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 2018

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 2018 decreased to HK$1,279.3 million as compared with that of HK$1,350.5 million for the corresponding period last year.

The unaudited consolidated profit attributable to owners of the Company for the six months ended 30 September 2018 was HK$314.2 million, representing an increase of 210.8%, as compared with that of HK$101.1 million for the same period in 2017.

The increase in the unaudited consolidated profit attributable to owners of the Company was mainly attributable to the gain on disposal of self-used properties of the Group and the increase in gain on change in fair value of the investment properties held by the Group and through joint ventures, netting off the increase in administrative expenses mainly arising from the legal and professional fees incurred for disposal transactions and the proposed spin-off of the Company's aluminium windows, doors and curtain walls business.

The basic earnings per share and diluted earnings per share for the six months ended 30 September 2018 were HK30.8 cents and HK30.1 cents. The basic earnings per share and diluted earnings per share represented an increase of 199.0% and 201.0% as compared to HK10.3 cents and HK10.0 cents 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 2018 (for the six months ended 30 September 2017: HK2.2 cents per share) to the shareholders whose names appear on the register of members of the Company on 7 December 2018. The dividend is expected to be paid to the shareholders on 21 December 2018.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from 5 December 2018 to 7 December 2018, 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 2018. In order to qualify for the interim dividend for the six months ended 30 September 2018, 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, Hong Kong not later than 4:30 p.m. on 4 December 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

		Six months ended	
		30.9.2018	30.9.2017
	NOTES	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Turnover	*3*	**1,279,309**	1,350,468
Cost of sales		**(1,149,635)**	(1,208,382)
Gross profit		**129,674**	142,086
Other income		**5,330**	1,510
Other gains and losses		**(136)**	86
Gain (loss) on disposal of property, plant and equipment		**166,020**	(53)
Impairment loss		**(1,800)**	–
Marketing and distribution costs		**(4,457)**	(2,802)
Administrative expenses		**(161,150)**	(125,181)
Gain on change in fair value of investment properties		**114,767**	80,264
Share of profit of an associate		**48**	41
Share of profit of joint ventures		**78,363**	24,373
Finance costs		**(8,712)**	(8,197)
Profit before taxation	*4*	**317,947**	112,127
Taxation	*5*	**(3,722)**	(10,993)
Profit for the period attributable to owners of the Company		**314,225**	101,134
Earnings per share			
Basic (HK cents)	*7*	**30.8**	10.3
Diluted (HK cents)	*7*	**30.1**	10.0

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	Six months ended	
	30.9.2018	30.9.2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**314,225**	101,134
Other comprehensive (expense) income:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**(6,344)**	2,658
Share of exchange differences of a joint venture	**(10,173)**	3,352
	(16,517)	6,010
Item that will not be reclassified to profit or loss:		
Revaluation gain on property, plant and equipment upon transfer to investment properties	**–**	2,863
	(16,517)	8,873
Total comprehensive income for the period	**297,708**	110,007

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2018

	NOTES	**30.9.2018 HK$'000 (Unaudited)**	31.3.2018 HK$'000 (Audited)
Non-current assets			
Investment properties	8	**2,172,760**	1,712,360
Property, plant and equipment	8	**569,243**	588,758
Prepaid lease payments		**5,228**	5,851
Interest in an associate		**7,069**	7,021
Interests in joint ventures	9	**532,689**	464,325
Loans to joint ventures		**362,115**	63,646
Deposits paid for acquisition of a subsidiary		**–**	50,638
Deposits paid for an investment		**36,500**	–
Deferred tax assets		**2,769**	358
		3,688,373	2,892,957
Current assets			
Properties under development for sale		**320,223**	319,607
Properties held for sale		**7,441**	7,441
Inventories		**56,543**	15,293
Amounts receivable on contract work		**–**	96,992
Retention money receivable		**–**	246,029
Contract assets		**381,867**	–
Debtors, deposits and prepayments	10	**431,104**	266,695
Prepaid lease payments		**206**	207
Amount due from a joint venture		**17**	17
Loans to joint ventures		**77,426**	137,482
Financial assets at fair value through profit or loss		**444**	–
Investments held for trading		**–**	580
Taxation recoverable		**4,982**	5,096
Bank balances and cash		**443,610**	1,070,124
		1,723,863	2,165,563
Assets classified as held for sale		**1,094,097**	282,067
		2,817,960	2,447,630
Current liabilities			
Amounts payable on contract work		**–**	470,129
Trade and other payables	11	**933,708**	720,313
Provisions		**141,351**	–
Contract liabilities		**1,638**	–
Taxation payable		**22,982**	20,782
Bank and other loans – amounts due within one year		**1,208,214**	395,507
		2,307,893	1,606,731
Liabilities directly associated with assets classified as held for sale		**2,379**	–
		2,310,272	1,606,731

	NOTE	30.9.2018	31.3.2018
		HK$'000	HK$'000
		(Unaudited)	(Audited)
Net current assets		**507,688**	840,899
Total assets less current liabilities		**4,196,061**	3,733,856
Non-current liabilities			
Deferred tax liabilities		**7,996**	8,110
Provisions		**218,016**	–
		226,012	8,110
		3,970,049	3,725,746
Capital and reserves			
Share capital	*12*	**104,618**	104,618
Reserves		**3,865,431**	3,621,128
		3,970,049	3,725,746

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 "Stock Exchange") (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policy resulting from the application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2018 for the preparation of the Group's condensed consolidated financial statements:

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

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers"

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

The Group recognises revenue from the following major sources:

- Construction contract

- Interior and renovation contract – building maintenance and renovation contracting works

- Installation of building materials contract – design, supply and installation of aluminium windows and curtain walls; and supply and installation of interior products such as different types of suspended ceiling system, metal cladding system, demountable partition system, fire related protection system, decorative moulding, raised flooring and wood flooring ("supply and installation of ceiling system")

- Sales of properties

- Sales of health products – wholesale of Chinese and Western nutritional supplements and management of "HealthPlus" retail chain stores

- Rental income from property investment (not within the scope of HKFRS 15)

- Provision of property agency and management services

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

Summary of effects arising from initial application of HKFRS 15

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

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

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

Notes

(a) In relation to construction contract, interior and renovation contract and design, supply and installation of aluminium windows and curtain walls, previously accounted under HKAS 11, the Group continues to apply output method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15. The Group applies input method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15 for supply and installation of ceiling system. HK$28,055,000, HK$173,595,000, HK$14,229,000, HK$228,774,000 and HK$360,242,000 of amounts receivable/payable for contract work were reclassified to inventories, contract assets, debtors, deposits and prepayments, trade and other payables and provisions, respectively.

(b) At the date of initial application, retention money receivable of HK$246,029,000 arising from construction contract, interior and renovation contract and installation of building materials contract are conditional on the Group's achieving specified milestones as stipulated in the contracts, and hence such balance was reclassified to contract assets.

(c) As at 1 April 2018, advances from customers of HK$3,313,000 in respect of installation of building materials contract previously included in trade and other payables were reclassified to contract liabilities.

The following tables summarise the impacts of applying HKFRS 15 and respective impact under application of HKFRS 9 "Financial Instruments" (note 2.2) on the Group's condensed consolidated statement of financial position as at 30 September 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the condensed consolidated statement of financial position as at 30 September 2018:

	As reported	**Adjustments**	**Amounts without application of HKFRS 15**
	HK$'000	*HK$'000*	*HK$'000*
Inventories	56,543	(39,312)	17,231
Amounts receivable on contract work	–	129,018	129,018
Retention money receivable	–	235,809	235,809
Contract assets	381,867	(381,867)	–
Debtors, deposits and prepayments	431,104	(417)	430,687
Amounts payable on contract work	–	(552,751)	(552,751)
Trade and other payables	(933,708)	264,346	(669,362)
Provisions	(359,367)	359,367	–
Contract liabilities	(1,638)	1,638	–

2.2 *Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments"*

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

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

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

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including loans to joint ventures, debtors, refundable deposits, amount due from a joint venture and bank balances and cash) and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for debtors and contract assets. The ECL on these assets are assessed individually for debtors with significant balance.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Summary of effects arising from initial application of HKFRS 9

Financial assets at fair value through profit or loss ("FVTPL") recognised in relation to equity investment previously presented as investments held for trading

The investments are equity securities listed on the Stock Exchange held for trading which are required to be classified as financial assets at FVTPL under HKFRS 9. There was no impact on the amounts recognised in relation to these assets from the application of HKFRS 9.

Impairment under ECL model

In relation the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect of changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

In the current period, the Group has applied HKFRS 9 simplified approach to measure ECL using lifetime ECL for trade debtors and contract assets that are within the scope of HKFRS 15. To measure the ECL, trade debtors and contract assets have been grouped based on share credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade debtors for the same types of contracts. The Group has therefore concluded that the expected loss rates for the trade debtors are a reasonable approximation of the loss rates for the contract assets arising from the relevant trade debtors.

Loss allowance for other financial assets at amortised cost mainly comprise of loans to joint ventures, refundable deposits, amount due from a joint venture, and bank balances and cash, and are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

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

The loss allowances for loans to joint ventures, trade debtors and retention money receivable and the reclassification of investments held for trading as at 31 March 2018 reconcile to the opening balances of loans to joint ventures, trade debtors, contract assets and financial assets at FVTPL as at 1 April 2018 is as follows:

	Loans to joint ventures	**Trade debtors**	**Retention money receivable**	**Contract assets**	**Investments held for trading**	**Financial assets at FVTPL**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2018 (audited) – HKAS 39	201,128	211,989	246,029	N/A	580	N/A
Effect arising from initial application of HKFRS 15	–	–	(246,029)	419,624	–	–
Effect arising from initial application of HKFRS 9:						
Reclassification	–	–	–	–	(580)	580
Amount remeasured through opening accumulated profits	(105)	(14,208)	–	(1,623)	–	–
At 1 April 2018 (restated)	201,023	197,781	–	418,001	–	580

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

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

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

Further details of the new principal accounting policies are set out in the Company's 2018/2019 Interim Report which will be published on the Company's website in December 2018.

3. TURNOVER AND SEGMENT INFORMATION

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

Disaggregation of turnover

For the six months ended 30 September 2018

	HK$'000
Recognised over time:	
Revenue from construction contract	901,811
Revenue from interior and renovation contract	77,137
Revenue from installation of building materials contract	246,856
Property management service income	4,022
Recognised at a point in time:	
Sales of health products	29,111
Sales of properties	–
Property agency service income	4,726
Revenue from contracts with customers	1,263,663
Rental income from property investment	15,646
	1,279,309
Geographical markets:	
Hong Kong	1,273,160
Mainland China and other	6,149
	1,279,309

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 2018

	Construction *HK$'000*	**Interior and renovation** *HK$'000*	**Building materials** *HK$'000*	**Health products** *HK$'000*	**Property investment** *HK$'000*	**Property development** *HK$'000*	**Property agency and management** *HK$'000*	**Segment total** *HK$'000*	**Eliminations** *HK$'000*	**Consolidated** *HK$'000*
TURNOVER										
External sales	**901,811**	**77,137**	**246,856**	**29,111**	**15,646**	**–**	**8,748**	**1,279,309**	**–**	**1,279,309**
Inter-segment sales	**335**	**26,038**	**2,295**	**7**	**5,544**	**–**	**9,366**	**43,585**	**(43,585)**	**–**
Total	**902,146**	**103,175**	**249,151**	**29,118**	**21,190**	**–**	**18,114**	**1,322,894**	**(43,585)**	**1,279,309**

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

RESULT										
Segment result	**27,467**	**2,531**	**10,231**	**(439)**	**277,290**	**22,341**	**166**	**339,587**	**–**	**339,587**
Unallocated expenses										**(21,640)**
Profit before taxation										**317,947**

For the six months ended 30 September 2017

	Construction *HK$'000*	Interior and renovation *HK$'000*	Building materials *HK$'000*	Health products *HK$'000*	Property investment *HK$'000*	Property development *HK$'000*	Property agency and management *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
TURNOVER										
External sales	972,897	46,973	273,993	26,852	24,180	1,950	3,623	1,350,468	–	1,350,468
Inter-segment sales	390	20,783	6,006	34	1,341	–	4,566	33,120	(33,120)	–
Total	973,287	67,756	279,999	26,886	25,521	1,950	8,189	1,383,588	(33,120)	1,350,468

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

RESULT										
Segment result	30,564	3,001	31,365	1,489	94,411	(3,331)	106	157,605	–	157,605
Unallocated expenses										(45,478)
Profit before taxation										112,127

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:

	30.9.2018	31.3.2018
	HK$'000	*HK$'000*
Segment assets		
Construction	**844,530**	1,455,105
Interior and renovation	**123,404**	179,762
Building materials	**429,677**	395,042
Health products	**46,466**	45,160
Property investment	**3,253,100**	2,645,037
Property development	**1,723,835**	526,383
Property agency and management	**70,754**	76,076
Total segment assets	**6,491,766**	5,322,565
Unallocated assets	**14,567**	18,022
Consolidated assets	**6,506,333**	5,340,587
Segment liabilities		
Construction	**955,486**	776,716
Interior and renovation	**42,528**	55,067
Building materials	**314,055**	178,595
Health products	**3,374**	5,620
Property investment	**1,031,888**	438,752
Property development	**8,801**	5,047
Property agency and management	**2,083**	1,323
Total segment liabilities	**2,358,215**	1,461,120
Unallocated liabilities	**178,069**	153,721
Consolidated liabilities	**2,536,284**	1,614,841

4. PROFIT BEFORE TAXATION

	Six months ended 30.9.2018 *HK$'000*	Six months ended 30.9.2017 *HK$'000*
Profit before taxation has been arrived at after charging and (crediting):		
Depreciation of property, plant and equipment	**16,469**	9,588
Less: Depreciation expenses capitalised in the cost of contract work	**–**	(2,843)
Depreciation expenses included in the cost of inventories	**(1,404)**	–
	15,065	6,745

5. TAXATION

	Six months ended 30.9.2018 *HK$'000*	Six months ended 30.9.2017 *HK$'000*
The charge comprises:		
Hong Kong Profits Tax		
Current tax	**4,162**	10,953
Underprovision in prior years	**20**	–
	4,182	10,953
Deferred taxation	**(460)**	40
	3,722	10,993

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

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

6. DIVIDENDS

During the period, a final dividend of HK5.0 cents per share totalling HK$52,294,000 in respect of the year ended 31 March 2018 (for the six months ended 30 September 2017: final dividend of HK5.0 cents per share totalling HK$49,344,000 in respect of the year ended 31 March 2017) was paid to shareholders.

Subsequent to 30 September 2018, the Board has resolved to declare an interim dividend of HK2.5 cents per share totalling not less than HK$26,154,000 for the six months ended 30 September 2018 (2017: HK2.2 cents per share totalling HK$21,711,000 for the six months ended 30 September 2017).

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:

	Six months ended	
	30.9.2018	30.9.2017
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**314,225**	101,134

	Six months ended	
	30.9.2018	30.9.2017
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share *(note)*	**1,020,325**	986,651
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options issued by the Company	**2,096**	4,992
Adjustment in relation to award shares granted by the Company	**21,119**	16,581
Weighted average number of ordinary shares for the purpose of diluted earnings per share *(note)*	**1,043,540**	1,008,224

Note: The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the period ended 30 September 2018 and 2017 have been arrived at after deducting the shares held in trust for the Company.

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

Investment properties

	1.4.2018 to 30.9.2018	1.4.2017 to 30.9.2017
	HK$'000	*HK$'000*
FAIR VALUE		
At the beginning of the period	**1,712,360**	2,399,700
Additions	**36,746**	215,121
Acquisition of subsidiaries	**506,023**	149,209
Disposals	**(38,756)**	–
Gain on change in fair value	**114,767**	80,264
Transfer from properties held for sale	**–**	75,936
Transfer from property, plant and equipment *(note)*	**–**	23,300
Transfer to assets classified as held for sale	**(158,380)**	–
At the end of the period	**2,172,760**	2,943,530

Note: During the six months ended 30 September 2017, the use of certain properties of the Group had been changed from owner-occupation to capital appreciation and leasing out for rental income. The leasehold land and building with net carrying value of HK$20,437,000 at date of transfer was transferred from property, plant and equipment to investment properties at the date of the end of owner-occupation. Upon the change of intended use, the difference of HK$2,863,000 between the net carrying value and the fair value of the property of HK$23,300,000 is recognised in other comprehensive income and accumulated in "property revaluation reserve".

The fair value of the Group's investment properties at 30 September 2018, 31 March 2018 and the date of transfer 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. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The valuation of properties amounting to HK$44,400,000 (31 March 2018: HK$44,400,000) was arrived at by reference to market evidence of transaction prices of similar properties. The valuations of other properties amounting to HK$2,128,360,000 (31 March 2018: HK$1,667,960,000) 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.

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

Investment properties	Valuation method	Fair value as at 30.9.2018	31.3.2018
		HK$'000	*HK$'000*
Agricultural	Direct comparison method	**44,400**	44,400
Commercial	Income capitalisation approach	**425,390**	414,360
Industrial	Income capitalisation approach	**431,970**	513,600
Residential	Income capitalisation approach	**1,271,000**	740,000
		2,172,760	1,712,360

Property, plant and equipment

During the six months ended 30 September 2018, the Group disposed of certain property, plant and equipment with carrying amount of HK$5,912,000 (for the six months ended 30 September 2017: HK$123,000) at a sale proceed of HK$171,932,000 (for the six months ended 30 September 2017: HK$70,000), resulting in a gain on disposal of HK$166,020,000 (for the six months ended 30 September 2017: a loss on disposal of HK$53,000).

During the current period, in addition to the additions amounting to HK$358,000 (for the six months ended 30 September 2017: HK$295,070,000) through acquisition of subsidiaries, the Group acquired property, plant and equipment at approximately HK$4,535,000 (for the six months ended 30 September 2017: HK$7,625,000).

9. INTERESTS IN JOINT VENTURES

	30.9.2018	31.3.2018
	HK$'000	*HK$'000*
Cost of unlisted investments in joint ventures	**432,315**	432,315
Share of post acquisition profit and other comprehensive income, net of dividends received	**100,374**	32,010
	532,689	464,325

10. DEBTORS, DEPOSITS AND PREPAYMENTS

Proceeds from property sales are receivable pursuant to the terms of the sale and purchase agreements. For the business of construction services and other, the Group generally allows a credit period of 30 to 90 days and not more than 90 days (31 March 2018: 30 to 90 days and not more than 90 days) to its customers.

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

	30.9.2018	31.3.2018
	HK$'000	*HK$'000*
Within 30 days	**76,782**	153,378
31 – 60 days	**20,574**	31,630
61 – 90 days	**9,593**	2,571
Over 90 days	**5,075**	24,410
	112,024	211,989

11. 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:

	30.9.2018	31.3.2018
	HK$'000	*HK$'000*
Within 30 days	**38,341**	113,550
31 – 60 days	**4,582**	713
61 – 90 days	**1,091**	260
Over 90 days	**6,681**	10,339
	50,695	124,862

12. SHARE CAPITAL

	Number of shares	*HK$'000*
Authorised:		
Shares of HK$0.10 each		
Balance as at 1 April 2017	1,200,000,000	120,000
Increased during the period *(note a)*	300,000,000	30,000
Balance as at 31 March 2018 and 30 September 2018	1,500,000,000	150,000
Issued and fully paid:		
Shares of HK$0.10 each		
Balance as at 1 April 2017	1,038,003,926	103,800
Issue of shares upon exercise of share options *(note b)*	8,172,725	818
Balance as at 31 March 2018 and 30 September 2018	1,046,176,651	104,618

Notes:

(a) Pursuant to a resolution passed at the annual general meeting held on 22 August 2017, the authorised share capital of the Company was increased from HK$120,000,000 divided into 1,200,000,000 ordinary shares of HK$0.10 each to HK$150,000,000 divided into 1,500,000,000 ordinary shares of HK$0.10 each by the creation of an additional 300,000,000 ordinary shares of HK$0.10 each.

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

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

Overview

For the six months ended 30 September 2018, the Group's unaudited consolidated turnover amounted to HK$1,279.3 million (for the six months ended 30 September 2017: HK$1,350.5 million).

Construction Division

The turnover of the Construction Division for the six months ended 30 September 2018 was HK$902.1 million (for the six months ended 30 September 2017: HK$973.3 million).

Contracts on hand as at 30 September 2018 for the Construction Division amounted to HK$2,694.9 million.

Major construction works undertaken during the period under review:

(1) Construction of public rental housing development at Shek Mun Estate Phase 2, Shatin, New Territories

(2) Construction of public rental housing development at Choi Yuen Road Sites 3 and 4, Sheung Shui, New Territories

(3) Construction of sports centre, community hall and football pitches in Area 1, Tai Po, New Territories

(4) Construction of 30-classroom secondary school at Site 1A-2, Kai Tak Development, Kowloon

Our performance in ensuring quality and safety construction works is continuously recognised by the industry. In August 2018, Hanison Construction Company Limited ("HCCL") has been awarded the 2017 HKCA Proactive Safety Contractors Award by the Hong Kong Construction Association. Our construction projects in Tai Po and Kai Tak under HCCL won the 24th Considerate Contractors Site Award – Merit in Public Works – New Works and Merit in Outstanding Environmental Management & Performance Award co-organised by the Development Bureau and Construction Industry Council during the period under review.

Interior and Renovation Division

For the six months ended 30 September 2018, the turnover of the Interior and Renovation Division was HK$103.2 million (for the six months ended 30 September 2017: HK$67.8 million).

Contracts on hand as at 30 September 2018 for the Interior and Renovation Division amounted to HK$128.1 million.

Major contract work completed during the period under review:

(1) Renovation works of industrial building at No. 22 Yip Shing Street, Kwai Chung, New Territories

Major contract works undertaken during the period under review:

(1) Building renovation works of Cavendish Heights (Block 1-7) at 33 Perkins Road, Jardine's Lookout, Hong Kong

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

Major contract work awarded subsequent to the period under review:

(1) Proposed renovation works for Pentecostal Mission Hong Kong and Kowloon Church at 71 Waterloo Road, Kowloon

In May 2018, our project in the building renovation works of Cavendish Heights under Hanison Interior & Renovation Limited was awarded the 24th Considerate Contractors Site Award – Merit in Non-Public Works – RMAA Works and Merit in Outstanding Environmental Management & Performance Award co-organised by the Development Bureau and Construction Industry Council.

Building Materials Division

The Building Materials Division recorded a turnover of HK$249.2 million for the six months ended 30 September 2018 (for the six months ended 30 September 2017: HK$280.0 million).

Contracts on hand as at 30 September 2018 for the Building Materials Division amounted to HK$807.8 million.

Supply and installation of false ceiling and suspended ceiling system

Major contract works completed during the period under review:

(1) MTR 810A West Kowloon Terminus Station North – MCIQ – Design, supply and installation of BOH suspended ceiling system

(2) Proposed residential development at Tseung Kwan O Town Lot No. 95 – Design, supply and installation of suspended ceiling system

(3) Proposed hotel development at China Resources Building, 26 Harbour Road, Wanchai, Hong Kong – Design, supply and installation of suspended ceiling system

Major contract works undertaken during the period under review:

(1) Proposed office development at 1 Hennessy Road, Hong Kong – Supply and installation of suspended ceiling system

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

(3) Proposed hotel development at STTL No. 248 J/O Siu Lek Yuen Road, Yuen Hong Street & Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories – Supply and installation of suspended ceiling system

(4) Proposed residential and commercial development at Yau Tong Lot No. 42, 1 Lei Yue Mun Path, Lei Yue Mun, Kowloon – Supply and installation of DnT acoustic panel, timber flooring and skirting

(5) Construction of public rental housing development at Shek Mun Estate Phase 2, Shatin, New Territories – Design, supply and installation of external ceiling system

Major contract works awarded during the period under review:

(1) Proposed Site C1 Development at Area 86, TKOTL 70RP Tseung Kwan O, New Territories, Lohas Park Package 7A & 7B – Supply and installation of suspended ceiling system

(2) Construction of 30-classroom secondary school at Site 1A-2, Kai Tak Development, Kowloon – Design, supply and installation of suspended ceiling system

(3) Construction of sports center, community hall and football pitches in Area 1, Tai Po, New Territories – Design, supply and installation of suspended ceiling system

Design, supply and installation of aluminium products and curtain walls

Major contract works completed during the period under review:

(1) Residential development at STTL 567, Lai Ping Road in Area 56A, Kau To Shan, Shatin, New Territories – Design, supply and installation of aluminium window, curtain wall, louver, metal cladding and glass balustrade

(2) Residential development at NKIL 6532, Lung Cheung Road, Beacon Hill, Kowloon – Design, supply and installation of aluminium window, louver, railing and glass balustrade

(3) Residential development at NKIL 6532, Lung Cheung Road, Beacon Hill, Kowloon – Design, supply and installation of curtain wall

Major contract works undertaken during the period under review:

(1) Residential development at TKOTL 70 RP, Lohas Park Package 6 – Design, supply and installation of aluminium window and door

(2) Residential development at TPTL 225, Pak Shek Kok, Tai Po, New Territories – Design, supply and installation of curtain wall system to residential tower

(3) Residential development at Site N of TKOTL 70 RP, Lohas Park Package 6 – Design, supply and installation of aluminium grille and cladding work to AC platform

(4) Residential development at Site C1 of TKOTL 70 RP, Lohas Park Package 7 – Design, supply and installation of tower curtain wall and podium glass wall

(5) Commercial development at STTL 143, New Town Plaza, Shatin, New Territories – Design, supply and installation of glass wall, shop front, bi-folding door, glass balustrade, aluminium cladding and louvre

(6) Residential development at TMTL 541, So Kwun Wat Road, Area 56, Tuen Mun, New Territories – Design, supply and installation of aluminium window and door

(7) Residential development at STTL 605 Lok Wo Sha Lane at Ma On Shan, Shatin, New Territories – Design, supply and installation of sliding folding door, window and glass wall

(8) Residential development at TSWTL 34, Area 115, Tin Shui Wai, New Territories – Design, supply and installation of curtain wall

(9) Residential development at Antuo Hill, Shenzhen – Supply of aluminium window and door

(10) Imperial Pacific Resort development – Phase 1, Saipan Island – Design, supply and installation of curtain wall and sliding door

Major contract works awarded during the period under review:

(1) Residential development at Site I of TKOTL 70 RP, Lohas Park Package 10 – Design, supply and installation of curtain wall system and aluminium window and door

(2) House development at No. 1 Plantation Road, Hong Kong – Design, supply and installation of aluminium window, glass door, curtain wall and metal cladding

(3) Commercial development at No. 75-85 Lockhart Road, Wan Chai, Hong Kong – Design, supply and installation of aluminium unitised curtain wall, glass wall, aluminium cladding, stone cladding, glass canopy and louvre

(4) Residential development at TMTL 539, Hoi Wing Road and Hang Fu Street, Area 16, Tuen Mun, New Territories – Design, supply and installation of curtain wall to tower

Property Development Division

The Property Development Division recorded a turnover of HK$2.0 million for the six months ended 30 September 2017 (for the six months ended 30 September 2018: nil).

As for the joint venture project, Mount Vienna, the low-density residential project in Fo Tan, New Territories in which the Group has 25% interest, the Group has recorded the sales of 9 units out of the total 12 units during the period under review. The profit was recognised as share of profit of joint ventures. The remaining 3 units are being offered for sales.

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

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

In July 2018, the Group completed a series of acquisitions from various vendors holding an industrial building, namely Mee Wah Factory Building situated at No. 1 Tsat Po Street and No. 19 Sam Chuk Street, Kowloon, Hong Kong for an aggregate consideration of HK$850.0 million for redevelopment. In August 2018, the Group entered into a sale and purchase agreement to dispose of 100% interest in a subsidiary which indirectly held Mee Wah Factory Building at a consideration of HK$1,253.0 million (subject to adjustment). The disposal was completed on 15 November 2018.

Property Investment Division

The Property Investment Division recorded a turnover of HK$21.2 million for the six months ended 30 September 2018 (for the six months ended 30 September 2017: HK$25.5 million).

To diversify its investment portfolio, the Group completed the acquisition of the company holding the whole block of residential-cum retail composite property located at No. 222 Hollywood Road, Hong Kong on 12 April 2018. In addition, a joint venture of the Group in which the Group has 50% interest entered into a sale and purchase agreement to acquire a company holding the whole block of property, namely Citadines Harbourview Hong Kong, located at No. 138 Connaught Road West, Hong Kong. The transaction was completed on 1 November 2018.

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

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

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

Property Agency and Management Division

For the period under review, the turnover of the Property Agency and Management Division was HK$18.1 million (for the six months ended 30 September 2017: HK$8.2 million).

In Hong Kong, the Property Agency and Management Division acted as the marketing and project manager for The Grampian at No. 11 Grampian Road, Mount Vienna at Lok Lam Road, Queen Central at No. 338 Queen's Road Central, Success Centre (terminated in April 2018) at Nos. 26-28 Ta Chuen Ping Street, Central Industrial Building at Nos. 57-61 Ta Chuen Ping Street and PeakCastle at No. 476 Castle Peak Road.

This Division also provided property management services to The Austine Place in Tsim Sha Tsui, The Bedford in Tai Kok Tsui, Eight College and One LaSalle in Kowloon Tong, One Eleven in Sai Ying Pun and PeakCastle in Cheung Sha Wan.

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

Health Products Division

The Health Products Division recorded a turnover of HK$29.1 million for the six months ended 30 September 2018 (for the six months ended 30 September 2017: HK$26.9 million).

Retailcorp Limited manages the Group's chain stores under the trade name HealthPlus. Currently, there are 10 retail outlets (including a HealthPlus shop at St. Teresa's Hospital) and 1 service centre in operation. During the period under review, HealthPlus joined the Eugene Baby Fair 2018 from 3 to 6 August 2018 and Care & Health Limited joined the Food Expo from 16 to 20 August 2018, both held at Hong Kong Convention and Exhibition Centre. To enhance our advertising effort, the Group has appointed an actress Ms. Chiu Ngar Chi as a celebrity endorser for our product "Lingzhi Master" in order to increase the product's awareness and popularity. In respect of the e-Commerce business, the Group has established different e-commercial channels to draw customers from different regions.

OUTLOOK

Global economic growth and optimism have experienced a significant upswing over the past eighteen months with substantial GDP growth, improving financial market performance, escalating business and consumer confidence. Back then, just as they are now, most developed or developing countries used monetary stimulus to support short-term growth, repeatedly increasing money supply and cutting banks' reserve ratio requirements to flood their financial systems with easy credits leading to property assets boom. In many countries, property values have increased so much and become less and less grounded in economic reality. Measures such as deleveraging have to be taken to deflate assets bubble which is one of the major drivers for the debts bubbles.

In its battle for more balanced trade, the US has started the trade war with China, EU, Canada and certain other countries. Apart from the perceived benefits of improved trade balance and income from the tariffs, it is more likely to deliver self-defeating results to the US in a complex system such as global trade. Not to mention the retaliation from these countries to impose tariffs on imported US products, the consumer prices for the US citizens will also go up causing the increase in inflation rate and interest rate. The trade war is not without a price to the US. This protectionism will end up in a lose-lose situation.

The Chinese economy has yet to feel the pressure of US tariffs on the US$250 billion worth of Chinese imported goods, but it has already been slowing down under the Chinese Government's determination to cool down the economy to reduce overcapacity and excessive inventory piles, and crack down on easy credit and shadow financing to deflate the asset and debt bubbles. While the dollar amounts of tariffs being imposed are not very significant relative to the size of China's economy, these tariffs are having a very real impact on China's currency, employment and investment confidence. RMB depreciation may in certain extent help to increase the competitiveness of the Chinese export products to the US, acting as a damage control to offset the tariff impact. However, China risks capital flight if it were to let the currency weaken too much. With the external uncertainties increasing and domestic structural adjustment on crucial stage, it is expected that there will be short-term pain and disruption in China's economic growth.

Hong Kong, which has served as the re-export hub between China and the US for decades, and whose biggest trade partner is China, is inevitably sandwiched between the two sides. The accelerating trade war would put pressure on job security in Hong Kong, especially for those businesses which operate across the border and in the re-export and transshipment business with China and the US. It will also hit those people who have heavily invested in China for the manufacture of export products to the US. The trade tariff will inevitably push up consumer prices for both China and the US which will face mounting pressure to raise interest rates. Hong Kong's low interest rate environment is to a large extent a result of capital inflows. If interest rates of both the US dollar and the RMB go up, Hong Kong dollar interest rate will almost for certain follow, and the local housing market would be put under pressure. The potential for harm in Hong Kong should not be underestimated.

For the construction industry in Hong Kong, following the launch of the Ten Major Infrastructure Projects in 2007, infrastructure works expenditure almost quadrupled over the past decade. The HKSAR Government are under pressure to increase public housing supply to plug the city's severe housing gap. In 2014, the Government established the Housing Reserve at about HK$27 billion to provide financial resources for the Housing Authority to meet the 10-year public housing supply target. In the 2016-2017 Budget, the Financial Secretary announced to set aside the investment income of HK$45 billion on the fiscal reserves for 2015-2016 as a further capital injection into the Housing Reserve. These public works alone are enough to keep the construction industry busy, the building construction works from the private sector have added further momentum to the industry. While infrastructure development, the Government's public housing policy and private sectors' private housing supply help underpin Hong Kong's construction industry, the rising construction costs and shortage in labour supply remain wide concerns in recent years. Our Construction Division believes that the preservation of safety, health and environment, the development and use of new technology to improve efficiency and productivity, the recruitment, retention and training of workforce, and the effective management of cost control are the key focuses for the successful growth and prosperity of the building construction industry in Hong Kong. What we believe still needs our continuous and persistent efforts to ensure our construction business remains competitive, and delivers quality work to fulfill the social and economic aspirations of our customers and stakeholders.

Over the past years, with property prices and sales on the rise, both the households and investors were willing to spend renovation costs on their properties to enhance their property values. The over-extended property cycles have last a lot longer than anyone initially thought possible. However, things go up, must come down. The nine-year run-up in Hong Kong housing prices cannot go on forever. One day it must stop. With the recent threats from the PRC Government's economic cooling measures, China-US trade war and HKSAR Government's public housing policy and control mechanisms for private property market, every day seems to bring news messages about how overinflated the local property market has become. The risk of a property price adjustment is more imminent than ever and the question is how much damage is there for such a crash in Hong Kong's property market and renovation business. Continuously since its establishment, our Interior and Renovation Division has been investing its time, efforts and funds into creating design with the utmost sophistication to meet the taste and style of its customers, building quality into every project work to its customers' needs and satisfaction, and employing the most advanced machineries such as the mast-climbing tower platforms in its renovation service to differentiate its standards on efficiency, safety, better ventilation and hygiene condition from its competitors' standards. We hope it will give us competitive advantages to endure the anticipated hardship in the coming years.

Our Building Materials Division business remains steady, supplying ceiling and flooring materials to many MTR stations and property developers. The continuous upsurge in property prices calls for the demand for attractive, durable and high quality windows and curtain walls to give the properties a more prestigious image. Our aluminium window and curtain wall business has benefited from this trend and grows at a fast pace. It has now reached a size that justifies it to operate independent from the Group and be separately listed on the Stock Exchange of Hong Kong. Application for spin-off and separate listing for this business on the Stock Exchange of Hong Kong has been submitted in September this year. The aluminium window and curtain wall business owns and operates its own fabrication plant in Huizhou. It has its own capable management and a team of experienced and loyal staff and workers. There is every confidence that this business will grow from strength to strength in future.

The HKSAR Government is under tremendous pressure to resolve the pertaining issue of housing supply and help the lower income people in Hong Kong with their housing problems. Under the Government's 10-year housing supply target, it should provide 20,000 public rental flats, 8,000 subsidised flats for sale and 18,000 private flats a year. Reforming the pricing system for subsidised flats was one of the measures the Government announced that would benefit young couples and families struggling to buy homes. Other proposals included reallocating more land originally earmarked for private housing to build public flats. For monitoring the private sectors' housing supply, control measures including the imposition of a vacancy tax equivalent to two years of rental income on empty new flats and more stringent conditions on developers' sales of uncompleted flats were taken. Apart from the Government's housing policy to provide more public housing and the control measures on the private sectors, the inflationary effect from the trade war which will hasten the pace of interest rate rise would also hit the private property market. At the present moment, our Property Development Division has only two development projects on hand, the Nga Tsin Wai Road project and the 50/50 joint venture project for redevelopment of Central Industrial Building. The Fotan project, Mount Vienna has been completed and offered for sales, with nine out of twelve flats were sold. We will closely monitor the situation of our development projects and be adaptive to the radical market change.

Hong Kong's heated property market appears to be showing signs of slowing down as home price growth has moderated slightly from peak levels in 2017 on the back of the HKSAR Government's policy for increasing public housing and control measures in the private sector to impose vacant property taxes and stringent conditions on pre-sales of uncompleted flats, coupled with the external impacts of the China-US trade war and the slow-down of China Economy through its cooling measures to control asset and debt bubbles, oversupply and excessive inventory piles. Bloomberg reported that housing correction of as much as 15% in Hong Kong, the world's most expensive property market, may take place in the first half of 2019 as monetary policy tightens, interest rate rises and Chinese investment funds into Hong Kong recede. The leasing market, however, remains stable at the moment. Under such circumstances, our Investment Property Division will be extremely cautious in managing its investment property portfolio. It will reshuffle the portfolio to acquire and retain those properties situated at good locations, with high potential for better rental income and value appreciation, and dispose of the other properties to maintain a balanced financial position and safe gearing ratio.

Our Property Agency and Management Division mainly provides services for the Group's own properties or the properties built by it. This Division's business remains stable.

The steady rebound in Hong Kong's retail business is set to continue as the city expects more tourists and increase in purchasing power of tourists and local people due to the global economic upswing over the past eighteen months. However, a recent weaker RMB and high rentals may hinder the sector's momentum. Over the past years, the Group's Health Products Division has been growing steadily and its products have gradually gained much wider market recognition. In order to get a breakthrough in its Lingzhi products sales, this Division has appointed Ms. Chiu Ngar Chi as our celebrity endorser to promote our Lingzhi products. While the celebrity will help to send persuasive messages to increase public awareness, create positive brand image, and encourage purchase impulse of our Lingzhi products, the real aspiration values and credibility of our products remain in their own quality and effectiveness to the users. As our name "Care & Health" denotes, we will supply quality products and will care for the healthiness of our customers. This is the promise we make to our customers and we will always keep this promise in mind.

Looking ahead, the outlook for Hong Kong's economy is not so optimistic as rising interest rates are set to hit the city's property market. While the local Government's public housing policy and the control measures on private property housing sector will exert pressure on the property development and investment business, the deleveraging and cooling measures adopted by China and the escalating China-U.S. trade war pose another danger. Any significant correction in the property market will likely lead to adverse effects on household's worth, companies' balance sheets and overall economic activities. Under such circumstances, we have to contend with much harsher conditions as we move on. We will be particularly cautious with our property development and investment strategies and hope that we can ride out the storm under our collective efforts.

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 had decreased from HK$1,070.1 million as at 31 March 2018 to HK$443.6 million at 30 September 2018. As at the period end date, the current ratio (current assets divided by current liabilities) decreased from 1.52 times as at 31 March 2018 to 1.22 times.

For the purposes of maintaining flexibility in funding and day-to-day financial management, the Group has accessed to facilities from banks and an insurance company with an aggregate amount of HK$2,978.2 million (HK$998.2 million was secured by first charges over certain leasehold land and buildings, investment properties and asset classified as held for sale of the Group), of which HK$1,208.2 million bank loans have been drawn down and approximately HK$356.5 million has been utilised mainly for the issuance of letters of credit and performance bonds as at 30 September 2018. The bank loans under these banking facilities bear interest at prevailing market interest rates.

With its cash holdings and available facilities from banks and an insurance company, the Group's liquidity position will remain healthy in the coming year, with sufficient financial resources to meet its obligations, operation and future development requirements.

TREASURY 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 2017/2018.

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$1,208.2 million from banks (as at 31 March 2018: HK$395.5 million). The loans have been used for financing the acquisition of properties under development for sale or properties for investment purposes and as general working capital. The maturity profile of the lending spread over a period of five years with HK$918.5 million repayable within the first year, HK$126.8 million repayable within the second year and an aggregate of HK$162.9 million within the third to fifth years. Interest is based on Hong Kong Interbank Offered Rate with a competitive margin.

As at 30 September 2018, 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 19.3% (as at 31 March 2018: the Group was in a net cash position, calculated on the basis that total bank balances and cash less total bank and other loans).

MAJOR ACQUISITION

On 2 March 2018, an indirect wholly owned subsidiary of the Company, Shining Bliss Limited, entered into a sale and purchase agreement with an independent third party to acquire the entire issued share capital and shareholder's loan to Richway Group Holdings Limited together with its wholly owned subsidiary, Sunny Way Properties Limited, (collectively referred to as "Richway Group") at a consideration of approximately HK$505.1 million. The acquisition was completed on 12 April 2018. The major asset of Richway Group represented the whole block of property located at No. 222 Hollywood Road, Hong Kong, which was classified as investment properties.

COLLATERAL

As at 30 September 2018, the Group's Hong Kong dollar loans of HK$858.2 million (as at 31 March 2018: HK$395.5 million) were secured by first charges over certain leasehold land and buildings, investment properties and asset classified as held for sale of the Group, at the carrying value of approximately HK$1,137.0 million (as at 31 March 2018: HK$1,081.5 million).

CONTINGENT LIABILITIES AND PERFORMANCE BONDS

During the year ended 31 March 2004, legal actions in respect of allegations of copyright infringement and defamation were taken against certain subsidiaries of the Company carrying on 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. In 2018, the counterparty has been voluntary winding-up and accordingly the case was closed.

As at 31 March 2018, the Group has an outstanding corporate guarantee issued to a bank in respect of banking facilities granted to a joint venture of approximately HK$67.1 million, which represents the Group's proportionate share of the banking facilities utilised as at 31 March 2018. In the opinion of the directors of the Company, the fair values of these financial guarantee contracts were insignificant at initial recognition and no provision for financial guarantee contracts had been made at the end of the reporting period. During the six months ended 30 September 2018, the joint venture's bank loan has been fully repaid.

As at 30 September 2018, the Group has an outstanding counter indemnity in favour of the partners of a joint venture amounting to HK$62.0 million (as at 31 March 2018: HK$62.0 million) which represents the Group's maximum liability. This maximum liability was determined among the parties to the counter indemnity with reference to the Group's proportionate share of estimated amount of interest payment under the banking facilities granted to the joint venture and the cost overrun in respect of the renovation, management and marketing and leasing of the property held by the joint venture. In the opinion of the directors of the Company, the fair value of the counter indemnity is insignificant at initial recognition and no provision for counter indemnity has been made at the end of the reporting period.

As at 30 September 2018, the Group had outstanding performance bonds in respect of construction contracts amounting to HK$246.0 million (as at 31 March 2018: HK$223.0 million).

COMMITMENTS

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

	30.9.2018	31.3.2018
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in relation to:		
Acquisition of a property under development for sale	**–**	409,000
Acquisition of a subsidiary	**–**	454,505
	–	863,505

As at 30 September 2018 and 31 March 2018, the Group had also committed with other joint venturers to contribute to the joint ventures by means of shareholder's loan proportional to its equity interest in the joint ventures to finance working capital of the joint ventures.

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 2018, the Company has complied with all the Code Provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules, except for the following deviation:

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

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors of the Company, all directors confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 September 2018.

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 2018.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2018, the Group (excluding its joint ventures) had 880 full time employees (of which 148 employees were in Mainland China). 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.

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 2018. 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 Sing, Payson
Chairman

Hong Kong, 20 November 2018

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

Non-executive Chairman
Mr. Cha Mou Sing, Payson

Executive Directors
Mr. Wong Sue Toa, Stewart *(Managing Director)*
Mr. Tai Sai Ho *(General Manager)*
Mr. Lo Kai Cheong

Non-executive Director
Mr. Cha Mou Daid, Johnson

Independent Non-executive Directors
Mr. Chan Pak Joe
Dr. Lau Tze Yiu, Peter
Dr. Sun Tai Lun