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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 2015

#### 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 2015 increased significantly to HK\$1,307.8 million as compared with that of HK\$759.1 million for the corresponding period last year.

The unaudited consolidated profit attributable to owners of the Company for the six months ended 30 September 2015 was HK\$160.8 million, representing an increase of 21.7%, as compared with that of HK\$132.1 million for the same period in 2014.

The increase in the unaudited consolidated profit attributable to owners of the Company was mainly due to a substantial contribution from increase in sales of properties from the Property Development Division of the Group.

The basic earnings per share and diluted earnings per share for the six months ended 30 September 2015 were HK23.8 cents and HK23.7 cents respectively. The basic earnings per share represented an increase of 20.8% as compared to HK19.7 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 HK2.5 cents per share for the six months ended 30 September 2015 (for the six months ended 30 September 2014: HK2.1 cents per share) to the shareholders whose names appear on the register of members of the Company on 4 December 2015. The dividend is expected to be paid to the shareholders on or around 15 December 2015.

#### CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from 2 December 2015 to 4 December 2015, 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 2015. In order to qualify for the interim dividend for the six months ended 30 September 2015, 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 1 December 2015.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

|                                                       | <i>NOTES</i> | <b>Six months ended</b>                                   |                                      |
|-------------------------------------------------------|--------------|-----------------------------------------------------------|--------------------------------------|
|                                                       |              | <b>30.9.2015</b><br><b>HK\$'000</b><br><b>(Unaudited)</b> | 30.9.2014<br>HK\$'000<br>(Unaudited) |
| Turnover                                              | 3            | <b>1,307,811</b>                                          | 759,068                              |
| Cost of sales                                         |              | <b>(1,071,482)</b>                                        | (635,329)                            |
| Gross profit                                          |              | <b>236,329</b>                                            | 123,739                              |
| Other income                                          |              | <b>4,472</b>                                              | 2,058                                |
| Other gains and losses                                |              | <b>573</b>                                                | (20)                                 |
| Marketing and distribution costs                      |              | <b>(26,977)</b>                                           | (5,915)                              |
| Administrative expenses                               |              | <b>(104,897)</b>                                          | (66,516)                             |
| Gain on change in fair value of investment properties |              | <b>91,354</b>                                             | 103,623                              |
| Share of profit of an associate                       |              | <b>95</b>                                                 | 5,216                                |
| Share of loss of joint ventures                       |              | <b>(3,760)</b>                                            | (1,574)                              |
| Finance costs                                         |              | <b>(3,433)</b>                                            | (3,020)                              |
| Profit before taxation                                | 4            | <b>193,756</b>                                            | 157,591                              |
| Taxation                                              | 5            | <b>(21,008)</b>                                           | (9,233)                              |
| Profit for the period                                 |              | <b><u>172,748</u></b>                                     | <u>148,358</u>                       |
| Profit for the period attributable to:                |              |                                                           |                                      |
| Owners of the Company                                 |              | <b>160,753</b>                                            | 132,067                              |
| Non-controlling interest                              |              | <b>11,995</b>                                             | 16,291                               |
|                                                       |              | <b><u>172,748</u></b>                                     | <u>148,358</u>                       |
|                                                       |              |                                                           | (Restated)                           |
| Earnings per share                                    |              |                                                           |                                      |
| Basic (HK cents)                                      | 7            | <b><u>23.8</u></b>                                        | <u>19.7</u>                          |
| Diluted (HK cents)                                    | 7            | <b><u>23.7</u></b>                                        | <u>N/A</u>                           |

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

*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015*

|                                                                      | <b>Six months ended</b> |                |
|----------------------------------------------------------------------|-------------------------|----------------|
|                                                                      | <b>30.9.2015</b>        | 30.9.2014      |
|                                                                      | <b>HK\$'000</b>         | HK\$'000       |
|                                                                      | <b>(Unaudited)</b>      | (Unaudited)    |
| Profit for the period                                                | <u><b>172,748</b></u>   | <u>148,358</u> |
| Other comprehensive (expense) income:                                |                         |                |
| <i>Item that may be subsequently reclassified to profit or loss:</i> |                         |                |
| Exchange differences arising on translation of foreign operations    | <u><b>(1,565)</b></u>   | <u>833</u>     |
| Total comprehensive income for the period                            | <u><b>171,183</b></u>   | <u>149,191</u> |
| Total comprehensive income for the period attributable to:           |                         |                |
| Owners of the Company                                                | <b>159,188</b>          | 132,900        |
| Non-controlling interest                                             | <u><b>11,995</b></u>    | <u>16,291</u>  |
|                                                                      | <u><b>171,183</b></u>   | <u>149,191</u> |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 SEPTEMBER 2015**

|                                              | <i>NOTES</i> | <b>30.9.2015</b><br><b>HK\$'000</b><br><b>(Unaudited)</b> | 31.3.2015<br>HK\$'000<br>(Audited) |
|----------------------------------------------|--------------|-----------------------------------------------------------|------------------------------------|
| Non-current assets                           |              |                                                           |                                    |
| Investment properties                        | 8            | 802,673                                                   | 1,028,240                          |
| Property, plant and equipment                | 8            | 69,700                                                    | 68,794                             |
| Prepaid lease payments                       |              | 6,234                                                     | 6,508                              |
| Interest in an associate                     |              | 6,618                                                     | 26,223                             |
| Interests in joint ventures                  | 9            | 183,029                                                   | 187,158                            |
| Deposit paid for acquisition of a subsidiary |              | 99,800                                                    | –                                  |
| Pledged bank deposits                        |              | 82,605                                                    | 83,720                             |
| Deferred tax assets                          |              | 469                                                       | 488                                |
|                                              |              | <b>1,251,128</b>                                          | <b>1,401,131</b>                   |
| Current assets                               |              |                                                           |                                    |
| Properties under development for sale        | 10           | 345,450                                                   | 343,166                            |
| Properties held for sale                     |              | 315,114                                                   | 393,680                            |
| Inventories                                  |              | 14,783                                                    | 22,089                             |
| Amounts receivable on contract work          |              | 111,374                                                   | 134,805                            |
| Progress payments receivable                 | 11           | 179,103                                                   | 96,723                             |
| Retention money receivable                   |              | 235,900                                                   | 214,466                            |
| Debtors, deposits and prepayments            | 12           | 192,623                                                   | 542,405                            |
| Prepaid lease payments                       |              | 216                                                       | 219                                |
| Amounts due from joint ventures              |              | 1,192                                                     | 18                                 |
| Amount due from an associate                 |              | –                                                         | 2,198                              |
| Investments held for trading                 |              | 318                                                       | 426                                |
| Taxation recoverable                         |              | 2,926                                                     | 2,940                              |
| Bank balances and cash                       |              | 453,636                                                   | 301,206                            |
|                                              |              | <b>1,852,635</b>                                          | <b>2,054,341</b>                   |
| Assets classified as held for sale           | 13           | 10,077                                                    | –                                  |
|                                              |              | <b>1,862,712</b>                                          | <b>2,054,341</b>                   |
| Current liabilities                          |              |                                                           |                                    |
| Amounts payable on contract work             |              | 310,484                                                   | 243,447                            |
| Trade and other payables                     | 14           | 586,758                                                   | 586,429                            |
| Taxation payable                             |              | 37,659                                                    | 18,707                             |
| Amount due to a non-controlling shareholder  |              | –                                                         | 76,222                             |
| Bank loans – amounts due within one year     |              | 263,500                                                   | 691,260                            |
|                                              |              | <b>1,198,401</b>                                          | <b>1,616,065</b>                   |
| Net current assets                           |              | <b>664,311</b>                                            | <b>438,276</b>                     |
| Total assets less current liabilities        |              | <b>1,915,439</b>                                          | <b>1,839,407</b>                   |

|                                              | <i>NOTE</i> | <b>30.9.2015</b><br><b>HK\$'000</b><br><b>(Unaudited)</b> | 31.3.2015<br>HK\$'000<br>(Audited) |
|----------------------------------------------|-------------|-----------------------------------------------------------|------------------------------------|
| Non-current liabilities                      |             |                                                           |                                    |
| Other long-term payable                      |             | <b>14,253</b>                                             | 14,253                             |
| Deferred tax liabilities                     |             | <b>9,000</b>                                              | 8,095                              |
|                                              |             | <b>23,253</b>                                             | 22,348                             |
|                                              |             | <b>1,892,186</b>                                          | 1,817,059                          |
| Capital and reserves                         |             |                                                           |                                    |
| Share capital                                | <i>15</i>   | <b>67,768</b>                                             | 53,632                             |
| Reserves                                     |             | <b>1,824,418</b>                                          | 1,689,928                          |
| Equity attributable to owners of the Company |             | <b>1,892,186</b>                                          | 1,743,560                          |
| Non-controlling interest                     |             | <b>–</b>                                                  | 73,499                             |
|                                              |             | <b>1,892,186</b>                                          | 1,817,059                          |

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

**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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2015.

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 HKAS 19 | Defined benefit plans: Employee contributions   |
| Amendments to HKFRSs  | Annual improvements to HKFRSs 2010 – 2012 cycle |
| Amendments to HKFRSs  | Annual improvements to HKFRSs 2011 – 2013 cycle |

The application of the above 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 2015

|                     | Construction<br>HK\$'000 | Interior<br>and<br>renovation<br>HK\$'000 | Building<br>materials<br>HK\$'000 | Health<br>products<br>HK\$'000 | Property<br>investment<br>HK\$'000 | Property<br>development<br>HK\$'000 | Property<br>agency and<br>management<br>HK\$'000 | Segment<br>Total<br>HK\$'000 | Eliminations<br>HK\$'000 | Consolidated<br>HK\$'000 |
|---------------------|--------------------------|-------------------------------------------|-----------------------------------|--------------------------------|------------------------------------|-------------------------------------|--------------------------------------------------|------------------------------|--------------------------|--------------------------|
| 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   |               |               |               |            |               |               |            |                |          | <u>(18,841)</u> |
| Profit before taxation |               |               |               |            |               |               |            |                |          | <u>193,756</u>  |

For the six months ended 30 September 2014

|                     | Construction<br>HK\$'000 | Interior<br>and<br>renovation<br>HK\$'000 | Building<br>materials<br>HK\$'000 | Health<br>products<br>HK\$'000 | Property<br>investment<br>HK\$'000 | Property<br>development<br>HK\$'000 | Property<br>agency and<br>management<br>HK\$'000 | Segment<br>Total<br>HK\$'000 | Eliminations<br>HK\$'000 | Consolidated<br>HK\$'000 |
|---------------------|--------------------------|-------------------------------------------|-----------------------------------|--------------------------------|------------------------------------|-------------------------------------|--------------------------------------------------|------------------------------|--------------------------|--------------------------|
| TURNOVER            |                          |                                           |                                   |                                |                                    |                                     |                                                  |                              |                          |                          |
| External sales      | 494,293                  | 95,466                                    | 99,319                            | 27,300                         | 12,561                             | 23,400                              | 6,729                                            | 759,068                      | -                        | 759,068                  |
| Inter-segment sales | 61,344                   | 127,362                                   | 6,774                             | 7                              | 871                                | -                                   | 1,222                                            | 197,580                      | (197,580)                | -                        |
| Total               | <u>555,637</u>           | <u>222,828</u>                            | <u>106,093</u>                    | <u>27,307</u>                  | <u>13,432</u>                      | <u>23,400</u>                       | <u>7,951</u>                                     | <u>956,648</u>               | <u>(197,580)</u>         | <u>759,068</u>           |

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

|                        |               |               |              |            |                |               |            |                |          |                |
|------------------------|---------------|---------------|--------------|------------|----------------|---------------|------------|----------------|----------|----------------|
| RESULT                 |               |               |              |            |                |               |            |                |          |                |
| Segment result         | <u>22,705</u> | <u>12,046</u> | <u>8,267</u> | <u>907</u> | <u>104,381</u> | <u>10,219</u> | <u>691</u> | <u>159,216</u> | <u>-</u> | <u>159,216</u> |
| Unallocated expenses   |               |               |              |            |                |               |            |                |          | <u>(1,625)</u> |
| Profit before taxation |               |               |              |            |                |               |            |                |          | <u>157,591</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>30.9.2015</b>        | 31.3.2015               |
|--------------------------------|-------------------------|-------------------------|
|                                | <b>HK\$'000</b>         | HK\$'000                |
| <u>Segment assets</u>          |                         |                         |
| Construction                   | <b>602,100</b>          | 467,602                 |
| Interior and renovation        | <b>155,129</b>          | 143,281                 |
| Building materials             | <b>228,709</b>          | 208,209                 |
| Health products                | <b>43,936</b>           | 44,455                  |
| Property investment            | <b>945,772</b>          | 1,194,155               |
| Property development           | <b>1,004,949</b>        | 1,294,733               |
| Property agency and management | <b>89,247</b>           | 95,645                  |
|                                | <hr/>                   | <hr/>                   |
| Total segment assets           | <b>3,069,842</b>        | 3,448,080               |
| Unallocated assets             | <b>43,998</b>           | 7,392                   |
|                                | <hr/>                   | <hr/>                   |
| Consolidated assets            | <b><u>3,113,840</u></b> | <b><u>3,455,472</u></b> |
| <u>Segment liabilities</u>     |                         |                         |
| Construction                   | <b>502,987</b>          | 412,392                 |
| Interior and renovation        | <b>87,420</b>           | 110,306                 |
| Building materials             | <b>213,043</b>          | 204,515                 |
| Health products                | <b>3,230</b>            | 3,873                   |
| Property investment            | <b>107,760</b>          | 350,413                 |
| Property development           | <b>170,368</b>          | 445,228                 |
| Property agency and management | <b>1,213</b>            | 811                     |
|                                | <hr/>                   | <hr/>                   |
| Total segment liabilities      | <b>1,086,021</b>        | 1,527,538               |
| Unallocated liabilities        | <b>135,633</b>          | 110,875                 |
|                                | <hr/>                   | <hr/>                   |
| Consolidated liabilities       | <b><u>1,221,654</u></b> | <b><u>1,638,413</u></b> |

#### 4. PROFIT BEFORE TAXATION

|                                                                                         | Six months ended       |                        |
|-----------------------------------------------------------------------------------------|------------------------|------------------------|
|                                                                                         | 30.9.2015              | 30.9.2014              |
|                                                                                         | HK\$'000               | HK\$'000               |
| Profit before taxation has been arrived at after charging and (crediting):              |                        |                        |
| Depreciation of property, plant and equipment                                           | 5,118                  | 4,470                  |
| Less: Depreciation expenses capitalised in the cost of contract work                    | (2,188)                | (1,662)                |
|                                                                                         | <u>2,930</u>           | <u>2,808</u>           |
| Finance costs                                                                           | 5,079                  | 6,268                  |
| Less: Finance costs capitalised in properties under development for sale                | (1,646)                | (3,248)                |
|                                                                                         | <u>3,433</u>           | <u>3,020</u>           |
| Reversal of over accrued contract costs upon finalisation of accounts during the period | (21,071)               | (11,582)               |
| Gain on disposals of property, plant and equipment                                      | (1,900)                | (366)                  |
| Gain on disposal of subsidiaries                                                        | (252)                  | –                      |
|                                                                                         | <u><u>(23,223)</u></u> | <u><u>(12,316)</u></u> |

#### 5. TAXATION

|                              | Six months ended     |                     |
|------------------------------|----------------------|---------------------|
|                              | 30.9.2015            | 30.9.2014           |
|                              | HK\$'000             | HK\$'000            |
| The charge comprises:        |                      |                     |
| Hong Kong Profits Tax        |                      |                     |
| Current tax                  | 20,838               | 8,941               |
| Overprovision in prior years | –                    | (10)                |
|                              | <u>20,838</u>        | <u>8,931</u>        |
| Deferred taxation            | <u>170</u>           | <u>302</u>          |
|                              | <u><u>21,008</u></u> | <u><u>9,233</u></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 HK3.4 cents per share totalling HK\$18,433,000 in respect of the year ended 31 March 2015 (for the six months ended 30 September 2014: final dividend of HK3.2 cents per share totalling HK\$17,162,000 in respect of the year ended 31 March 2014) was paid to shareholders.

Subsequent to 30 September 2015, the board of directors of the Company has resolved to declare an interim dividend of HK2.5 cents per share totalling not less than HK\$16,942,000 for the six months ended 30 September 2015 (2014: HK2.1 cents per share totalling HK\$11,263,000 for the six months ended 30 September 2014).

## 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>30.9.2015</b>        | 30.9.2014  |
|                                                                                          | <b>HK\$'000</b>         | HK\$'000   |
| <u>Earnings</u>                                                                          |                         |            |
| Earnings for the purpose of basic and diluted earnings per share                         | <b>160,753</b>          | 132,067    |
|                                                                                          | <b>30.9.2015</b>        | 30.9.2014  |
|                                                                                          | <b>'000</b>             | '000       |
|                                                                                          |                         | (Restated) |
| <u>Number of shares</u>                                                                  |                         |            |
| Weighted average number of ordinary shares for the purpose of basic earnings per share   | <b>675,215</b>          | 671,852    |
| Effect of dilutive potential ordinary shares:                                            |                         |            |
| Adjustment in relation to share options issued by the Company                            | <b>3,378</b>            |            |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | <b>678,593</b>          |            |

The weighted average number of ordinary shares for the purpose of basic earnings per share for the six months ended 30 September 2014 have been adjusted and restated for the bonus issue of shares on the basis of one bonus share for every four existing shares held during the interim period.

There was no dilutive potential ordinary shares outstanding during the period ended 30 September 2014.

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

### Investment properties

|                                                   | 1.4.2015<br>to<br>30.9.2015<br>HK\$'000 | 1.4.2014<br>to<br>30.9.2014<br>HK\$'000 |
|---------------------------------------------------|-----------------------------------------|-----------------------------------------|
| FAIR VALUE                                        |                                         |                                         |
| At the beginning of the period                    | 1,028,240                               | 804,040                                 |
| Disposals                                         | (11,752)                                | (1,680)                                 |
| Disposal of subsidiaries                          | (550,000)                               | –                                       |
| Additions                                         | –                                       | 3,317                                   |
| Acquisition of subsidiaries                       | 254,908                                 | –                                       |
| Gain on change in fair value                      | 91,354                                  | 103,623                                 |
| Transferred to assets classified as held for sale | (10,077)                                | –                                       |
|                                                   | <u>802,673</u>                          | <u>909,300</u>                          |
| At the end of the period                          |                                         |                                         |

The fair value of the Group's investment properties at 30 September 2015 and 31 March 2015 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 amounting to HK\$150,200,000 (at 31 March 2015: HK\$131,200,000) was arrived at by reference to market evidence of transaction prices of similar properties. The valuation of other properties amounting to HK\$652,473,000 (at 31 March 2015: HK\$897,040,000) 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 property, plant and equipment with carrying amount of HK\$59,000, resulting in a gain on disposal of HK\$1,900,000. During the six months ended 30 September 2014, the Group disposed of certain property, plant and equipment with nil carrying amount, resulting in a gain on disposal of HK\$366,000.

In addition, the Group acquired property, plant and equipment at approximately HK\$7,270,000 (for the six months ended 30 September 2014: HK\$1,333,000).

## 9. INTERESTS IN JOINT VENTURES

|                                                                                               | 30.9.2015<br>HK\$'000 | 31.3.2015<br>HK\$'000 |
|-----------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| Cost of unlisted investments in joint ventures                                                | 148,302               | 148,302               |
| Share of post acquisition profit and other comprehensive income,<br>net of dividends received | 6,273                 | 10,402                |
|                                                                                               | 154,575               | 158,704               |
| Loan to a joint venture                                                                       | 28,454                | 28,454                |
|                                                                                               | 183,029               | 187,158               |

## 10. PROPERTIES UNDER DEVELOPMENT FOR SALE

At 30 September 2015, total borrowing costs capitalised in the properties under development for sale were HK\$33,854,000 (at 31 March 2015: HK\$32,208,000).

On 30 July 2015, the Group entered into a sale and purchase agreement with an independent third party in respect of the proposed disposal, for a consideration of HK\$710,000,000, of the entire interest in a wholly-owned subsidiary holding a property under development for sale in Hong Kong with carrying amount of HK\$253,364,000 as at 30 September 2015. Up to the date of this results announcement, the transaction has not yet been completed.

## 11. PROGRESS PAYMENTS RECEIVABLE

Progress payments receivable represents the amounts receivable from third parties, 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:

|                | 30.9.2015<br>HK\$'000 | 31.3.2015<br>HK\$'000 |
|----------------|-----------------------|-----------------------|
| Within 30 days | 114,106               | 96,723                |
| 31 – 60 days   | 54,917                | –                     |
| 61 – 90 days   | 9,234                 | –                     |
| Over 90 days   | 846                   | –                     |
|                | 179,103               | 96,723                |

## 12. 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 2015: 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>30.9.2015</b> | 31.3.2015 |
|----------------|------------------|-----------|
|                | <b>HK\$'000</b>  | HK\$'000  |
| Within 30 days | <b>91,202</b>    | 174,208   |
| 31 – 60 days   | <b>64,895</b>    | 37,995    |
| 61 – 90 days   | <b>3,238</b>     | 135,848   |
| Over 90 days   | <b>2,911</b>     | 14,678    |
|                | <b>162,246</b>   | 362,729   |

### 13. ASSETS CLASSIFIED AS HELD FOR SALE

On 16 July 2015, two sale and purchase agreements (the “Agreements”) were signed between a wholly owned subsidiary of the Company and a company of which an executive director of HKR International Limited is one of the beneficial owners to dispose of certain investment properties at an aggregate consideration of HK\$10,958,000 and deposits amounting to approximately HK\$1,096,000 were received by the Group in July 2015. Completion of the transaction shall take place in February 2016 upon completion of renovation work of the investment properties as set out in the Agreements. At 30 September 2015, the fair value of the investment properties was HK\$10,077,000. The fair value has been arrived at on the basis as disclosed in note 8. As such, these investment properties are reclassified as assets held for sale at the end of the reporting period.

### 14. 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>30.9.2015</b> | 31.3.2015 |
|----------------|------------------|-----------|
|                | <b>HK\$'000</b>  | HK\$'000  |
| Within 30 days | <b>127,704</b>   | 143,653   |
| 31 – 60 days   | <b>556</b>       | 884       |
| 61 – 90 days   | <b>1,083</b>     | 219       |
| Over 90 days   | <b>8,737</b>     | 6,743     |
|                | <b>138,080</b>   | 151,499   |

## 15. SHARE CAPITAL

|                                                   | Number<br>of shares | Share<br>capital<br>HK\$'000 |
|---------------------------------------------------|---------------------|------------------------------|
| Authorised:                                       |                     |                              |
| Shares of HK\$0.10 each                           |                     |                              |
| Balance as at 1 April 2014                        | 800,000,000         | 80,000                       |
| Increased during the period ( <i>note 1</i> )     | 400,000,000         | 40,000                       |
|                                                   | <hr/>               | <hr/>                        |
| Balance as at 31 March 2015 and 30 September 2015 | 1,200,000,000       | 120,000                      |
|                                                   | <hr/>               | <hr/>                        |
| Issued and fully paid:                            |                     |                              |
| Shares of HK\$0.10 each                           |                     |                              |
| Balance as at 1 April 2014 and 31 March 2015      | 536,315,641         | 53,632                       |
| Issue of shares under share option scheme         | 5,830,000           | 583                          |
| Issue of bonus shares ( <i>note 2</i> )           | 135,536,410         | 13,553                       |
|                                                   | <hr/>               | <hr/>                        |
| Balance as at 30 September 2015                   | <u>677,682,051</u>  | <u>67,768</u>                |

### Notes:

- Pursuant to a resolution passed at the annual general meeting held on 26 August 2014, the authorised share capital of the Company was increased from HK\$80,000,000 divided into 800,000,000 ordinary shares of HK\$0.10 each to HK\$120,000,000 divided into 1,200,000,000 ordinary shares of HK\$0.10 each by creation of an additional 400,000,000 new ordinary shares of HK\$0.10 each.
- 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.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OPERATIONS REVIEW**

#### **Overview**

For the six months ended 30 September 2015, the Group's unaudited consolidated turnover amounted to HK\$1,307.8 million (for the six months ended 30 September 2014: HK\$759.1 million).

#### **Construction Division**

The turnover of the Construction Division for the six months ended 30 September 2015 was HK\$652.6 million (for the six months ended 30 September 2014: HK\$555.6 million).

Contracts on hand as at 30 September 2015 for the Construction Division amounted to HK\$2,709.1 million.

Major construction works undertaken during the period under review:

- (1) Construction of the residential development at N.K.I.L. No. 6493 Inverness Road, Kowloon Tong
- (2) Construction of the proposed residential and commercial development at No. 5 Tung Yuen Street, Yau Tong, Kowloon
- (3) Construction of the proposed hotel developments at Nos. 15-16 Connaught Road West & Nos. 29-31 New Market Street and Nos. 30-32 New Market Street & Nos. 23-25 Tung Loi Lane, Sheung Wan, Hong Kong
- (4) Construction of the proposed residential development at No. 11 Grampian Road, Kowloon
- (5) Construction of the redevelopment at No. 23 Tong Chong Street, Quarry Bay, Hong Kong
- (6) Construction of low-density residential development at Sha Tin Town Lot No. 603, Lok Lam Road, Fo Tan, New Territories
- (7) Construction of composite development at Nos. 1-21 Dundas Street, Kowloon

Our continuous efforts in ensuring quality and safety have been recognised and we have been awarded recently by the Hong Kong Construction Association for the HKCA Proactive Safety Contractors Award for the year 2014.

Hanison Contractors Limited's Yau Tong Tung Yuen Street Development Project was awarded merit prize in the Safety Team category in Construction Industry Safety Award Scheme 2014/2015.

Hanison Construction Company Limited's Grampian Road Development Project won Considerate Contractors Site Award – Silver in non-public works – new works (group B) and Outstanding Environmental Management & Performance Award – Bronze in non-public works category under the 21st Considerate Contractors Site Award Scheme co-organised by Development Bureau and Construction Industry Council.

## **Interior and Renovation Division**

During the six months ended 30 September 2015, the turnover for the Interior and Renovation Division was HK\$249.7 million (for the six months ended 30 September 2014: HK\$222.8 million).

Contracts on hand as at 30 September 2015 for the Interior and Renovation Division amounted to HK\$259.5 million.

The Interior and Renovation Division undertook the following major contract works during the period under review:

- (1) Renovation work of Ronsdale Garden at No. 25 Tai Hang Drive, Jardine's Lookout, Hong Kong
- (2) Renovation and alteration works at Branksome Grande at No. 3 Tregunter Path, Hong Kong
- (3) Renovation work of Flora Garden at No. 7 Chun Fai Road, Hong Kong
- (4) Refurbishment works for Regal Court and Wing Fung Building at Wing Fung Street, Wan Chai, Hong Kong

## **Building Materials Division**

The Building Materials Division recorded a turnover of HK\$190.6 million for the six months ended 30 September 2015 (for the six months ended 30 September 2014: HK\$106.1 million).

Contracts on hand as at 30 September 2015 for the Building Materials Division amounted to HK\$783.4 million.

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

The following is a list of some major contract works undertaken during the period under review:

- (1) S.T.T.L. No. 502 proposed residential development at Lok Wo Sha, Ma On Shan – Supply and installation of suspended ceiling system
- (2) Redevelopment of TWGHs David Trench Home For The Elderly – Supply and installation of suspended ceiling system
- (3) Renovation at Branksome Grande at No. 3 Tregunter Path, Hong Kong – Supply and installation of suspended ceiling system
- (4) Kwun Tong Line Extension – Yau Mai Tei to Whampoa Tunnels and Ho Man Tin Station – Supply and installation of suspended ceiling system

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

The following is a list of some major contract works undertaken during the period under review:

- (1) Residential development at No. 18 Tong Chun Street, Tseung Kwan O, TKOTL119, New Territories – Design, supply and installation of aluminium window, sliding door, aluminium cladding and curtain wall
- (2) Proposed residential development at No. 8 Mount Nicholson Road, The Peak, Hong Kong – Design, supply and installation of aluminium window, sliding door and folding door
- (3) Proposed residential redevelopment at 2 Castle Road, Hong Kong – Design, supply and installation of aluminium curtain wall, window and louvre
- (4) Residential redevelopment at No. 11 Grampian Road, Kowloon N.K.I.L. 2602, S.A. & R.P. – Design, supply and installation of curtain wall and external cladding
- (5) Proposed residential redevelopment at No. 31 Conduit Road, Mid-levels, Hong Kong – Installation of curtain wall system and aluminium window
- (6) 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
- (7) Proposed residential and commercial development at 33 Tong Yin Street, TKOTL 125, Area 125, Area 68A1, Tseung Kwan O, New Territories – Design, supply and installation of tower curtain wall and podium facade
- (8) 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
- (9) 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

### **Property Development Division**

The Property Development Division recorded a turnover of HK\$197.7 million for the six months ended 30 September 2015 (for the six months ended 30 September 2014: HK\$23.4 million).

During the period, the Group has sold 3 workshops and 2 car parking spaces of The Bedford and 5 residential units of The Austine Place.

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

Meanwhile, a land exchange application for another proposed residential development of the Group at D.D. 129, Lau Fau Shan in Yuen Long is also under progress. The offer of provisional basic terms from the Lands Department will be available soon. The Group entered into a sale and purchase agreement on 30 July 2015 for the conditional disposal of D.D.129 to a third-party purchaser, pending completion.

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

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.

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 75 商品房買賣合同 (Sale and Purchase Agreement for Commodity Flat) and a total of 16 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\$11.5 million for the six months ended 30 September 2015 (for the six months ended 30 September 2014: HK\$13.4 million).

Leasing performance of Shatin Industrial Centre was steady, attaining an occupancy rate of approximately 87% at 30 September 2015.

Other investment properties of the Group including No. 31 Wing Wo Street in Sheung Wan, CentreHollywood in Sheung Wan in which the Group has 60% interest, 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, One Eleven in Sai Ying Pun 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.

On 19 March 2015, the Group entered into a sale and purchase agreement for the disposal of CentreHollywood in Sheung Wan in which the Group has 60% interest. The Division had ceased to receive rental income derived from CentreHollywood upon completion of the disposal in July 2015.

To diversify its investment portfolio, the Group entered into a sale and purchase agreement on 19 May 2015 and 8 September 2015 for the acquisition of a serviced apartment building in Sai Ying Pun ("One Eleven") and a commercial building in Cheung Sha Wan ("PeakCastle") respectively. Both One Eleven and PeakCastle are conveniently located in close proximity to MTR Station and will be renovated to improve the respective rental income and property value. The Division had started to receive rental income derived from One Eleven and PeakCastle upon completion of the respective acquisition in July 2015 and October 2015.

## **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 2014: HK\$8.0 million).

During the period under review, the Property Agency and Management Division continued to provide project management service and site supervision service to the large-scale integrated development project in Haining City, Zhejiang Province, the People's Republic of China.

In Hong Kong, the Property Agency and Management Division acted as the project manager for The Grampian at Nos. 11-13 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, CentreHollywood in Sheung Wan, Eight College in Kowloon Tong, Golf Parkview in Sheung Shui, One Eleven in Sai Ying Pun and One LaSalle in Kowloon Tong.

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

## **Health Products Division**

The Health Products Division recorded a turnover of HK\$25.9 million for the six months ended 30 September 2015 (for the six months ended 30 September 2014: HK\$27.3 million).

As at 30 September 2015, there were 12 retail outlets (including a HealthPlus shop at St. Teresa's Hospital in Kowloon) and 1 service centre in operation. Due to substantial increase in rental by the landlords, 2 HealthPlus shops have been closed: Lai Chi Kok shop was closed in May 2015 and MTR Kwun Tong Station shop was closed in September 2015. To meet the needs of our customers, 2 new shops have been opened during the past 6 months, 1 new shop located at The Austine Place was opened in April 2015 and the other one located at Pioneer Centre, Prince Edward was opened in July 2015.

The Health Products Division introduced 2 new products, "Metro Chinese Medicine Series – Notoginseng Health Tonic Powder" and "HealthMate – Brazilian Green Propolis Extract", in June 2015 and August 2015 respectively.

## **OUTLOOK**

During the period under review, many European countries are struggling for economic recovery and Greece debt crisis remains unresolved. In the United States, as the Federal Reserve describes, economy is expanding at a moderate pace. The Chinese economy has faced some setback due to the decrease in exports and increase of huge stockpile of inventories in many different sectors built up over the past few years. In Hong Kong, the economy has slowed down and it will unavoidably be influenced by the challenging external environment over the short and medium term. Amid the recent stalled tourism spending, building construction project works continue to be very active.

While the current construction and construction related market have presented ample opportunities for the Group, the problems of skilled labour shortage and resultant high labour cost coupled with the ageing and shrinking working population cannot get resolved in the short run. The labour market in Hong Kong is expected to remain tight with unemployment rate being kept at around 3.5% for four consecutive years. Keen competition for labour especially for the construction, interior and renovation, and building materials industries continues. Facing such difficult situation, our Group's primary objective is to keep a stable workforce and to retain our loyal staff members. Cost control practice has also been implemented to stay competitive and measures have been taken to maintain our Group's profit margin.

Demand for housing generally held firm under sustained low interest rates and tight supply in the near term. Developers accelerated the pace of launching new projects in the second quarter of 2015. Primary market transactions surged by 33% over the preceding quarter of 2015, while secondary market transactions dropped by 19%. The second-hand housing market cooled off visibly recently as owners offer discounts amid concerns over a possible interest rate rise and stock market volatility. Some potential buyers are cautious about the risk of a housing market bubble, while others are hindered by the HKSAR Government's tightening lending policy. However, the average loan-value ratio was 70% in 1997, compared with 50% now. Even if price correction takes place, the current loan-value ratio provides a sufficient buffer to prevent negative equity.

To maintain a healthy and stable development of the property market, the HKSAR Government has been putting sustained efforts to raise flat supply through increasing land supply. The total flat supply in the coming three to four years will rise to 83,000 units, which should bring about a better balance between demand and supply in the property market. As it takes time to increase supply, the immediate impact on property market should not be too severe.

Our Group has forward planning in launching our development projects progressively, ensuring steady performance in the coming few years. The other property-related services including our project management, property management, rental leasing and collection services will continue to capture growth opportunities in the rapidly changing property market.

Leasing market remains positive. During the period under review, our Group has disposed of CentreHollywood to capitalise on the promising return on increase in property value. Meanwhile, our Group has completed the acquisition of two other properties, One Eleven in July 2015 and PeakCastle in October 2015, both with high potential for increase in rental income and property values in future. The overall performance of other properties in our Property Investment Division remain stable, generating satisfactory rental yield and carrying potential revaluation gains as we continuously improve the building service and upgrade the quality of the investment properties.

Retail businesses in Hong Kong continue to stay fairly weak following a notably-slow start since last year with the decline in tourist spending especially on luxury items. Despite the slowdown in retail sales overall, the retail market continues to face with high retail shop rentals and rising costs. The Health Products Division will operate against these headwinds while aiming at providing customers with high quality products and excellent customer service.

The Group will continue to stay prudent while advance with caution to operate our business and sustain growth.

## **FINANCIAL REVIEW**

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

The Group's financial position continued to be healthy. The total bank balances and cash had increased from HK\$301.2 million as at 31 March 2015 to HK\$453.6 million at the close of business on 30 September 2015. As at the period end date, the current ratio (current assets divided by current liabilities) increased from 1.27 times as at 31 March 2015 to 1.55 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\$1,358.2 million (HK\$348.2 million was secured by first charges over certain leasehold land and buildings, investment properties, asset classified as held for sale and bank deposits of the Group), of which HK\$263.5 million bank loans have been drawn down and approximately HK\$390.4 million has been utilised mainly for the issuance of letters of credit and performance bonds as at 30 September 2015. 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 2015.

### **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 2014/2015.

### **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\$263.5 million from banks (at 31 March 2015: HK\$691.3 million). The borrowings have been used for financing the acquisition of properties for investment and development purposes and as general working capital. The maturity profile of the lending spread over a period of five years with HK\$238.5 million repayable within the first year, HK\$1.0 million repayable within the second year and an aggregate of HK\$24.0 million within the third to fifth years. Interest is based on Hong Kong Interbank Offered Rate ("HIBOR") with a competitive margin.

As at the close of business on 30 September 2015, the Group was in a net cash position, calculated on the basis that total bank balances and cash less bank borrowings. As at 31 March 2015, the Group's gearing ratio, calculated on the basis of the net borrowing of the Group (total bank borrowings less total bank balances and cash) over shareholders' funds, was 22.4%.

### **COLLATERAL**

As at 30 September 2015, the Group's Hong Kong dollar loans of HK\$93.5 million (at 31 March 2015: HK\$361.3 million) were secured by first charges over certain leasehold land and buildings, investment properties and assets classified as held for sale of the Group, at the carrying value of approximately HK\$387.1 million (at 31 March 2015: HK\$1,231.5 million). In addition, bank deposits of HK\$82.6 million (at 31 March 2015: HK\$83.7 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 2015, the directors of the Company are of the opinion that in view of the uncertainty it is not practicable to assess the financial effect.

As at 30 September 2015, the Group has provided a corporate guarantee to a bank to secure banking facilities granted to a joint venture of approximately HK\$30,344,000 (at 31 March 2015: HK\$27,100,000), which represents the Group's proportionate share of the banking facilities utilised as at 30 September 2015. No provision for financial guarantee contracts has been made at the end of the reporting period.

## COMMITMENTS

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

### (i) Contracted for but not provided in condensed consolidated financial statements

|                                                | 30.9.2015<br>HK\$'000 | 31.3.2015<br>HK\$'000 |
|------------------------------------------------|-----------------------|-----------------------|
| Commitment for the acquisition of a subsidiary | 893,500               | —                     |

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

### (ii) Authorised but not contracted for

As at the end of both reporting periods, the Group had also committed to contribute HK\$231.5 million, representing 23.63% of the anticipated project costs, for the joint development of a site in So Kwun Wat, Hong Kong.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period, 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 2015, the number of full time employees of the Group, excluding its joint ventures, was 799 (of which 157 employees were in Mainland China). The Group offers competitive remuneration packages, including a 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 staff.

## **AUDIT COMMITTEE**

The Audit Committee of the Company has been established since December 2001 and has written terms of reference. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group.

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 Board to review the unaudited interim financial report of the Group for the six months ended 30 September 2015.

## **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 2015, 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 Rules Governing the Listing of Securities on the Stock Exchange ("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, being the non-executive Chairman, Mr. Cha Mou Daid, Johnson and Dr. Lam Chat Yu, both being non-executive directors of the Company, were unable to attend the annual general meeting of the Company held on 25 August 2015 as they had other important business 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 25 August 2015 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.

## **BOARD OF DIRECTORS**

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

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

Mr. Cha Mou Sing, Payson

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

Mr. Cha Mou Daid, Johnson  
Dr. Lam Chat Yu

### ***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

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

Hong Kong, 17 November 2015