policies remain unchanged from those described in the latest annual report 2015/2016.

## **CAPITAL STRUCTURE**

It is the intention of the Group to keep a proper combination of equity and debt to ensure an efficient capital structure over time. During the period under review, the Group has borrowed Hong Kong dollar loans amounting to HK\$614.9 million from banks (at 31 March 2016: HK\$764.8 million). The loans have been used for financing the acquisition of properties for investment purposes and as general working capital. The maturity profile of the lending spread over a period of five years with HK\$147.1 million repayable within the first year, HK\$112.7 million repayable within the second year and an aggregate of HK\$355.1 million within the third to fifth years. Interest is based on Hong Kong Interbank Offered Rate ("HIBOR") with a competitive margin. Other loan of RMB6.3 million (equivalent to approximately HK\$7.3 million) (at 31 March 2016: nil) was repayable within one year and interest bearing at a fixed interest rate of 4.9% per annum.

As at the close of business on 30 September 2016 and 31 March 2016, the Group was in a net cash position, calculated on the basis that total bank balances and cash less bank and other loans.

## **COLLATERAL**

As at 30 September 2016, the Group's Hong Kong dollar loans of HK\$614.9 million (at 31 March 2016: HK\$634.8 million) were secured by first charges over certain leasehold land and buildings and investment properties of the Group, at the carrying value of approximately HK\$1,784.3 million (at 31 March 2016: HK\$1,785.4 million). In addition, bank deposits of HK\$138.0 million (at 31 March 2016: HK\$200.9 million) was pledged for banking facilities granted to one of the Group's joint ventures in the People's Republic of China.

## **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 took place in 2004. At 30 September 2016 and 31 March 2016, the directors of the Company are of the opinion that in view of the uncertainty of the outcome, it is not practicable to assess the financial effect.

As at 30 September 2016, the Group has provided a corporate guarantee to a bank to secure banking facilities granted to a joint venture of approximately HK\$39,957,000 (at 31 March 2016: HK\$34,312,000), which represents the Group's proportionate share of the banking facilities utilised as at 30 September 2016. No provision for financial guarantee contracts has been made at the end of the reporting period.

## COMMITMENTS

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

	<b>30.9.2016</b>	31.3.2016
	<b>HK\$'000</b>	HK\$'000
Capital expenditure contracted for but not provided in condensed consolidated financial statements in relation to acquisition of a subsidiary	<b>135,000</b>	–

In addition, the Group had also committed with another joint venturer to contribute to the joint venture by means of shareholder's loan proportional to its equity interest in the joint venture to finance the expenditure of property under development if called.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period, save for an aggregate of 16,124,000 shares of the Company purchased on the market by the trustee of the share award scheme of the Company pursuant to the trust deed and the share award scheme, at a total consideration of approximately HK\$21,925,000, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2016, the Group (excluding its joint ventures) had 967 full time employees (of which 182 employees were in Mainland China). The Group offers competitive remuneration packages, including a 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 staff.

## AUDIT COMMITTEE

The Audit Committee of the Company has been established since December 2001 and has written terms of reference. In March 2016, the Board approved and adopted a revised terms of reference of the Audit Committee to include risk management and internal control systems. The primary duties of the Audit Committee are to review and oversee the financial reporting system, risk management and internal control systems of the Company.

The Audit Committee has three members, being the Independent Non-executive Directors, namely, Mr. Chan Pak Joe, Dr. Lau Tze Yiu, Peter and Dr. Sun Tai Lun. Dr. Lau Tze Yiu, Peter has been appointed the Chairman of the Audit Committee.

## REVIEW OF INTERIM RESULTS

The Company has engaged Messrs Deloitte Touche Tohmatsu, the Group's auditor, to assist the Audit Committee of the Company to review the unaudited interim financial report of the Group for the six months ended 30 September 2016.

## CORPORATE GOVERNANCE

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

Throughout the six months ended 30 September 2016, the Company has complied with all the Code Provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, except for the deviations set out below in respect of which remedial steps for compliance have been taken or considered reasons are given below:

- (a) Code Provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors (including the independent non-executive directors) of the Company are not appointed for a specific term. However, pursuant to the Articles of Association of the Company amended on 2 August 2005, at each annual general meeting of the Company, one-third of the directors, including executive, non-executive and independent non-executive directors shall retire from office by rotation, and every director shall be subject to retirement at least once every three years. As such, the Company considers that sufficient measures have been taken to ensure that the corporate governance practices of the Company are no less exacting than those in the CG Code.
- (b) Code Provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Cha Mou Sing, Payson and Mr. Cha Mou Daid, Johnson, both being non-executive directors of the Company, as well as Dr. Lau Tze Yiu, Peter, an independent non-executive director of the Company, were unable to attend the annual general meeting of the Company held on 23 August 2016 as they had other important engagements. To ensure compliance with the CG Code, the Company has taken and will continue to take all reasonable measures to arrange the schedule in such a cautious way that all directors can attend the general meeting(s).
- (c) Code Provision E.1.2 of the CG Code stipulates that the Chairman of the Board should attend the annual general meeting. The Chairman of the Board, Mr. Cha Mou Sing, Payson, was unable to attend the annual general meeting of the Company held on 23 August 2016 as he had other important business engagement. However, the Managing Director, present at the annual general meeting, took the chair of that meeting in accordance with Article 78 of the Articles of Association of the Company.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

Hong Kong, 15 November 2016

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

***Non-executive Chairman***

Mr. Cha Mou Sing, Payson

***Non-executive Director***

Mr. Cha Mou Daid, Johnson

***Executive Directors***

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

Mr. Tai Sai Ho (*General Manager*)

***Independent Non-executive Directors***

Mr. Chan Pak Joe

Dr. Lau Tze Yiu, Peter

Dr. Sun Tai Lun