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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

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 2017 decreased to HK\$1,350.5 million as compared with that of HK\$1,529.1 million for the corresponding period last year.

The unaudited consolidated profit attributable to owners of the Company for the six months ended 30 September 2017 was HK\$101.1 million, representing an increase of 39.6%, as compared with that of HK\$72.4 million for the same period in 2016.

The increase in the unaudited consolidated profit attributable to owners of the Company was mainly due to the increase in gain on change in fair value of investment properties of the Group and increase in share of profit of joint ventures, netting off the decrease in contribution from sales of properties from the Property Development Division of the Group and increase in equity-settled share-based payments recognised for the six months ended 30 September 2017.

The basic earnings per share and diluted earnings per share for the six months ended 30 September 2017 were HK10.3 cents and HK10.0 cents. The basic earnings per share and diluted earnings per share represented an increase of 47.1% and 42.9% as compared to HK7.0 cents and HK7.0 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 HK2.2 cents per share for the six months ended 30 September 2017 (for the six months ended 30 September 2016: HK2.2 cents per share) to the shareholders whose names appear on the register of members of the Company on 5 December 2017. The dividend is expected to be paid to the shareholders on or around 15 December 2017.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from 1 December 2017 to 5 December 2017, 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 2017. In order to qualify for the interim dividend for the six months ended 30 September 2017, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 30 November 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	NOTES	Six months ended	
		30.9.2017 HK\$'000 (Unaudited)	30.9.2016 HK\$'000 (Unaudited)
Turnover	3	1,350,468	1,529,075
Cost of sales		<u>(1,208,382)</u>	<u>(1,341,296)</u>
Gross profit		142,086	187,779
Other income		1,510	3,714
Other gains and losses		33	(14)
Marketing and distribution costs		(2,802)	(19,975)
Administrative expenses		(125,181)	(77,972)
Gain on change in fair value of investment properties		80,264	12,917
Share of profit of an associate		41	39
Share of profit (loss) of joint ventures		24,373	(11,253)
Finance costs		<u>(8,197)</u>	<u>(6,411)</u>
Profit before taxation	4	112,127	88,824
Taxation	5	<u>(10,993)</u>	<u>(16,378)</u>
Profit for the period attributable to owners of the Company		<u>101,134</u>	<u>72,446</u>
Earnings per share			
Basic (HK cents)	7	<u>10.3</u>	<u>7.0</u>
Diluted (HK cents)	7	<u>10.0</u>	<u>7.0</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Six months ended	
	30.9.2017	30.9.2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	<u>101,134</u>	<u>72,446</u>
Other comprehensive income (expense):		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	2,658	(1,192)
Share of exchange differences of a joint venture	<u>3,352</u>	<u>(4,134)</u>
	6,010	(5,326)
<i>Item that will not be reclassified to profit or loss:</i>		
Revaluation gain on property, plant and equipment upon transfer to investment properties	<u>2,863</u>	<u>–</u>
	<u>8,873</u>	<u>(5,326)</u>
Total comprehensive income for the period	<u>110,007</u>	<u>67,120</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2017

	<i>NOTES</i>	30.9.2017 HK\$'000 (Unaudited)	31.3.2017 <i>HK\$'000</i> <i>(Audited)</i>
Non-current assets			
Investment properties	8	2,943,530	2,399,700
Property, plant and equipment	8	524,659	251,131
Prepaid lease payments		5,603	5,472
Interest in an associate		6,982	6,941
Interests in joint ventures	9	474,298	422,738
Deferred tax assets		492	492
Other asset		35,000	–
		3,990,564	3,086,474
Current assets			
Properties under development for sale		315,600	–
Properties held for sale		33,188	110,474
Inventories		14,087	14,803
Amounts receivable on contract work		74,642	104,115
Progress payments receivable	10	52,195	233,819
Retention money receivable		288,548	281,686
Debtors, deposits and prepayments	11	148,665	158,221
Prepaid lease payments		202	201
Amounts due from a joint venture		17	17
Investments held for trading		416	383
Taxation recoverable		2,254	2,949
Pledged bank deposits		139,263	139,263
Bank balances and cash		700,522	840,074
		1,769,599	1,886,005
Assets classified as held for sale		–	24,784
		1,769,599	1,910,789
Current liabilities			
Amounts payable on contract work		468,838	344,798
Trade and other payables	12	695,583	727,468
Taxation payable		31,346	24,227
Bank and other loans – amounts due within one year		1,385,865	822,155
		2,581,632	1,918,648
Net current liabilities		(812,033)	(7,859)
Total assets less current liabilities		3,178,531	3,078,615

	<i>NOTE</i>	30.9.2017 HK\$'000 (Unaudited)	31.3.2017 HK\$'000 (Audited)
Non-current liability			
Deferred tax liabilities		<u>12,459</u>	<u>12,000</u>
		<u>3,166,072</u>	<u>3,066,615</u>
Capital and reserves			
Share capital	<i>13</i>	103,859	103,800
Reserves		<u>3,062,213</u>	<u>2,962,815</u>
		<u>3,166,072</u>	<u>3,066,615</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

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”).

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by HK\$812,033,000 as at 30 September 2017. As at 30 September 2017, the Group has bank loans totaling HK\$1,385,865,000, which were classified as current liabilities. The directors of the Company are of the opinion that there are good track records and relationship with banks which would enhance the Group’s ability on renewing the borrowing facilities.

The directors of the Company are of the opinion that, taking into account of the unutilised banking facilities and the internally generated funds of the Group and the other factors described above, the Group has sufficient working capital for its present requirements for the next twelve months from 30 September 2017. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

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 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2017. In addition, the Group has applied the following accounting policy during the current interim period which became relevant to the Group.

Inventories

Properties under development for sale

Properties under development for sale are carried at the lower of cost and net realisable value. Cost includes land cost, development costs and directly attributable costs including, for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy.

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

Amendments to HKFRSs	Amendments to HKFRS 12 included in annual improvements to HKFRSs 2014 – 2016 cycle
Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses

The application of the amendments to HKFRS 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.

Amendments to HKAS 7 “Disclosure initiative”

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specifically, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The application of the amendments will result in additional disclosures on the Group’s financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

The adoption will result in relevant disclosures in the Group’s annual consolidated financial statements for the year ending 31 March 2018.

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 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	<u>973,287</u>	<u>67,756</u>	<u>279,999</u>	<u>26,886</u>	<u>25,521</u>	<u>1,950</u>	<u>8,189</u>	<u>1,383,588</u>	<u>(33,120)</u>	<u>1,350,468</u>
Inter-segment sales are charged by reference to market prices.										
RESULT										
Segment result	<u>30,564</u>	<u>3,001</u>	<u>31,365</u>	<u>1,489</u>	<u>94,411</u>	<u>(3,331)</u>	<u>106</u>	<u>157,605</u>	<u>-</u>	<u>157,605</u>
Unallocated expenses										(45,478)
Profit before taxation										<u>112,127</u>

For the six months ended 30 September 2016

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

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

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

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:

	30.9.2017 <i>HK\$'000</i>	31.3.2017 <i>HK\$'000</i>
<u>Segment assets</u>		
Construction	932,767	1,223,142
Interior and renovation	124,421	137,884
Building materials	261,230	235,644
Health products	40,364	36,634
Property investment	3,708,771	2,783,836
Property development	659,130	544,907
Property agency and management	25,359	23,506
Total segment assets	5,752,042	4,985,553
Unallocated assets	8,121	11,710
Consolidated assets	<u>5,760,163</u>	<u>4,997,263</u>
<u>Segment liabilities</u>		
Construction	808,330	657,596
Interior and renovation	55,652	65,715
Building materials	324,976	395,149
Health products	5,245	2,683
Property investment	1,204,888	638,169
Property development	37,227	26,537
Property agency and management	1,588	959
Total segment liabilities	2,437,906	1,786,808
Unallocated liabilities	156,185	143,840
Consolidated liabilities	<u>2,594,091</u>	<u>1,930,648</u>

4. PROFIT BEFORE TAXATION

	Six months ended	
	30.9.2017	30.9.2016
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging and (crediting):		
Depreciation of property, plant and equipment	9,588	9,208
Less: Depreciation expenses capitalised in the cost of contract work	<u>(2,843)</u>	<u>(2,592)</u>
	6,745	6,616
Reversal of over accrued contract costs upon finalisation of accounts during the period	(12,382)	(17,280)
Loss (gain) on disposals of property, plant and equipment	<u>53</u>	<u>(359)</u>

5. TAXATION

	Six months ended	
	30.9.2017	30.9.2016
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
Current tax	10,953	15,714
Overprovision in prior years	<u>–</u>	<u>(193)</u>
	10,953	15,521
Deferred taxation	<u>40</u>	<u>857</u>
	<u>10,993</u>	<u>16,378</u>

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

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

6. DIVIDENDS

During the period, a final dividend of HK5.0 cents per share totalling HK\$49,344,000 in respect of the year ended 31 March 2017 (for the six months ended 30 September 2016: final dividend of HK5.0 cents per share totalling HK\$51,857,000 in respect of the year ended 31 March 2016) was paid to shareholders.

Subsequent to 30 September 2017, the Board has resolved to declare an interim dividend of HK2.2 cents per share totalling not less than HK\$21,711,000 for the six months ended 30 September 2017 (2016: HK2.2 cents per share totalling HK\$21,966,000 for the six months ended 30 September 2016).

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	
	30.9.2017	30.9.2016
	HK\$'000	HK\$'000
<u>Earnings</u>		
Earnings for the purpose of basic and diluted earnings per share	101,134	72,446
	986,651	1,034,529
	4,992	2,106
	16,581	–
	1,008,224	1,036,635

Note: The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the period ended 30 September 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

	1.4.2017 to 30.9.2017 <i>HK\$'000</i>	1.4.2016 to 30.9.2016 <i>HK\$'000</i>
FAIR VALUE		
At the beginning of the period	2,399,700	1,827,310
Disposals	–	(9,173)
Additions	215,121	8,400
Acquisition of subsidiaries	149,209	–
Gain on change in fair value	80,264	12,917
Transferred from properties held for sale	75,936	10,976
Transferred from property, plant and equipment (<i>Note</i>)	23,300	–
	<u>2,943,530</u>	<u>1,850,430</u>
At the end of the period		

Note: During the six months ended 30 September 2017, the use of certain properties of the Group have 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 2017, 31 March 2017 and the dates of transfer from property, plant and equipment and properties held for sale 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 2017: HK\$43,700,000) was arrived at by reference to market evidence of transaction prices of similar properties. The valuations of other properties amounting to HK\$2,899,130,000 (31 March 2017: HK\$2,356,000,000) 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.

Property, plant and equipment

During the six months ended 30 September 2017, the Group disposed of certain property, plant and equipment with carrying amount of HK\$123,000 at a sale proceed of HK\$70,000, resulting in a loss on disposal of HK\$53,000. During the six months ended 30 September 2016, the Group disposed of certain fully depreciated property, plant and equipment at a sale proceed of HK\$359,000, resulting in a gain on disposal of HK\$359,000.

During the current period, in addition to the additions amounting to HK\$295,070,000 through acquisition of subsidiaries, the Group acquired property, plant and equipment at approximately HK\$7,625,000 (for the six months ended 30 September 2016: HK\$8,692,000).

9. INTERESTS IN JOINT VENTURES

	30.9.2017	31.3.2017
	HK\$'000	HK\$'000
Cost of unlisted investments in joint ventures	148,302	148,302
Share of post acquisition profits (losses) and other comprehensive income (expense), net of dividends received	<u>20,792</u>	<u>(6,933)</u>
	169,094	141,369
Loans to joint ventures	<u>305,204</u>	<u>281,369</u>
	<u>474,298</u>	<u>422,738</u>

Loans to joint ventures are unsecured, non-interest bearing and have no fixed terms of repayment. The Group has no intention to exercise its right to demand repayment of these loans within the twelve months from the end of the reporting period. The directors of the Company believe the settlement of these loans are not likely to occur in the foreseeable future as they are, in substance, a part of the Group's net investments in the joint ventures as the proceeds of the loans have been substantially used by joint ventures to purchase their investment properties and as working capital of the joint ventures. Accordingly, the amounts are classified as non-current asset and included in the Group's interests in joint ventures for the purpose of presentation in the condensed consolidated statement of financial position.

10. PROGRESS PAYMENTS RECEIVABLE

Progress payments receivable represents the amounts receivable, after deduction of retention money, for construction services which usually fall due within 30 days after the work is certified.

The aged analysis of progress payments receivable is as follows:

	30.9.2017	31.3.2017
	HK\$'000	HK\$'000
Within 30 days	42,115	160,801
31 – 60 days	–	60,192
Over 60 days	<u>10,080</u>	<u>12,826</u>
	<u>52,195</u>	<u>233,819</u>

11. DEBTORS, DEPOSITS AND PREPAYMENTS

Proceeds from property sales are receivable pursuant to the terms of the sale and purchase agreements. For the businesses of building materials and others, the Group generally allows a credit period of 30 to 90 days and not more than 90 days (as at 31 March 2017: 30 to 90 days and not more than 90 days) to its customers.

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

	30.9.2017 HK\$'000	31.3.2017 <i>HK\$'000</i>
Within 30 days	53,931	35,352
31 – 60 days	28,311	6,042
61 – 90 days	19,830	47
Over 90 days	9,376	3,052
	<hr/> 111,448 <hr/>	<hr/> 44,493 <hr/>

12. TRADE AND OTHER PAYABLES

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

	30.9.2017 HK\$'000	31.3.2017 <i>HK\$'000</i>
Within 30 days	89,164	144,519
31 – 60 days	1,364	1,001
61 – 90 days	201	282
Over 90 days	3,899	3,568
	<hr/> 94,628 <hr/>	<hr/> 149,370 <hr/>

13. SHARE CAPITAL

	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised:		
Shares of HK\$0.10 each		
Balance as at 1 April 2016 and 31 March 2017	1,200,000,000	120,000
Increased during the period (<i>note a</i>)	<u>300,000,000</u>	<u>30,000</u>
Balance as at 30 September 2017	<u><u>1,500,000,000</u></u>	<u><u>150,000</u></u>
Issued and fully paid:		
Shares of HK\$0.10 each		
Balance as at 1 April 2016	1,035,724,151	103,572
Issue of shares upon exercise of share options (<i>note b</i>)	<u>2,279,775</u>	<u>228</u>
Balance as at 31 March 2017	1,038,003,926	103,800
Issue of shares upon exercise of share options (<i>note b</i>)	<u>581,950</u>	<u>59</u>
Balance as at 30 September 2017	<u><u>1,038,585,876</u></u>	<u><u>103,859</u></u>

Notes:

- a. Pursuant to a resolution passed at the annual general meeting held on 22 August 2017, the authorised share capital of the Company was increased from HK\$120,000,000 divided into 1,200,000,000 ordinary shares of HK\$0.10 each to HK\$150,000,000 divided into 1,500,000,000 ordinary shares of HK\$0.10 each by the creation of an additional 300,000,000 ordinary shares of HK\$0.10 each.
- b. The new shares issued rank *pari passu* in all respects with the existing shares in issue.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

Overview

For the six months ended 30 September 2017, the Group's unaudited consolidated turnover amounted to HK\$1,350.5 million (for the six months ended 30 September 2016: HK\$1,529.1 million).

Construction Division

The turnover of the Construction Division for the six months ended 30 September 2017 was HK\$973.3 million (for the six months ended 30 September 2016: HK\$990.8 million).

Contracts on hand as at 30 September 2017 for the Construction Division amounted to HK\$4,685.8 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 the residential development at 1 Sheung Foo Street, KIL No.11228, Homantin, Kowloon
- (3) Construction of public rental housing development at Choi Yuen Road Sites 3 and 4, Sheung Shui, New Territories
- (4) Construction of low-density residential development at Sha Tin Town Lot No. 603, Lok Lam Road, Fo Tan, New Territories
- (5) Construction of Sports Centre, Community Hall and Football Pitches in Area 1, Tai Po, New Territories
- (6) Construction of a 30-classroom Secondary School at Site 1A-2, Kai Tak Development, Kowloon

The quality and performance of the Group's construction works are recognised by the industry. In September 2017, proposed residential redevelopment at Lok Lam Road, Fo Tan under Hanison Contractors Limited was awarded Considerate Contractors Site Award – Silver in Non-Public Works – New Works (Group B) and Bronze in Outstanding Environmental Management & Performance Award in Non-Public Works in 23rd Considerate Contractors Site Award Scheme co-organised by Development Bureau and Construction Industry Council.

Interior and Renovation Division

For the six months ended 30 September 2017, the turnover for the Interior and Renovation Division was HK\$67.8 million (for the six months ended 30 September 2016: HK\$113.9 million).

Contracts on hand as at 30 September 2017 for the Interior and Renovation Division amounted to HK\$234.8 million.

Major contract work completed during the period under review:

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

Major contract works undertaken during the period under review:

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

In September 2017, alteration and addition works for Takan Lodge, Wan Chai under Hanison Interior & Renovation Limited was awarded Considerate Contractors Site Award – Gold in Non-Public Works – RMAA Works in 23rd Considerate Contractors Site Award Scheme co-organised by Development Bureau and Construction Industry Council.

Building Materials Division

The Building Materials Division recorded a turnover of HK\$280.0 million for the six months ended 30 September 2017 (for the six months ended 30 September 2016: HK\$275.0 million).

Contracts on hand as at 30 September 2017 for the Building Materials Division amounted to HK\$800.8 million.

Supply and installation of false ceiling and suspended ceiling system

Major contract works completed during the period under review:

- (1) Kwun Tong Line Extension – Yau Mai Tei to Whampoa Tunnels and Ho Man Tin Station – Supply and installation of suspended ceiling system
- (2) South Island Line (East) – Lei Tung Station, South Horizons Station and Tunnels – Design, supply and installation of suspended ceiling system

Major contract works undertaken during the period under review:

- (1) MTR XRL Project 810B – West Kowloon Terminus Station South – Supply and installation of acoustic ceiling panel and fire rated ceiling system
- (2) Proposed commercial development at New Kowloon Inland Lot No. 6311, Kowloon Bay – Design, supply and installation of suspended ceiling system
- (3) Proposed development at Tsuen Wan West Station TW5 Bayside – Design, supply and installation of suspended ceiling system
- (4) Property development at Tsuen Wan West Station TW6 – Design, supply and installation of suspended ceiling system

- (5) Proposed residential development at Tseung Kwan O Town Lot No. 95 – Design, supply and installation of suspended ceiling system
- (6) Museum Plus (M+) at West Kowloon Cultural District – Supply and installation of metal ceiling

Major contract works awarded during the period under review:

- (1) Proposed office development at 1 Hennessy Road, Hong Kong – Supply and installation of suspended ceiling system
- (2) Design and construction of West Kowloon Government Offices in Yau Ma Tei, Hong Kong (Contract No. SS C502) – Design, supply and installation of external ceiling system

Design, supply and installation of aluminium products

Major contract works completed during the period under review:

- (1) Redevelopment of Grand Court, 109-135 Kadoorie Avenue, Homantin, Kowloon – Supply and installation of slide folding door and window
- (2) Residential 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
- (3) Residential development at “翡翠海岸” Phase 1, Nanshan District, Shenzhen – Design, supply and installation of window and door

Major contract works undertaken during the period under review:

- (1) Residential redevelopment at 100 Caine Road, Hong Kong – Design, supply and installation of aluminium curtain wall, window and louvre
- (2) 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
- (3) Residential and commercial development – TKOTL112, Area 65C1, Tseung Kwan O, New Territories – Design, supply and installation of aluminium cladding, canopy, skylight and curtain wall
- (4) 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
- (5) Residential development at S.T.T.L. 567, Lai Ping Road in Area 56A, Kau To Shan, Shatin, New Territories – Design, supply and installation of aluminium window, curtain wall, louver, metal cladding and glass balustrade

- (6) Residential development at NKIL6532, Lung Cheung Road, Beacon Hill, Kowloon – Design, supply and installation of aluminium window, louver, railing, glass balustrade and curtain wall
- (7) Residential development at TKO TL 70 RP Lohas Park Package 6 – Design, supply and installation of aluminium window and door
- (8) Residential development at TPTL225, Pak Shek Kok, Tai Po, New Territories – Design, supply and installation of curtain wall system to residential tower
- (9) Residential development at Antuo Hill, Shenzhen – Supply of aluminium window and door

Major contract works awarded during the period under review:

- (1) Residential development at Site N of TKO TL 70 RP, Lohas Park Package 6 – Design, supply and installation of aluminium grille and cladding work to AC platform
- (2) Residential development at TKO TL 70 RP, Lohas Park Package 7 – Design, supply and installation of tower curtain wall and podium glass wall
- (3) Commercial development at STTL143, New Town Plaza, Sha Tin, New Territories – Design, supply and installation of glass wall, shop front, bi-folding door, glass balustrade, aluminium cladding and louvre
- (4) Residential development at TMTL 541, So Kwun Wat Road, Area 56, Tuen Mun, New Territories – Design, supply and installation of aluminium window and door
- (5) Residential development at STTL 605 Lok Wo Sha Lane at Ma On Shan, Shatin – Design, supply and installation of sliding folding door, window and glass wall
- (6) Imperial Pacific Resort development – Phase 1, Saipan Island – Design, supply and installation of curtain wall and sliding door

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 2016: HK\$111.5 million).

During the period under review, the Group sold 1 car parking space of The Bedford.

In February 2014, the Group acquired 25% interests in a piece of land located at Sha Tin Town Lot No. 603, Lok Lam Road, Fo Tan, New Territories which has been developed into a low-density residential development, namely Mount Vienna. Pre-sale has commenced in September 2017 and occupation permit is expected to be obtained at the end of 2017.

LUXEAST, the Group's 49% interests in the parcel of land situated at 中華人民共和國浙江省海寧市區文苑路西側、後富亭港南側 (West of Wenyuan Road and South of Houfutinggang, Haining, Zhejiang Province, the People's Republic of China) for the development and construction of office, retail, car parking spaces and other development pertaining to the land. The respective 房屋所有權證 (Building Ownership Certificates) were issued in March 2015. A total of 122 商品房買賣合同 (Sale and Purchase Agreement for Commodity Flat) and a total of 5 認購書 (Purchaser Letter) have been signed up to the end of the reporting period.

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

Property Investment Division

The Property Investment Division recorded a turnover of HK\$25.5 million for the six months ended 30 September 2017 (for the six months ended 30 September 2016: HK\$25.5 million).

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

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

Investment properties that were acquired during the year ended 31 March 2017 including West Castle, West Park, Wall Street Tower in which the Group has 50% interests and Queen Central in which the Group has 40% interests are now under renovation in order to improve the respective rental income and to enhance the property value.

Property Agency and Management Division

For the period under review, the turnover of the Property Agency and Management Division was HK\$8.2 million (for the six months ended 30 September 2016: HK\$10.8 million).

In Hong Kong, the Property Agency and Management Division acted as the marketing and project manager for The Grampian at No. 11 Grampian Road, Mount Vienna at Lok Lam Road and two of the Group's redevelopment projects, The Bedford at Nos. 91-93 Bedford Road and The Austine Place at No. 38 Kwun Chung Street.

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

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

Health Products Division

The Health Products Division recorded a turnover of HK\$26.9 million for the six months ended 30 September 2017 (for the six months ended 30 September 2016: HK\$25.5 million).

Retailcorp Limited manages the Group's chain stores under the trade name HealthPlus. Currently, there are 11 retail outlets (including a HealthPlus shop at St. Teresa's Hospital in Kowloon), one service centre in operation and an e-shop. During the period under review, HealthPlus joined the Eugene Baby Fair 2017 from 4 to 7 August 2017 and Care & Health Limited joined the Food Expo from 17 to 21 August 2017, both held at Hong Kong Convention and Exhibition Centre.

OUTLOOK

Global economy is picking up with stronger activity, reduced deflationary pressures, optimistic financial markets and expectations of domestic demand growth in China and other emerging market economies in East Asia. In the United States, business investment continued to strengthen, partly reflecting a recovery in the energy sector. In the Euro-area and Japan, stronger private consumption, investment, and external demand reinforced the overall global growth momentum. Growth in most of the other advanced economies improved in the first half of 2017, with both domestic and external demand contributing. Despite there are certain structural impediments to a stronger recovery, such as low productivity growth, the International Monetary Fund (IMF) projects the global GDP to rise to 3.6% in 2017 from 3.1% in 2016.

In Hong Kong, the Government maintains the forecast of Hong Kong's economic growth for 2017 at 3-4%. The increase in investment expenditure, the improvement of exports of goods and services, and the continuous growth of domestic demand supported by favourable employment conditions are all positive factors leading to the increase in GDP in Hong Kong.

With numerous infrastructure and building projects from the public and private sectors, 2017 was set to be another prosperous year for the building construction industry in Hong Kong. There should be good opportunities to secure construction contract works. However, building contractors and developers are continually facing the issues of labour shortage, ageing workers and high labour costs. To save labour costs and construction project time, pre-fabricated or unitised products are widely used to decrease the number of workers required on site and increase the efficiency of the projects. Other practices such as the promotion of technological progress, vocational training schemes and attractiveness of the industry for the younger generation are put in place to try solving the labour shortage issue. However, all these problem-solving practices will take time to get the result. To maintain its competitiveness, the Group's primary objectives are to recruit and retain stable and loyal skillful workers, maintain effective quality control and cost control.

2017 is another challenging year for our Interior and Renovation Division, with very diversified projects in the market and most of which are of smaller scale, requiring different degrees of expertise and experience. While we are fully equipped with the most advanced machines and equipments, such as the mast-climbing tower platform, we are aiming at procuring some large scale renovation works for those prestigious buildings. We have always been a strong advocate of quality work to enable our clients to live in style and comfort. We will continue with this persistence in future.

The Building Materials Division has been benefited from the prosperity of the property development industry in Hong Kong. Million Hope Industries Limited's supply and installation of aluminium windows and curtain walls business continues to grow, while Trigon Building Materials Limited's supply and installation of ceilings business remains steady. As our building material products and installation works are gaining market recognition, the Group is optimistic about the growth potential of this Division in the midst of the favourable conditions of the property development industry.

Following the launch for sales of The Austine Place and The Bedford, the Group's current property development project on hand is the low-density residential development, namely Mount Vienna, situated at Fotan which has commenced pre-sale in September 2017. This is a joint venture project in which the Group has 25% interests. The Group is looking for opportunities to increase its land bank at suitable and affordable prices.

Leasing market remains stable, but rental income from the Group's investment properties has not increased significantly because the acquisitions of the two investment properties took place near the end of the reporting period, and the properties acquired in last year are still under renovation work. Hong Kong residential property price continues its upward trend despite the drop in the number of transactions. While the global effects of the interest rate increase and balance sheet shrinkage in the United States have yet to be seen, it is expected that the Hong Kong Government's housing policy will have no immediate significant impact on the private housing market since implementation takes time with the shortage of suitable and available land. The Group will continuously look for opportunities to acquire properties with high potential for value enhancement after renovation and improvement in property management.

The Property Agency and Management Division mainly provides services for the Group's own properties or the properties built by it. The Division's business will remain stable.

During January-August 2017, the value of retail sales, in nominal terms, increased by 0.3% and visitor arrivals to Hong Kong increased by 1.9% year-on-year. However, our Health Products Division has not been benefited from such increases. It has just managed to maintain the turnover in similar level as the last correspondent period. In view of the high rental for shops and expensive running costs, this Division will focus more on the e-marketing business of its products, especially to the mainland China.

Looking ahead, the global economy is likely to gradually improve further, to 3.7% growth in global GDP in 2018, as projected by the IMF. The ensuing recovery in global demand should continue to render support to Asia's export performances in the near future, including Hong Kong's. Also, the recent revival in visitor arrivals, if continued, could give an extra momentum to Hong Kong's economy. However, downside risks in the external environment still warrant attention. These include the impacts of the United States interest rate increase and shrinkage of balance sheet, Brexit-related effects, the possible rise of protectionist sentiment and elevated geopolitical tensions in various regions. All these risks may destabilise the global economy.

The Group has grown rapidly through the sustained growth of investment property values in the Hong Kong property market. Although the property market conditions are still favourable, taking into account the low interest rate, low unemployment rate, growing population and the continuing demand over supply situation on properties, the effects of above downside risks should be carefully assessed. We should be cautiously optimistic about the Hong Kong property market as we move on.

FINANCIAL REVIEW

GROUP LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position continued to be healthy. The total bank balances and cash had decreased from HK\$840.1 million as at 31 March 2017 to HK\$700.5 million at 30 September 2017. As at the period end date, the current ratio (current assets divided by current liabilities) decreased from 1.0 time as at 31 March 2017 to 0.69 time.

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\$3,457.3 million (HK\$1,246.0 million was secured by first charges over certain leasehold land and buildings, investment properties and bank deposits of the Group), of which HK\$1,385.9 million bank loans have been drawn down and approximately HK\$533.9 million has been utilised mainly for the issuance of letters of credit and performance bonds as at 30 September 2017. The Group's current funding requirements are satisfied by available facilities from banks and an insurance company, cash generated from operations and the bank balances and cash as at 30 September 2017.

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 2016/2017.

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\$1,385.9 million from banks (as at 31 March 2017: HK\$815.1 million). The loans have been used for financing the acquisition of properties for self-use or investment purposes and as general working capital. The maturity profile of the lending spread over a period of five years with HK\$840.8 million repayable within the first year, HK\$206.0 million repayable within the second year and an aggregate of HK\$339.1 million within the third to fifth years. Interest is based on Hong Kong Interbank Offered Rate with a competitive margin.

As at 30 September 2017, 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 21.6% (as at 31 March 2017: 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 ACQUISITIONS

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

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

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

COLLATERAL

As at 30 September 2017, the Group's Hong Kong dollar loans of HK\$1,164.6 million (as at 31 March 2017: HK\$605.1 million) were secured by first charges over certain leasehold land and buildings and investment properties of the Group, at the carrying value of approximately HK\$2,317.1 million (as at 31 March 2017: HK\$1,908.8 million). In addition, bank deposits of HK\$139.3 million (as at 31 March 2017: HK\$139.3 million) were pledged for the banking facilities granted to a joint venture.

CONTINGENT LIABILITIES

During the year ended 31 March 2004, legal actions in respect of allegations of copyright infringement and defamation were taken against certain subsidiaries of the Company carrying on 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 2017 and 31 March 2017, the directors of the Company are of the opinion that in view of the uncertainty of the outcome, it is not practicable to assess the financial effect.

As at 30 September 2017, the Group has an outstanding corporate guarantee given to a bank to secure banking facilities granted to a joint venture of approximately HK\$66.7 million (as at 31 March 2017: HK\$53.2 million), which represents the Group's proportionate share of the banking facilities utilised as at 30 September 2017. In the opinion of the directors of the Company, the fair values of these financial guarantee contracts are insignificant at initial recognition and no provision for financial guarantee contracts has been made at the end of the reporting period.

As at 30 September 2017, 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 2017: 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 2017, the Group had outstanding performance bonds in respect of construction contracts amounting to HK\$412.2 million (as at 31 March 2017: HK\$501.2 million).

COMMITMENTS

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

	30.9.2017	31.3.2017
	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	<u> -</u>	<u> 216,000</u>

As at 30 September 2017 and 31 March 2017, 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 of directors and transparency and accountability to all shareholders.

Throughout the six months ended 30 September 2017, the Company has complied with all the Code Provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules, except for the following deviations:

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

- (b) Code Provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Company, Mr. Cha Mou Sing, Payson, was unable to attend the Company's 2017 annual general meeting due to other important engagement. The Managing Director took the chair of that meeting in accordance with the articles of association of the Company.

MODEL CODE FOR SECURITIES 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 during the six months ended 30 September 2017.

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 2017.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2017, the Group (excluding its joint ventures) had 972 full time employees (of which 160 employees were in Mainland China). The Group offers competitive remuneration packages, including discretionary bonus, share option scheme and share award scheme, to its employees, commensurable to market level and their qualifications. The Group also provides retirement schemes, medical benefits and both in-house and external training courses for employees.

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 2017. 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, 14 November 2017

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

Non-executive Chairman

Mr. Cha Mou Sing, Payson

Non-executive Director

Mr. Cha Mou Daid, Johnson

Executive Directors

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

Mr. Tai Sai Ho (*General Manager*)

Independent Non-executive Directors

Mr. Chan Pak Joe

Dr. Lau Tze Yiu, Peter

Dr. Sun Tai Lun