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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

INTERIM RESULTS

For the six months ended 30 September 2024, Hanison Construction Holdings Limited (“Company”) and its subsidiaries (collectively “Group”) recorded the unaudited consolidated revenue of HK\$984.3 million, representing an increase of 49.2% from HK\$659.8 million for the corresponding period last year. This increase was mainly from the Construction Division.

The unaudited consolidated loss of the Group for the six months ended 30 September 2024 was HK\$193.1 million, while a net loss of HK\$108.1 million was recorded for the same period in 2023. The net loss is mainly due to the net revaluation loss of the properties held by the Group and joint ventures of approximately HK\$189.9 million together with the interest expenses of approximately HK\$26.2 million as a result of high interest rate and the downturn in the property market. Such net revaluation loss of properties held by the Group and joint ventures are recognised through loss on change in fair value of investment properties, provision of impairment losses under expected credit loss model on loans to joint ventures and share of results of joint ventures in the current period. The operating result (before the net revaluation loss and interest expenses) was a profit of HK\$23.0 million for the six months ended 30 September 2024 (2023: HK\$12.3 million).

The basic loss per share and diluted loss per share for the six months ended 30 September 2024 was HK18.0 cents and HK18.0 cents respectively. The basic loss per share and diluted loss per share were HK9.9 cents and HK9.9 cents for the corresponding period last year.

DIVIDEND

The board of directors of the Company (“Board”) has resolved not to declare an interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: HK1.0 cent per share).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	NOTES	For the six months ended	
		2024	2023
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	984,330	659,779
Cost of sales		<u>(922,706)</u>	<u>(612,482)</u>
Gross profit		61,624	47,297
Other income		12,190	17,785
Other gains and losses		644	(25,032)
Impairment losses under expected credit loss model, net	4	(103,264)	(17,063)
Marketing and distribution costs		(525)	(469)
Administrative expenses		(49,160)	(55,469)
Loss on change in fair value of investment properties		(94,558)	(21,157)
Share of loss of an associate		–	(7)
Share of profits (losses) of joint ventures		8,189	(19,532)
Finance costs		<u>(26,150)</u>	<u>(36,489)</u>
Loss before taxation	5	(191,010)	(110,136)
Tax (expenses) credit	6	<u>(2,072)</u>	<u>2,053</u>
Loss for the period		<u><u>(193,082)</u></u>	<u><u>(108,083)</u></u>
Loss per share			
Basic (<i>HK cents</i>)	8	<u><u>(18.0)</u></u>	<u><u>(9.9)</u></u>
Diluted (<i>HK cents</i>)	8	<u><u>(18.0)</u></u>	<u><u>(9.9)</u></u>

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	<u>(193,082)</u>	<u>(108,083)</u>
Other comprehensive income (expense):		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	137	(362)
Share of exchange differences of a joint venture	<u>1,908</u>	<u>(4,427)</u>
	<u>2,045</u>	<u>(4,789)</u>
Total comprehensive expense for the period	<u><u>(191,037)</u></u>	<u><u>(112,872)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2024

	<i>NOTES</i>	30.9.2024 HK\$'000 (Unaudited)	31.3.2024 <i>HK\$'000</i> (Audited)
Non-current assets			
Investment properties	<i>9</i>	2,197,980	2,743,080
Property, plant and equipment	<i>9</i>	295,813	300,638
Right-of-use assets	<i>9</i>	4,696	4,047
Interests in joint ventures	<i>10</i>	98,745	88,648
Loans to joint ventures	<i>11</i>	987,026	1,036,628
Deferred tax assets		5,343	5,340
		3,589,603	4,178,381
Current assets			
Properties under development for sale		1,162,000	1,039,000
Inventories		4,479	4,338
Contract assets		379,981	308,982
Debtors, deposits and prepayments	<i>12</i>	135,807	94,620
Financial assets at fair value through profit or loss		284	263
Taxation recoverable		–	2,001
Cash and cash equivalents		351,334	441,485
		2,033,885	1,890,689
Assets classified as held for sale		451,570	157,050
		2,485,455	2,047,739
Current liabilities			
Trade and other payables	<i>13</i>	482,982	495,578
Provisions		9,610	16,470
Lease liabilities		3,879	3,026
Taxation payable		21,117	20,225
Bank loans – amounts due within one year		1,128,368	1,878,072
		1,645,956	2,413,371
Net current assets (liabilities)		839,499	(365,632)
Total assets less current liabilities		4,429,102	3,812,749

	<i>NOTE</i>	30.9.2024 HK\$'000 (Unaudited)	31.3.2024 HK\$'000 (Audited)
Non-current liabilities			
Bank loans – amounts due after one year		802,632	–
Provisions		39,590	34,869
Deferred tax liabilities		6,719	6,477
Lease liabilities		4,672	4,877
		<u>853,613</u>	<u>46,223</u>
		<u>3,575,489</u>	<u>3,766,526</u>
Capital and reserves			
Share capital	<i>14</i>	107,307	107,307
Reserves		3,468,182	3,659,219
		<u>3,575,489</u>	<u>3,766,526</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

1. BASIS OF PREPARATION

The unaudited 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 the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from the application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and application of an accounting policy which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2024.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

3. REVENUE AND SEGMENT INFORMATION

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

Disaggregation of revenue

	For the six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Recognised over time:		
Revenue from construction contract work	735,651	445,397
Revenue from interior and renovation contracts	125,971	116,065
Revenue from installation of building materials	78,062	57,376
Property management service income	6,851	2,463
Recognised at a point in time:		
Sales of health products	6,109	5,169
Property agency service income	539	611
Revenue from contracts with customers	953,183	627,081
Fixed-lease income from property investment	31,147	32,698
	984,330	659,779
Geographical market:		
Hong Kong	984,330	659,779

Segment information

The Group is organised into seven operating divisions: construction, interior and renovation works, design, supply and installation of building materials, sales of health products, property investment (representing lease income from 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 and reportable segment:

For the six months ended 30 September 2024 (unaudited)

	Construction	Interior and renovation	Building materials	Health products	Property investment	Property development	Property agency and management	Segment total	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE										
External sales	735,651	125,971	78,062	6,109	31,147	-	7,390	984,330	-	984,330
Inter-segment sales	560	3,450	2,230	13	4,485	-	-	10,738	(10,738)	-
Total	<u>736,211</u>	<u>129,421</u>	<u>80,292</u>	<u>6,122</u>	<u>35,632</u>	<u>-</u>	<u>7,390</u>	<u>995,068</u>	<u>(10,738)</u>	<u>984,330</u>
RESULTS										
Segment results	<u>12,816</u>	<u>(9,238)</u>	<u>77</u>	<u>278</u>	<u>(147,714)</u>	<u>(33,213)</u>	<u>32</u>	<u>(176,962)</u>	<u>-</u>	<u>(176,962)</u>
Unallocated expenses										<u>(16,120)</u>
Loss for the period										<u>(193,082)</u>

For the six months ended 30 September 2023 (unaudited)

	Construction	Interior and renovation	Building materials	Health products	Property investment	Property development	Property agency and management	Segment total	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE										
External sales	445,397	116,065	57,376	5,169	32,698	-	3,074	659,779	-	659,779
Inter-segment sales	683	25,335	465	2,472	4,485	-	-	33,440	(33,440)	-
Total	<u>446,080</u>	<u>141,400</u>	<u>57,841</u>	<u>7,641</u>	<u>37,183</u>	<u>-</u>	<u>3,074</u>	<u>693,219</u>	<u>(33,440)</u>	<u>659,779</u>
RESULTS										
Segment results	<u>4,087</u>	<u>(11,091)</u>	<u>(265)</u>	<u>(470)</u>	<u>(36,959)</u>	<u>(48,896)</u>	<u>(8)</u>	<u>(93,602)</u>	<u>-</u>	<u>(93,602)</u>
Unallocated expenses										<u>(14,481)</u>
Loss for the period										<u>(108,083)</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 interest income earned and administration costs incurred by head office and the inactive subsidiaries. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

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

(b) Segment assets and liabilities

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

	30.9.2024 HK\$'000 (Unaudited)	31.3.2024 HK\$'000 (Audited)
<u>Segment assets</u>		
Construction	581,393	638,954
Interior and renovation	157,766	168,761
Building materials	96,525	90,981
Health products	14,926	14,739
Property investment	2,977,614	3,197,862
Property development	2,061,366	1,929,024
Property agency and management	34,974	31,997
	<hr/>	<hr/>
Total segment assets	5,924,564	6,072,318
Unallocated assets	150,494	153,802
	<hr/>	<hr/>
Consolidated assets	6,075,058	6,226,120
	<hr/> <hr/>	<hr/> <hr/>
<u>Segment liabilities</u>		
Construction	478,067	449,316
Interior and renovation	31,373	36,910
Building materials	44,540	23,129
Health products	2,446	2,890
Property investment	1,933,246	1,933,793
Property development	69	69
Property agency and management	1,469	755
	<hr/>	<hr/>
Total segment liabilities	2,491,210	2,446,862
Unallocated liabilities	8,359	12,732
	<hr/>	<hr/>
Consolidated liabilities	2,499,569	2,459,594
	<hr/> <hr/>	<hr/> <hr/>

4. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET

	For the six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Reversal of impairment losses (impairment losses), net, recognised on:		
Trade debtors	7	112
Contract assets	(287)	(121)
Loans to joint ventures	(102,984)	(17,054)
	<u>(103,264)</u>	<u>(17,063)</u>
	<u><u>(103,264)</u></u>	<u><u>(17,063)</u></u>

5. LOSS BEFORE TAXATION

	For the six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	8,133	7,876
Less: Depreciation expenses included in the cost of sales	(777)	(468)
	<u>7,356</u>	<u>7,408</u>
	<u><u>7,356</u></u>	<u><u>7,408</u></u>
Depreciation of right-of-use assets	1,270	872
Less: Depreciation expenses included in the cost of sales	(921)	(546)
	<u>349</u>	<u>326</u>
	<u><u>349</u></u>	<u><u>326</u></u>

6. TAX (EXPENSES) CREDIT

	For the six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The (charge) credit comprises:		
Hong Kong Profits Tax		
Current tax	(1,833)	(828)
Deferred taxation	(239)	2,881
	<u>(2,072)</u>	<u>2,053</u>

Hong Kong Profits Tax for both periods is calculated at 16.5% of the estimated assessable profits for the period, except for the group entity which is a qualifying corporation under the two-tiered profits tax rates regime. For this group entity, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

7. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

8. LOSS PER SHARE

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

	For the six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the purpose of basic and diluted loss per share	<u>(193,082)</u>	<u>(108,083)</u>

	For the six months ended 30 September	
	2024	2023
	'000	'000
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>1,073,075</u>	<u>1,089,471</u>

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share has taken into account the ordinary shares repurchased from the market during the six months ended 30 September 2023.

For the six months ended 30 September 2024 and 2023, the computation of diluted loss per share does not assume the exercise of all of the Company's outstanding share options as their assumed exercise would result in a decrease in loss per share.

9. MOVEMENTS IN INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Investment properties

HK\$'000

FAIR VALUE

At 1 April 2024 (audited)	2,743,080
Additions	1,028
Change in fair value	(94,558)
Transfer to assets classified as held for sale	<u>(451,570)</u>
At 30 September 2024 (unaudited)	<u><u>2,197,980</u></u>

The fair values of the Group's investment properties at 30 September 2024 have been arrived at on the basis of a valuation carried out by Colliers International (Hong Kong) Limited ("Colliers") (31 March 2024: Colliers), an independent property valuer not connected with the Group. The valuer has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuations of properties amounting to HK\$1,549,980,000 (31 March 2024: HK\$1,550,080,000) were 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. The valuation of other properties amounting to HK\$648,000,000 (31 March 2024: HK\$1,193,000,000) was arrived at by reference to market evidence of transaction prices of similar properties, with adjustments on adopted market prices.

Analysis of investment properties held by the Group in the condensed consolidated statement of financial position

Investment properties	Valuation method	Fair value as at	
		30.9.2024 <i>HK\$'000</i> (Unaudited)	31.3.2024 <i>HK\$'000</i> (Audited)
Commercial	Income capitalisation approach	1,549,980	1,550,080
Commercial	Direct comparison method	645,000	673,000
Industrial	Direct comparison method	3,000	3,000
Residential	Direct comparison method	<u>—</u>	<u>517,000</u>
		<u><u>2,197,980</u></u>	<u><u>2,743,080</u></u>

Property, plant and equipment

During the current interim period, the Group acquired property, plant and equipment at approximately HK\$3,308,000 (six months ended 30 September 2023: HK\$1,157,000).

Right-of-use assets

During the current interim period, the Group entered into or renewed lease agreements for offices for the periods covering 1 year to 2 years (six months ended 30 September 2023: 1 year to 2 years). On lease commencement, the Group recognised HK\$1,919,000 (six months ended 30 September 2023: HK\$1,561,000) of right-of-use assets and HK\$1,919,000 (six months ended 30 September 2023: HK\$1,561,000) of lease liabilities.

10. INTERESTS IN JOINT VENTURES

	30.9.2024 HK\$'000 (Unaudited)	31.3.2024 <i>HK\$'000</i> (Audited)
Interests in joint ventures comprise:		
Cost of unlisted investments in joint ventures	242,424	242,424
Share of post acquisition results and other comprehensive expense, net of dividends received	<u>(143,679)</u>	<u>(153,776)</u>
	<u>98,745</u>	<u>88,648</u>

The principal activities of the joint ventures of the Group are property development and investment projects in Hong Kong and were made in proportion to the Group's interest in the respective joint venture companies.

All joint ventures are accounted for using the equity method in these consolidated financial statements.

11. LOANS TO JOINT VENTURES

	30.9.2024 HK\$'000 (Unaudited)	31.3.2024 <i>HK\$'000</i> (Audited)
Loans to joint ventures	<u>987,026</u>	<u>1,036,628</u>

As at 30 September 2024, loans are granted to joint ventures engaging in property development and property investment in Hong Kong. The loans amounted to HK\$392,790,000 (31 March 2024: HK\$420,381,000) are unsecured, interest bearing at 3.00% (31 March 2024: 4.25%) per annum and repayable on demand. The remaining loans to joint ventures are unsecured, non-interest bearing and repayable on demand. The Group has no intention to request for repayment of the loans amounting to HK\$987,026,000 (31 March 2024: HK\$1,036,628,000) within the twelve months from the end of the reporting period. Accordingly, the loans are classified as non-current assets.

For the purpose of internal credit risk management, the Group regularly monitors the business performance of joint ventures. Before granting the loans to joint ventures, the management of the Group has obtained understanding to the financial background and business performance of the joint ventures. The Group's credit risks in these balances are mitigated through monitoring the value of the assets held by the joint ventures and the power to participate or jointly control the relevant activities of these entities and where applicable, including participation in their financial and operating policies, and which are subject to the Group's financial and investment requirements. As at 30 September 2024, the gross carrying amounts of loans to joint ventures are HK\$1,225,039,000 (31 March 2024: HK\$1,171,657,000).

The Group performed impairment assessment on loans to joint ventures under the expected credit loss ("ECL") model with reference to the internal credit rating of the counterparties. Impairment loss of HK\$102,984,000 (six months ended 30 September 2023: impairment loss of HK\$17,054,000) was recognised in profit or loss for the six months ended 30 September 2024.

The following table shows movement in ECL that has been recognised for loans to joint ventures which are assessed individually:

	HK\$'000
At 1 April 2024 (audited)	135,029
Changes due to financial instruments as at 1 April 2024:	
- Impairment loss recognised	102,984
	<hr/>
At 30 September 2024 (unaudited)	238,013
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12. DEBTORS, DEPOSITS AND PREPAYMENTS

For the business of construction services and others, the Group generally allows a credit period of 30 to 90 days and not more than 90 days (31 March 2024: 30 to 90 days and not more than 90 days), respectively, to its customers.

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

	30.9.2024	31.3.2024
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Within 30 days	86,214	51,349
31-60 days	2,585	4,705
61-90 days	1,085	3,844
Over 90 days	2,575	3,026
	<hr/>	<hr/>
	92,459	62,924
	<hr/> <hr/>	<hr/> <hr/>

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:

	30.9.2024 HK\$'000 (Unaudited)	31.3.2024 <i>HK\$'000</i> (Audited)
Within 30 days	94,193	55,260
31-60 days	2,540	662
61-90 days	1,810	654
Over 90 days	7,732	2,595
	<u>106,275</u>	<u>59,171</u>

14. SHARE CAPITAL

	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised:		
Shares of HK\$0.10 each		
Balance as at 1 April 2023, 31 March 2024 and 30 September 2024	<u>1,500,000,000</u>	<u>150,000</u>
Issued and fully paid:		
Shares of HK\$0.10 each		
Balance as at 1 April 2023	1,096,286,676	109,629
Repurchased and cancelled (<i>note</i>)	<u>(23,212,000)</u>	<u>(2,322)</u>
Balance as at 31 March 2024 and 30 September 2024	<u>1,073,074,676</u>	<u>107,307</u>

Note:

During the year ended 31 March 2024, the Company repurchased 17,964,000 shares on the market for an aggregated consideration paid of approximated HK\$19,999,000, in which all shares were cancelled during the year ended 31 March 2024.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

Overview

For the six months ended 30 September 2024, the Group's unaudited consolidated revenue amounted to HK\$984.3 million (for the six months ended 30 September 2023: HK\$659.8 million).

Construction Division

The revenue of the Construction Division for the six months ended 30 September 2024 was HK\$736.2 million (for the six months ended 30 September 2023: HK\$446.1 million).

Contracts on hand as at 30 September 2024 for the Construction Division amounted to HK\$4,652.0 million.

Major construction works undertaken during the period under review:

- (1) Construction of the proposed residential and commercial development at Nos. 33-47 Catchick Street, Kennedy Town, Hong Kong
- (2) Construction of public housing development at Hin Fat Lane, Tuen Mun, New Territories
- (3) Construction of the proposed residential development at No. 57A Nga Tsin Wai Road, Kowloon Tong, Kowloon
- (4) Construction of the proposed industrial redevelopment at No. 22 Yip Shing Street, Kwai Chung, New Territories
- (5) Construction of the proposed industrial redevelopment at No. 18 Lee Chung Street, Chai Wan, Hong Kong
- (6) Construction of the proposed residential development at Lot No. 2143 in D.D. 121, Tong Yan San Tsuen, Yuen Long, New Territories
- (7) Construction of the residential development at Tuen Mun Town Lot No. 496, So Kwun Wat, Tuen Mun, New Territories
- (8) Main works contract for Hong Kong Science Park Expansion Stage 2 (SPX2) Building 12W-A
- (9) Construction of the proposed commercial development at Nos. 92-103A Connaught Road West and Nos. 91, 99 and 101 Des Voeux Road West, Hong Kong
- (10) Construction of public housing development at Pik Wan Road Site B, Yau Tong, Kowloon

Interior and Renovation Division

For the six months ended 30 September 2024, the revenue of the Interior and Renovation Division was HK\$129.4 million (for the six months ended 30 September 2023: HK\$141.4 million).

Contracts on hand as at 30 September 2024 for the Interior and Renovation Division amounted to HK\$73.5 million.

Major contract works undertaken during the period under review:

- (1) HKHA district term contract (2021-2024) for the maintenance, improvement and vacant flat refurbishment for Hong Kong Island and Islands (2)
- (2) Building works term contract (2022-2025) for shopping centres, car parks, markets & cooked-food stalls in Tin Shui Wai, Tuen Mun, New Territories North and Ma On Shan (Region 1) for the Link
- (3) 2-year term tenancy works contract (2022-2024) for shopping centres, car parks, markets & cooked-food stalls for Hong Kong Island, Kowloon East, New Territories East and Tseung Kwan O (Region 2) for the Link
- (4) Repair and maintenance term contract (2022-2025) for Hong Kong Baptist University
- (5) AA&I project 2022-2023 renovation works to lavatories in Sir Run Run Shaw Building, Cha Chi-Ming Science Tower and Fong Shu Chuen Library, renovation works to lavatories at Level 5 of Oen Hall Building at Hong Kong Baptist University
- (6) Interior fitting out works nominated sub-contract for redevelopment of North Point Methodist Church at 11 Cheung Hong Street, North Point, Hong Kong
- (7) Toilet improvement works at shopping centres of Tin Shui, Butterfly, Leung King, Chung On, Sha Kok, Tsui Ping and Stanley

Building Materials Division

The Building Materials Division recorded a revenue of HK\$80.3 million for the six months ended 30 September 2024 (for the six months ended 30 September 2023: HK\$57.8 million).

Contracts on hand as at 30 September 2024 for the Building Materials Division amounted to HK\$66.7 million.

Major contract works completed during the period under review:

- (1) Construction of public housing development at Hin Fat Lane, Tuen Mun, N.T. - Design, supply and installation of suspended ceiling system at G/F
- (2) Proposed residential and commercial development at Nos. 33-47 Catchick Street, Kennedy Town – Supply and installation of suspended ceiling system

Major contract works undertaken during the period under review:

- (1) HKIA Contract 3508 Terminal 2 expansion works – Design, supply and installation of main roof baffle ceiling system
- (2) HKIA Contract 3508 Terminal 2 expansion works – Design, supply and installation of lower-level baffle and external ceiling system
- (3) Proposed residential development at TKOTL 70RP, Phase 11, Lohas Park, Tseung Kwan O, N.T. – Supply and installation of gypsum board ceiling system
- (4) Central Kowloon Route – Building, electrical and mechanical works – Design, supply and installation of suspended ceiling system
- (5) The Physical Sciences and Technologies Building (New Research Building 1) at The Hong Kong University of Science and Technology – Design, supply and installation of suspended ceiling system
- (6) Centralised General Research Laboratory Complex (Block 2) at Area 39, The Chinese University of Hong Kong – Design, supply and installation of suspended ceiling system

Major contract work awarded during the period under review:

- (1) Ho Man Tin Station Package One Property Development at KIL 11264, Ho Man Tin, Kowloon – Supply and installation of baffle ceiling at LG1 and LG2 carpark

Property Development Division

The Property Development Division recorded no revenue for the six months ended 30 September 2024 (for the six months ended 30 September 2023: nil).

LUXÉAST, the Group's 49% interest in the parcel of land situated at 中華人民共和國浙江省海寧市區文苑路西側、後富亭港南側 (West of Wenyuan Road and South of Houfutinggang, Haining, Zhejiang Province, the People's Republic of China) for the development and construction of office, retail, car parking spaces and other development pertaining to the land. The respective 房屋所有權證 (Building Ownership Certificates) have been issued in March 2015. A total of 222 商品房買賣合同 (Sale and Purchase Agreement for Commodity Flat) have been signed up to the end of the reporting period and all units had been delivered to customers. During last year, the joint venture entered into a sale and purchase agreement with an independent third party to dispose of the land for Phase 2 and Phase 3 development. The disposal was completed in October 2023.

For the proposed residential development project with Sun Hung Kai Properties Limited at So Kwun Wat, Tuen Mun, the development of the site is in progress.

A piece of land at No. 57A Nga Tsin Wai Road, Kowloon Tong, Kowloon in which the Group has 50% interest with the objective of developing the property into a premium residential project, lease modification was completed and premium has been fully settled. The development of the site is in progress and is expected to be completed in next year.

For the piece of land at Tong Yan San Tsuen in Yuen Long in which the Group has 50% interest with the objective of developing the property into a residential project, a land exchange application for residential use was completed in April 2021. The development of the site is in progress.

As for the joint venture project, Johnson Place, located at Nos. 14-16 Lee Chung Street, Chai Wan, Hong Kong in which the Group has 50% interest, it will be redeveloped into a brand new industrial property, the planning application and building plans for bonus plot ratio have been approved. Demolition of the existing building will be commenced soon.

As for the joint venture project, West Castle, located at No. 22 Yip Shing Street, Kwai Chung in which the Group has 50% interest, it will be redeveloped into a brand new industrial property with bonus plot ratio. The development of the site is in progress and will be completed in coming year.

For the joint venture project at No. 18 Lee Chung Street, Chai Wan, Hong Kong, in which the Group has 50% interest, it will be redeveloped into a brand new industrial property. Building plans for the development with bonus plot ratio have been approved and demolition work was completed in April 2022. The development of the site is in progress.

Property Investment Division

The Property Investment Division recorded a revenue of HK\$35.6 million for the six months ended 30 September 2024 (for the six months ended 30 September 2023: HK\$37.2 million).

In April 2024, the Group entered into a provisional sale and purchase agreement with an independent third party to dispose of certain shops in a residential property named “The Austine Place” located in No. 38 Kwun Chung Street, Kowloon. The disposal was completed in July 2024.

Stratified sale of Hollywood Hill at No. 222 Hollywood Road was launched in September 2024. A total of 33 sale and purchase agreements was signed up to the date of this interim results announcement. The remaining 15 residential units and the G/F shops are being offered for sales.

Investment properties of the Group including PeakCastle in Cheung Sha Wan, The Mercer in Sheung Wan, Hollywood Hill at No. 222 Hollywood Road, No. 31 Wing Wo Street in Sheung Wan and The Connaught at No. 138 Connaught Road West in which the Group has 50% interest, all contributed rental incomes to the Group during the current period.

Property Agency and Management Division

For the period under review, the revenue of the Property Agency and Management Division was HK\$7.4 million (for the six months ended 30 September 2023: HK\$3.1 million).

In Hong Kong, our Property Agency and Management Division acted as the marketing and project manager for Johnson Place and No. 18 Lee Chung Street in Chai Wan, West Castle at No. 22 Yip Shing Street, No. 57A Nga Tsin Wai Road, PeakCastle in Cheung Sha Wan, The Grampian at No. 11 Grampian Road, The Connaught at No. 138 Connaught Road West and The Austine Place at No. 38 Kwun Chung Street. This division also provided property management services to The Austine Place at No. 38 Kwun Chung Street, The Bedford in Tai Kok Tsui, Eight College and One LaSalle in Kowloon Tong, PeakCastle in Cheung Sha Wan, Mount Vienna at Lok Lam Road, The Connaught at No. 138 Connaught Road West, Hollywood Hill at No. 222 Hollywood Road, The Mercer at No. 29 Jervois Street and West Park 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.

Health Products Division

The Health Products Division recorded a revenue of HK\$6.1 million for the six months ended 30 September 2024 (for the six months ended 30 September 2023: HK\$7.6 million).

The Health Products Division is primarily engaged in the retail and wholesale of Bu Yick Fong – 28 Chinese Herbal Soup and ganoderma spore products under the “Dr. Lingzhi” brand, and Chinese and Western nutritional supplements under the “HealthMate” brand. In addition to the e-commerce business, a brick-and-mortar store has been established in Tsim Sha Tsui to improve brand visibility and build customer relationships.

OUTLOOK

The current economic outlook presents challenges due to ongoing geopolitical tensions, particularly the war in Ukraine and conflicts in the Middle East, alongside persistent trade disputes. These factors are shaping a complex global business environment influenced by evolving economic and political dynamics.

In China, real GDP recorded a year-on-year growth of 5% in the first half of 2024, indicating a steady economic recovery. The Chinese government has implemented supportive measures aimed at restoring confidence and stabilizing markets across various cities.

In Hong Kong, the government has introduced initiatives to attract global talent and enterprises, enhancing competitiveness while addressing labour shortages. Recent policies outlined in the latest Policy Address—such as extending visa validity and expanding the list of universities under the tenant scheme—are expected to draw more expertise and students to the region. Following the removal of additional stamp duties in February 2024, the residential market saw a brief rebound, with transaction volumes peaking in April 2024. An interest rate cut in September 2024 further suggests a gradual recovery for both the local economy and property market.

Despite the challenging market environment, the construction industry in Hong Kong presents substantial opportunities. The government has identified sufficient land to provide approximately 410,000 public housing units over the next decade, exceeding the projected demand of 308,000 units. The Northern Metropolis development, set to unfold over the next 10 years, is expected to contribute around 210,000 new housing units. Additionally, the government plans a multi-pronged approach to meet the housing supply target of 132,000 units in the private sector. The Hong Kong Park, within the Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone, is developing two phases comprising eight buildings, offering several million square meters of gross floor area to the industry over the next five years.

Looking ahead, the overall outlook for the interior and renovation business is optimistic as the construction industry continues its recovery. However, competition remains fierce, posing challenges for this division. In this highly fragmented market, factors such as pricing, project duration, service quality, and reputation are essential for clients when selecting service providers. Our Interior and Renovation Division is dedicated to achieving excellence by fostering a culture of continuous improvement, meeting customer expectations, and delivering innovative designs that balance aesthetics, functionality, and cost-effectiveness. We are also aligning with the global emphasis on environmental protection by incorporating eco-friendly technologies and materials into our processes.

The outlook for the Building Materials Division is promising. The building materials market, closely tied to construction development, is expected to grow alongside housing projects. The government's public housing plans for the next decade, coupled with the resurgence of the private housing sector following the lifting of cooling measures, will drive demand for construction materials, presenting opportunities for increased sales and profitability. With our strong expertise in the supply and installation of suspended ceilings and floors, we are well-positioned to capitalise on Hong Kong's urban development and infrastructure initiatives.

Despite the sluggish property market in recent years, impacted by significant interest rate hikes, a weak local economy, and stock market volatility, Hong Kong remains an attractive destination for capital investment due to its status as an international financial centre. A recent report from a globally recognized institution highlights that Hong Kong has regained its top position in Economic Freedom Rating, signalling positive news for international investors. The development of Hong Kong as a gold trading centre and the integration of the payment system between the Mainland and Hong Kong under the Policy Address will further attract capital from Mainland and other global markets. The city continues to thrive as a vibrant hub for international trade and professional services. Our Property Development and Investment Divisions are closely monitoring global economic and political developments, adapting our strategies accordingly. We recognise the growing interest in student accommodation and senior housing, both supported by government policies, which have attracted increased investment. Going forward, the division will adopt a cautious approach to managing our property portfolio, implementing a proactive sales strategy to navigate current market challenges. Our focus on generating positive cash flow and maintaining a low gearing ratio will enhance the Group's sustainability amidst challenging and unpredictable market conditions.

The recent pandemic has significantly boosted demand for supplemental products among consumers for daily personal care. The Health Products Division's primary goal is to provide products of exceptional quality and assurance, with every item tested to ensure customer safety. In recent years, the explosive growth of e-commerce platforms in Mainland China has captured our attention. Leveraging the simplified approach to the Greater Bay Area market, the division is expanding its business network, including launching stores on Taobao, JD, and Tmall, to deliver local brands and Made-in-Hong Kong healthcare products across Hong Kong and China.

FINANCIAL REVIEW

GROUP LIQUIDITY AND FINANCIAL RESOURCES

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

The Group's financial position continued to be healthy. The total bank balances and cash was HK\$351.3 million at 30 September 2024 (31 March 2024: HK\$441.5 million). As at the period end date, the current ratio (current assets divided by current liabilities) increased from 0.85 time as at 31 March 2024 to 1.51 times.

For the purposes of maintaining flexibility in funding and day-to-day financial management, the Group has accessed to facilities from banks with an aggregate amount of HK\$3,091.0 million (HK\$1,631.0 million was secured by first charges over certain leasehold land and buildings and investment properties of the Group), of which HK\$1,931.0 million bank loans have been drawn down and approximately HK\$165.6 million has been utilised for the issuance of performance bonds as at 30 September 2024. The bank loans under these banking facilities bear interest at prevailing market interest rates.

With its cash holdings and available facilities from banks, 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 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 Company's annual report 2023/2024.

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\$1,931.0 million from banks (as at 31 March 2024: HK\$1,878.1 million). The loans have been used for financing the acquisition of properties for investment and development purposes and as general working capital. The majority profile of the loans spread over a period of 3 years with HK\$1,128.4 million are repayable within the one year, HK\$688.4 million repayable within the second year and HK\$114.2 million repayable within the third year. Interest is based on Hong Kong Interbank Offered Rate with a competitive margin.

As at 30 September 2024, the Group's gearing ratio, calculated on the basis of the net borrowing of the Group (total bank loans less total bank balances and cash) over shareholders' funds, was 44.2% (as at 31 March 2024: 38.1%).

LOANS TO JOINT VENTURES

As at 30 September 2024, the loans to joint ventures of the Group amounted to HK\$987.0 million (31 March 2024: HK\$1,036.6 million). The loans were granted to the joint venture companies for the purpose of providing financial assistance to the joint ventures for their respective property development and investment projects in Hong Kong and were made in proportion to the Group's interest in the respective joint venture companies. Property development and property investment are part of the ordinary course business of the Group, and the grant of such loans to joint ventures is in line with the Group's regular operations and the market practice in Hong Kong for property development and investment projects to be partially financed by bank borrowings and shareholder loans. Loans advanced to joint ventures of this nature were unsecured and repayable on demand. As at 30 September 2024, the loans to joint ventures of HK\$392.8 million were interest bearing at 3% per annum while the remaining balance of the loans to joint ventures were interest free.

The Group performs impairment assessment on loans to joint ventures under the expected credit loss model, under which factors including but not limited to the joint venture's operations, external market factors, changes in business, financial or economic conditions are considered in determining the credit risk of the joint ventures and whether any impairment should be recognised. The recoverability of loans to joint ventures is heavily dependent on the net realisable value of the properties held by the joint ventures, which in turn effects the credit risk of joint venture. Fluctuations in the real estate market will directly impact the ability of the joint ventures to sell and/or lease the properties to repay the loans. In determining the impairment, the Group mainly considered the carrying value of the properties against the property valuations of the respective properties held by the joint ventures as at 30 September 2024, conducted by Colliers International (Hong Kong) Limited, an independent property valuer not connected with the Group.

The management of the Group had obtained an understanding of the financial background and business performance of the joint ventures. Being a shareholder of the joint ventures, the Group seeks to maintain a good understanding of the financial condition of the joint ventures, and the Group reduces its exposure to credit risks by continuously monitoring the operation of the joint ventures as well as the progress of the developments to manage the risks more effectively.

In assessing the valuations of the properties of these four joint ventures, the independent property valuer adopted the market approach and mainly considered the selling price of the similar properties in the market. In respect of the property valuations, comparable properties were selected based on their being at a similar location and of similar usage as the respective properties, and for which price information is available. For the valuation of the respective properties held by these four joint ventures, five to nine comparable properties were considered by the independent property valuer. As a result of increased interest rates and a downturn in the Hong Kong property market during the current period, the carrying value of the respective properties was less than that reflected in the property valuations carried out by the independent valuer, which prompted the recognition of the impairment.

During the period ended 30 September 2024, impairment loss under expected credit loss model, net on loans to joint ventures of HK\$103.0 million was recognised on four loans to joint ventures, the details are as below:

	Loan to Joint Venture A and its subsidiary <i>HK\$'000</i>	Loan to Joint Venture B <i>HK\$'000</i>	Loan to Joint Venture C <i>HK\$'000</i>	Loan to Joint Venture D and its subsidiary <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross carrying amount as at 30 September 2024	98,295	157,617	397,733	240,702	894,347
Impairment loss under expected credit loss model as at 1 April 2024	13,241	34,458	87,330	–	135,029
Impairment loss recognised during the period	8,163	8,660	32,112	54,049	102,984
Impairment loss under expected credit loss model as at 30 September 2024	21,404	43,118	119,442	54,049	238,013
Net carrying amount as at 30 September 2024	<u>76,891</u>	<u>114,499</u>	<u>278,291</u>	<u>186,653</u>	<u>656,334</u>

MAJOR DISPOSAL

In April 2024, the Group has entered into a provisional sale and purchase agreement with an independent third party to dispose of certain shops in a residential property named “The Austine Place” located in No. 38 Kwun Chung Street, Kowloon. The disposal was completed in July 2024.

COLLATERAL

As at 30 September 2024, the Group's Hong Kong dollar loans of HK\$1,431.0 million (as at 31 March 2024: HK\$1,421.1 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\$2,434.3 million (as at 31 March 2024: HK\$2,616.5 million).

PERFORMANCE BONDS

As at 30 September 2024, the Group had outstanding performance bonds in respect of construction contracts amounting to approximately HK\$165.6 million (as at 31 March 2024: HK\$200.8 million).

COMMITMENTS

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

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

	30.9.2024	31.3.2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Commitments to provide loans	<u>1,283,690</u>	<u>1,378,340</u>

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2024, the Group (excluding its joint ventures) had 548 employees (six months ended 30 September 2023: 545 employees). Staff costs of the Group for the six months ended 30 September 2024 amounted to HK\$91.2 million (excluding directors' emoluments) (six months ended 30 September 2023: HK\$88.8 million). The Group offers competitive remuneration packages, including discretionary bonus and share option scheme, to its employees, commensurable to market level and their qualifications. The Group also provides retirement schemes, medical benefits and both in-house and external training courses for employees.

CORPORATE GOVERNANCE

The corporate governance principles of the Company emphasise a quality board of directors and transparency and accountability. Throughout the six months ended 30 September 2024, the Company has complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2024.

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 condensed consolidated financial statements of the Group for the six months ended 30 September 2024 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The unaudited condensed consolidated financial statements for the period have been reviewed by the Audit Committee.

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

Hong Kong, 12 November 2024

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

Non-executive Chairman

Mr. Cha Mou Daid, Johnson

Non-executive Director

Dr. Lam Chat Yu

Executive Directors

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

Mr. Tai Sai Ho (*General Manager*)

Mr. Chow Ka Fung

Independent Non-executive Directors

Mr. Chan Pak Joe

Dr. Lau Tze Yiu, Peter

Dr. Chan Fan Cheong, Tony

Ms. Hao Quan