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興勝創建控股有限公司

HANISON CONSTRUCTION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 896)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

INTERIM RESULTS

The unaudited consolidated turnover of Hanison Construction Holdings Limited (the “Company”) and its subsidiaries (the “Group”) for the six months ended 30 September 2011 increased by 23.0% to HK\$436.5 million as compared with the unaudited consolidated turnover of HK\$355.0 million for the corresponding period last year. Such increase was mainly attributable to the increase in turnover of the Construction Division and Building Materials Division.

However, the unaudited consolidated profit attributable to shareholders for the six months ended 30 September 2011 was HK\$45.1 million, representing a drop of 59.6%, as compared with the unaudited consolidated profit attributable to shareholders of HK\$111.7 million (restated) for the same period in 2010.

The drop in the unaudited consolidated profit attributable to shareholders was mainly due to the decline in revaluation gain of investment properties and the fact that no property sale was recorded from the Property Development Division for the six months ended 30 September 2011.

The basic earnings per share for the six months ended 30 September 2011 was HK9.2 cents, compared to HK22.9 cents (restated) for the same period in 2010.

DIVIDEND

The board of directors of the Company (the “Board”) has resolved to pay an interim dividend of HK1.5 cents per share for the six months ended 30 September 2011 (for the six months ended 30 September 2010: HK1.5 cents per share) to the shareholders whose names appear on the Registers of Members of the Company as at the close of business on 9 December 2011. The dividend is expected to be paid to the shareholders by end of December 2011.

CLOSURE OF REGISTERS OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 7 December 2011 to Friday, 9 December 2011, both dates inclusive. During this period no share transfer will be registered. In order to qualify for the interim dividend for the six months ended 30 September 2011, 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 Tuesday, 6 December 2011.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	NOTES	Six months ended	
		30.9.2011 HK\$'000 (Unaudited)	30.9.2010 HK\$'000 (Restated)
Turnover	3	436,500	355,002
Cost of sales		<u>(389,424)</u>	<u>(307,085)</u>
Gross profit		47,076	47,917
Other income		2,937	1,787
Marketing and distribution costs		(3,440)	(4,131)
Administrative expenses		(48,471)	(51,759)
Gain on change in fair value of investment properties		45,180	82,224
(Loss) gain on change in fair value of investments held for trading		(72)	100
Loss on change in fair value of derivative financial instruments		(1,695)	(829)
Share of result of an associate		173	720
Share of results of jointly controlled entities	4	6,198	41,322
Finance costs		<u>(1,224)</u>	<u>(3,082)</u>
Profit before taxation		46,662	114,269
Taxation	5	<u>(1,575)</u>	<u>(2,567)</u>
Profit for the period	6	45,087	111,702
Other comprehensive income			
Exchange differences arising on translation of foreign operations		117	2
Share of exchange reserve of a jointly controlled entity		<u>1,154</u>	<u>–</u>
Total comprehensive income for the period		<u><u>46,358</u></u>	<u><u>111,704</u></u>
			(Restated)
Earnings per share – basic	8	<u><u>HK9.2 cents</u></u>	<u><u>HK22.9 cents</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2011

	<i>NOTES</i>	30.9.2011 HK\$'000 (Unaudited)	31.3.2011 <i>HK\$'000</i> (Restated)
Non-current assets			
Investment properties		403,490	358,310
Property, plant and equipment		87,056	95,028
Prepaid lease payments		6,606	6,711
Interest in an associate		19,105	18,932
Interests in jointly controlled entities	<i>9</i>	128,461	65,132
Deferred tax assets		524	–
		<hr/> 645,242 <hr/>	<hr/> 544,113 <hr/>
Current assets			
Properties under development for sale		800,335	775,503
Inventories		34,186	33,530
Amounts receivable on contract work		186,487	171,631
Progress payments receivable	<i>10</i>	44,376	17,692
Retention money receivable		109,197	105,174
Debtors, deposits and prepayments	<i>11</i>	61,159	57,248
Prepaid lease payments		205	205
Amounts due from jointly controlled entities		1,567	839
Investments held for trading		262	334
Taxation recoverable		13	307
Bank balances and cash		209,779	215,913
		<hr/> 1,447,566 <hr/>	<hr/> 1,378,376 <hr/>
Current liabilities			
Amounts payable on contract work		105,664	127,051
Trade and other payables	<i>12</i>	252,106	235,728
Derivative financial instruments		1,757	–
Dividend payable		13,164	–
Taxation payable		3,631	2,326
Bank loans – amounts due within one year		518,500	569,589
		<hr/> 894,822 <hr/>	<hr/> 934,694 <hr/>

	30.9.2011 HK\$'000 (Unaudited)	31.3.2011 <i>HK\$'000</i> (Restated)
Net current assets	<u>552,744</u>	<u>443,682</u>
Total assets less current liabilities	<u>1,197,986</u>	<u>987,795</u>
Non-current liabilities		
Bank loans – amounts due after one year	203,800	41,000
Other long-term payable	14,253	–
Deferred tax liabilities	<u>6,559</u>	<u>6,615</u>
	<u>224,612</u>	<u>47,615</u>
	<u>973,374</u>	<u>940,180</u>
Capital and reserves		
Share capital	48,756	48,756
Reserves	<u>924,618</u>	<u>891,424</u>
	<u>973,374</u>	<u>940,180</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

1. BASIS OF PREPARATION

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

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, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2011 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2011 except as described below.

In the current interim period, the Group has applied for the first time a number of new and revised standards, amendments and interpretations issued by the HKICPA.

Amendments to HKAS 12 Income Taxes

The Group has applied amendments in the current interim period to HKAS 12 titled “Deferred tax: Recovery of underlying assets” in advance of their effective date (annual periods beginning on or after 1 January 2012). Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 “Investment Property” are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

As a result, the carrying amount of the Group’s investment properties that are measured using the fair value model have been presumed to be recovered through sale for the purpose of measuring deferred taxes in respect of such properties. The application of the amendments has resulted in the Group’s deferred tax liabilities being decreased by HK\$30,516,000 as at 1 April 2010, with the corresponding adjustment being recognised in accumulated profit. In addition, the application has resulted in the Group’s taxation expense for the six months ended 30 September 2010 being reduced by HK\$13,567,000 and profit for the six months ended 30 September 2010 being increased by HK\$13,567,000.

In the current period, no deferred tax has been provided for in respect of changes in fair value of such investment properties, whereas previously deferred tax liabilities were provided for in relation to the changes in fair value of such investment properties. The application of the amendments has resulted in the Group’s taxation expense for the six months ended 30 September 2011 being reduced by HK\$7,455,000 and profit for the six months ended 30 September 2011 being increased by HK\$7,455,000.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The effect of change in accounting policies described above on the results for the current and prior periods by line items presented in the condensed consolidated statement of comprehensive income is as follows:

	Six months ended	
	30.9.2011 <i>HK\$'000</i>	30.9.2010 <i>HK\$'000</i>
Decrease in taxation expense	<u>7,455</u>	<u>13,567</u>
Increase in profit and total comprehensive income for the period	<u><u>7,455</u></u>	<u><u>13,567</u></u>

The effect of changes in accounting policies described above on the financial position of the Group as at 31 March 2011 is as follows:

	As at 31.3.2011 (Originally stated) <i>HK\$'000</i>	Adjustment <i>HK\$'000</i>	As at 31.3.2011 (Restated) <i>HK\$'000</i>
	Deferred tax liabilities	<u>57,088</u>	<u>(50,473)</u>
Total effects on net assets	<u><u>57,088</u></u>	<u><u>(50,473)</u></u>	<u><u>6,615</u></u>
Accumulated profit, total effects on equity	<u><u>789,877</u></u>	<u><u>50,473</u></u>	<u><u>840,350</u></u>

The effect of changes in accounting policies described above on the financial position of the Group as at 1 April 2010 is as follows:

	As at 1.4.2010 (Originally stated) <i>HK\$'000</i>	Adjustment <i>HK\$'000</i>	As at 1.4.2010 (Restated) <i>HK\$'000</i>
	Deferred tax liabilities	<u>37,678</u>	<u>(30,516)</u>
Total effects on net assets	<u><u>37,678</u></u>	<u><u>(30,516)</u></u>	<u><u>7,162</u></u>
Accumulated profit, total effects on equity	<u><u>654,313</u></u>	<u><u>30,516</u></u>	<u><u>684,829</u></u>

The effect of changes in accounting policies described above on basic earnings per share is as follows:

	Six months ended	
	30.9.2011	30.9.2010
	<i>HK cents</i>	<i>HK cents</i>
Basic earnings per share before adjustment	7.7	20.1
Application of amendments to HKAS 12	1.5	2.8
Reported basic earnings per share	<u>9.2</u>	<u>22.9</u>

The Group has not early applied the following new or revised standards that have been issued but are not yet effective except for HKAS 12 (Amendments) “Deferred tax: Recovery of underlying assets”. The following new or revised standards have been issued after the date of the consolidated financial statements for the year ended 31 March 2011 were authorised for issuance and are not yet effective.

HKFRS 10	Consolidated financial statements ¹
HKFRS 11	Joint arrangements ¹
HKFRS 12	Disclosures of interests in other entities ¹
HKFRS 13	Fair value measurement ¹
HKAS 1 (Amendments)	Presentation of items of other comprehensive income ²
HKAS 19 (Revised 2011)	Employee benefits ¹
HKAS 27 (Revised 2011)	Separate financial statements ¹
HKAS 28 (Revised 2011)	Investments in associates and joint ventures ¹
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine ¹

¹ *Effective for annual periods beginning on or after 1 January 2013*

² *Effective for annual periods beginning on or after 1 July 2012*

HKFRS 10 replaces the parts of HKAS 27 “Consolidation and separate financial statements” that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements; (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor’s returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. However, in the opinion of the directors of the Company, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 11 replaces HKAS 31 “Interests in joint ventures”. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties’ rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. The directors of the Company anticipate that the application of HKFRS 11 will have no impact to the Group’s consolidated financial statements.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas the jointly controlled entities under HKAS 31 can be accounting for using equity method of accounting or proportionate accounting. The Group's jointly controlled entities are currently accounted for using the equity method of accounting.

The directors of the Company anticipate that the application of the other new and revised standards will have no material impact on the results and financial position of the Group.

3. SEGMENT INFORMATION

The Group is organised into seven operating divisions: construction, interior and renovation works, trading and installation of building materials, property investment, provision of property agency and management services, property development and sales of health products. These divisions are the basis on which the Group reports its financial information internally and are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

The following is an analysis of the Group's revenue and results by operating segment:

For the six months ended 30 September 2011	Construction	Interior and renovation	Building materials	Property investment	Property agency and management	Property development	Health products	Segment Total	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER										
External sales	312,029	4,524	83,794	8,739	3,353	-	24,061	436,500	-	436,500
Inter-segment sales	7,749	47,774	15,414	874	428	-	-	72,239	(72,239)	-
Total	<u>319,778</u>	<u>52,298</u>	<u>99,208</u>	<u>9,613</u>	<u>3,781</u>	<u>-</u>	<u>24,061</u>	<u>508,739</u>	<u>(72,239)</u>	<u>436,500</u>

Inter-segment sales are charged by reference to market prices

RESULT										
Segment result	<u>2,006</u>	<u>583</u>	<u>(1,309)</u>	<u>47,537</u>	<u>2</u>	<u>(32)</u>	<u>694</u>	<u>49,481</u>	<u>(400)</u>	<u>49,081</u>
Unallocated expenses										(1,195)
Finance costs										<u>(1,224)</u>
Profit before taxation										<u>46,662</u>

For the six months ended 30 September 2010	Construction	Interior and renovation	Building materials	Property investment	Property agency and management	Property development	Health products	Segment Total	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER										
External sales	222,764	44,673	47,225	14,141	2,210	-	23,989	355,002	-	355,002
Inter-segment sales	-	17,153	19,427	875	1,820	-	-	39,275	(39,275)	-
Total	<u>222,764</u>	<u>61,826</u>	<u>66,652</u>	<u>15,016</u>	<u>4,030</u>	<u>-</u>	<u>23,989</u>	<u>394,277</u>	<u>(39,275)</u>	<u>355,002</u>

Inter-segment sales are charged by reference to market prices

RESULT										
Segment result	<u>1,717</u>	<u>2,881</u>	<u>(5,589)</u>	<u>85,091</u>	<u>250</u>	<u>35,021</u>	<u>416</u>	<u>119,787</u>	<u>(1,800)</u>	<u>117,987</u>
Unallocated expenses										(636)
Finance costs										<u>(3,082)</u>
Profit before taxation										<u>114,269</u>

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

	30.9.2011	31.3.2011
	HK\$'000	HK\$'000
Construction	443,400	425,986
Interior and renovation	41,167	41,013
Building materials	174,396	166,432
Property investment	440,423	395,032
Property agency and management	40,404	38,503
Property development	911,466	817,960
Health products	40,702	36,759
	<hr/>	<hr/>
Total segment assets	2,091,958	1,921,685
Unallocated assets	850	804
	<hr/>	<hr/>
Consolidated assets	2,092,808	1,922,489
	<hr/> <hr/>	<hr/> <hr/>

4. SHARE OF RESULTS OF JOINTLY CONTROLLED ENTITIES

During the period ended 30 September 2010, the amount mainly comprises the share of profit generated from sale of properties which were developed for sale by a jointly controlled entity.

5. TAXATION

	Six months ended	
	30.9.2011	30.9.2010
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
Current tax	2,058	2,451
Macau Complementary Tax		
Current tax	–	113
Underprovision in prior years	97	–
	<hr/>	<hr/>
	2,155	2,564
Deferred taxation	(580)	3
	<hr/>	<hr/>
	1,575	2,567
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2010: 16.5%) of the estimated assessable profits for the periods.

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

6. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2011 HK\$'000	30.9.2010 HK\$'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	9,236	8,475
Less: Depreciation expenses capitalised in the cost of contract work	(6,381)	(6,653)
Depreciation expenses capitalised in the properties under development for sale	(2)	—
	<u>2,853</u>	<u>1,822</u>
Finance costs	5,021	4,642
Less: Finance costs capitalised in properties under development for sale	(3,797)	(1,560)
	<u>1,224</u>	<u>3,082</u>
Release of prepaid lease payments	103	100
Loss (gain) on disposal of property, plant and equipment	<u>303</u>	<u>(418)</u>

7. DIVIDENDS

On 19 September 2011, the shareholders of the Company have approved a final dividend of HK2.7 cent per share for the year ended 31 March 2011 which amounted to HK\$13,164,000 (for the six months ended 30 September 2010: HK2.5 cent per share was paid on 31 August 2010 to shareholders as the final dividend for the year ended 31 March 2010 which amounted to HK\$11,081,000). The amount was recognised as dividend payable as at 30 September 2011 and was subsequently paid on 4 October 2011.

Subsequent to 30 September 2011, the board of directors of the Company has resolved to declare an interim dividend of HK1.5 cents per share for the six months ended 30 September 2011 (2010: HK1.5 cents per share for the six months ended 30 September 2010), which amounted to HK\$7,314,000 (2010: HK\$7,314,000 for the six months ended 30 September 2010) during the period.

8. EARNINGS PER SHARE – BASIC

The calculation of basic earnings per share attributable to the owners of the Company for the period is based on the profit for the period of HK\$45,087,000 (profit for the six months ended 30 September 2010: HK\$111,702,000) and on 487,559,674 shares (for the six months ended 30 September 2010: 487,559,674 shares).

No diluted earnings per share has been presented as the Company did not have any potential ordinary shares outstanding during both periods.

9. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	30.9.2011	31.3.2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of unlisted investments in jointly controlled entities	125,977	10,000
Share of post acquisition profit and other comprehensive income, net of dividends received	2,484	55,132
	<u>128,461</u>	<u>65,132</u>

During the period, the Group acquired 49% equity interest in 海寧嘉豐房地產有限公司 Haining Jiafeng Real Estate Limited (“Haining Jiafeng”) through acquisition of 100% of the issued share capital of Wisdom Mount Investment Limited for a cash consideration of RMB79,872,000 (approximately HK\$95,976,000), including assignment of a shareholder’s loan of HK\$61,081,000, and a contingent consideration of RMB11,962,000 (approximately HK\$14,253,000).

The deferred contingent consideration is payable by the Group on completion of the construction project; or 5 years after the completion date of the acquisition; or a date to be mutually agreed by the vendor and the acquirer, whichever is the earliest, provided that the accumulated net profit after tax generated from the Haining Project exceeds RMB46,500,000.

10. PROGRESS PAYMENTS RECEIVABLE

The Group allows an average credit period of 30 days (at 31 March 2011: 30 days) to its customers.

The aged analysis of progress payments receivable is as follows:

	30.9.2011	31.3.2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	44,266	17,692
61 – 90 days	110	–
	<u>44,376</u>	<u>17,692</u>

11. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows a credit period ranged from 30 to 90 days (at 31 March 2011: 30 to 90 days) to its non-construction services customers. The following is an aged analysis of trade receivables included in debtors, deposits and prepayments as at 30 September 2011.

	30.9.2011	31.3.2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	3,775	15,222
31 – 60 days	8,386	13,249
61 – 90 days	2,892	1,858
Over 90 days	23,160	7,924
	<hr/>	<hr/>
	38,213	38,253
	<hr/> <hr/>	<hr/> <hr/>

12. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables included in trade and other payables as at 30 September 2011.

	30.9.2011	31.3.2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	33,311	38,581
31 – 60 days	2,764	2,334
61 – 90 days	256	432
Over 90 days	3,603	5,009
	<hr/>	<hr/>
	39,934	46,356
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

Overview

For the six months ended 30 September 2011, the Group's unaudited consolidated turnover amounted to HK\$436.5 million (for the six months ended 30 September 2010: HK\$355.0 million), representing an increase of 23.0% against the corresponding period last year. This favourable result was mainly attributable to the increase in turnover of the Construction Division and Building Materials Division.

Construction Division

The turnover of the Construction Division for the six months ended 30 September 2011 increased to HK\$319.8 million as compared with the turnover of HK\$222.8 million for the corresponding period last year. In light of the increase in public sector construction works including government infrastructure projects, the construction industry in Hong Kong is expected to maintain positive growth in the coming years. However, the overall operating conditions remain highly competitive.

Recently, a wholly-owned subsidiary under the Construction Division has passed a two-stage assessment exercise on both satisfactory project performance and sound management systems to be admitted to the Premier League Scheme of the Hong Kong Housing Authority ("HA"). Only contractors whose performance is consistently outstanding and who are capable of delivering quality products, possess a solid corporate profile and have a strong commitment to partnership will be included in the Premier League. The admission to the Premier League allows the Group to tender for and undertake HA's projects with a higher workload capping limit or for HA projects with more complicated nature in future.

Major construction projects in progress/completed during the six months ended 30 September 2011 were as follows:

1. Construction of primary school at development near Choi Wan Road and Jordan Valley, Kwun Tong
2. Construction of second secondary school at development near Choi Wan Road and Jordan Valley, Kwun Tong
3. Construction of Sports Centre and Community Hall in Area 101 at Tin Shui Wai
4. Construction of Lam Tin North Municipal Services Building
5. Construction of proposed industrial redevelopment at No. 91-97 Bedford Road, Tai Kok Tsui, Kowloon
6. Construction of Student Hostel Phase 3 for The Hong Kong Polytechnic University
7. Construction of conference and resort hotel at North Area N3, Discovery Bay and shopping centre (Block 1 & 4) at Discovery Bay North, Lantau Island

8. Construction of residential development at Area N1d, Phase 14, Discovery Bay, Lantau Island
9. Construction of public rental housing development at Tseung Kwan O Area 65B

Contract on hand as at 30 September 2011 for the Construction Division amounted to HK\$1,759.9 million, of which HK\$290.3 million was derived from projects under joint venture arrangements with joint venture partners.

Subsequent to the six months ended 30 September 2011, the Construction Division was awarded a contract for the construction of the proposed residential redevelopment at No. 146 & 148 Argyle Street, Kowloon.

Interior and Renovation Division

During the six months ended 30 September 2011, the turnover for the Interior and Renovation Division was HK\$52.3 million as compared with HK\$61.8 million for the corresponding period last year.

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

1. Renovation and refurbishment works for Scenic Garden on 9 Kotewall Road, Mid-levels
2. Interior fitting-out works for the residential development at Area N1d, Phase 14, Discovery Bay, Lantau Island
3. Builder's works and fitting-out works for the conference and resort hotel at North Area N3, Discovery Bay, Lantau Island

The contract on hand as at 30 September 2011 amounted to HK\$204.5 million.

Building Materials Division

The turnover of the Building Materials Division has picked up by 48.8% to HK\$99.2 million for the six months ended 30 September 2011 (for the six months ended 30 September 2010: HK\$66.7 million).

The contract on hand as at 30 September 2011 amounted to HK\$303.4 million.

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

Supply and installation of false ceiling

1. Office floor of the commercial development on 18 Wang Chiu Road, NKIL No. 5856
2. A second secondary school at development near Choi Wan Road and Jordan Valley, Kwun Tong
3. Area N1d, Phase 14 – Ground Floor, Discovery Bay, Lantau Island
4. Hong Kong Science Park Building 20, Pak Shek Kok, Tai Po

Supply of pipes, fittings and/or related accessories

1. Kai Tak Area 1&2 (1A)
2. NWS Kwai Chung Logistics Centre
3. Phase 1 of Stanley Prison

Design, supply and installation of aluminium products including aluminium windows, “Schüco” aluminium windows and folding doors, sliding doors, claddings and louvres

1. Proposed residential development on 9A – 9H Seymour Road
2. Proposed residential development for Winfield Building on Nos. 1, 3 and 5 Ventris Road, Happy Valley
3. Proposed residential development on 16 – 34 Wood Road, Wanchai
4. Proposed residential development on 2A Seymour Road
5. Proposed residential redevelopment on No. 9 Mount Kellett Road, The Peak

The Group’s subsidiaries, Million Hope Industries Limited (“Million Hope”) and its processing plant in Huizhou, 美興新型建築材料(惠州)有限公司, have been devoting to the enhancement of product quality. In addition to the award of ISO9001:2008 certificate by Hong Kong Quality Assurance Agency in recognition of its quality control standard in the design, manufacture and installment project management of aluminium curtain wall and window, Million Hope has also been issued ISO14001:2004 environmental management system certificate.

Property Development Division

All residential units of One LaSalle, a 50/50 jointly developed property with NWS Holdings Limited, were sold out, and the relevant profits had been recorded in previous years.

Recently, the Property Development Division has launched the sale of the Group’s other luxurious residential development, Eight College.

The construction work of a boutique industrial building at Bedford Road is progressing smoothly.

During the period under review, the demolition work of The Austine in Jordan, Kowloon has commenced and the building construction work will follow.

The residential development at D.D. 129, Lau Fau Shan in Yuen Long is undergoing gazettal stage.

Property Investment Division

The Property Investment Division recorded a turnover of HK\$9.6 million, representing a drop of 36.0% from HK\$15.0 million for the corresponding period last year.

The decline in turnover is due to fact that the Group has planned to redevelop one of the Group's investment properties, The Austine, the tenants of which were vacated in November 2010. As a result, the Division recorded no further rental income from this property.

Leasing performance of Shatin Industrial Centre in Shatin was steady, attaining an occupancy rate of approximately 97% at 30 September 2011.

Other investment properties of the Group include 31 Wing Wo Street in Sheung Wan, some units at Kin Wing Industrial Building in Tuen Mun, various land lots in D.D. 76 Ping Che in Fanling, various land lots in D.D. 128 Deep Bay Road in Yuen Long and Hoi Bun Godown in Tuen Mun in which the Group has 50% interest, all contributed steady income to the Group during the period under review whereas the investment property on 23-25 Mei Wan Street in Tsuen Wan was vacant for the moment.

Property Agency and Management Division

For the period under review, the turnover for the Property Agency and Management Division was HK\$3.8 million, (for the six months ended 30 September 2010: HK\$4.0 million).

The revenue of this Division are mainly generated from the provision of project management service to the property development project of Eight College; rental collection and leasing agency services to 8 Hart Avenue and The Cameron in Tsim Sha Tsui; and property management services to One LaSalle in Kowloon and Golf Parkview in Sheung Shui.

Health Products Division

The Health Products Division recorded a turnover of HK\$24.1 million for the six months ended 30 September 2011 as compared with the turnover of HK\$24.0 for the corresponding period last year.

During the period under review, the Division has launched a range of new health products, namely HealthMate – ActivQuercetin, Natural Extract – Bovine Colostrum (Extra Strength), Natural Pharm – Saw Palmetto (Extra Strength) and Metro Chinese Medicine Series – Phellinus Linteus Complex for health-conscious users.

To serve the needs of customers in Wanchai district and nearby areas, the Division has opened a new shop at 121B Wanchai Road, Wanchai. As at 30 September 2011, there were 11 retail outlets (including a HealthPlus shop at St. Teresa's Hospital) and 1 service centre in operation.

The Division will continue to develop new products and to continue to improve our service to customers and members.

OUTLOOK

Following the downgrading of the credit rating of the United States by the credit agency and with the European sovereign debt crisis unresolved, the global economy will continue to face various challenges in the years ahead.

The domestic sector is also facing the increase in material and labour costs. Coupled with the uncertainties from the external environment, the Group will stay alert of the rapid change in the operating environment.

With the amount of contract works on hand, the Group expects that we can maintain positive growth in turnover in our core businesses for the coming year. However, under severe competition, the gross profit margins will remain keen. We hope that the residential property market will become stable after the recent adjustments, and the Group can sustain profitability from sales of our development properties.

We will continue to adopt a proactive and yet prudent approach in conducting business and continue to look for opportunities to enhance our business platform. We will strive to continue to deliver growth and long-term value for our shareholders.

FINANCIAL REVIEW

Group Liquidity and Financial Resources

The Group's financial position continued to be healthy. The total cash and bank balances had decreased from HK\$215.9 million as at 31 March 2011 to HK\$209.8 million at the close of business on 30 September 2011. As at the period end date, the current ratio (current assets divided by current liabilities) increased from 1.47 times as at 31 March 2011 to 1.62 times.

For the purposes of maintaining flexibility in funding and day-to-day financial management, the Group has obtained banking facilities with aggregate amount of HK\$1,120.4 million (HK\$549.8 million was secured by first charges over certain land and buildings, investment properties and properties under development for sale of the Group), of which HK\$722.3 million bank loans have been drawn down and approximately HK\$126.2 million has been utilised mainly for the issuance of letters of credit and performance bonds as at 30 September 2011. The Group's current funding requirements are satisfied by available banking facilities, cash generated from operations and the bank balances and cash as at 30 September 2011.

Treasury Policies

In order to minimise the cost of funds and to achieve better risk control, the treasury activities of the Group are centralised and scrutinised by the top management. The Group's treasury policies remain unchanged from those described in the latest annual report 2010-2011.

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\$722.3 million from banks (at 31 March 2011: HK\$610.6 million). The borrowings have been used for financing the acquisition of properties for investment and development purposes and as general working capital. The maturity profile of the lending spread over a period of seven years with HK\$518.5 million repayable within the first year, HK\$1.0 million repayable within the second year, HK\$177.8 million within the third to fifth years and HK\$25.0 million over five years. Interest is based on HIBOR with a competitive margin.

As at the close of business on 30 September 2011, 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 52.7% (at 31 March 2011: 42.0% (restated)).

Major Acquisitions

On 15 April 2011, the Group entered into a conditional sale and purchase agreement to acquire 100% of the issued share capital of Wisdom Mount Investment Limited ("Wisdom Mount") for a cash consideration of RMB79,872,000 (approximately HK\$95,976,000), including assignment of a shareholder's loan of HK\$61,081,000, and a contingent consideration of RMB11,962,000 (approximately HK\$14,253,000).

Wisdom Mount, incorporated in British Virgin Islands, is an investment holding company which indirectly owns 49% equity interest in 海寧嘉豐房地產有限公司 Haining Jiafeng Real Estate Development Limited ("Haining Jiafeng"). The Group and the other joint venturer have the right to appoint the same number of directors of Haining Jiafeng and in the opinion of the directors of the Company, the Group exercises joint control over Haining Jiafeng with the other joint venturer. Haining Jiafeng is engaged in property development, which owns the land use right and has the right to develop and construct office premises on the land located in Haining, the PRC ("the Haining Project"). The vendor, Clear Shine is an indirect 65% owned subsidiary of Mingly Corporation, an indirect subsidiary of a substantial shareholder of, and has significant influence over, the Company. The acquisition has been completed on 30 June 2011.

Collateral

As at 30 September 2011, the Group's Hong Kong dollar loans of HK\$382.3 million were secured by first charges over certain land and buildings, investment properties and properties under development for sale of the Group, at the carrying value of approximately HK\$860.1 million (at 31 March 2011: HK\$816.5 million).

Contingent Liabilities

During the year ended 31 March 2004, legal actions in respect of allegations of copyright infringement and defamation were taken against certain subsidiaries of the Company carrying on its health products business. No further steps have been taken against the Group in respect of such actions after the court hearing for directions to appoint experts and exchange witness statements took place in 2004. At 30 September 2011, the directors of the Company are of the opinion that in view of the uncertainty it is not practicable to assess the financial effect.

Commitments

As at 30 September 2011, the Group has a commitment to contribute HK\$231.5 million (at 31 March 2011: HK\$231.5 million), representing 23.63% (at 31 March 2011: 23.63%) of the anticipated project costs for the joint development of a site in So Kwun Wat, Hong Kong.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2011, the number of full time monthly employees of the Group, excluding its jointly controlled entities, was around 649 (of which 151 employees were in Mainland China). The Group offers competitive remuneration packages, including a discretionary bonus and share option scheme to its employees, commensurable to market level and their qualifications. The Group also provides retirement schemes, medical benefits and both in-house and external training courses for staff.

AUDIT COMMITTEE

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

The Audit Committee has three members, being the independent non-executive directors, namely, Dr. Sun Tai Lun, Mr. Chan Pak Joe and Dr. Lau Tze Yiu, Peter. Dr. Sun Tai Lun has been appointed the chairman of the Audit Committee.

REVIEW OF INTERIM RESULTS

The interim financial report of the Group for the six months ended 30 September 2011 has not been audited, but has been reviewed by the Audit Committee of the Board and the Group's auditor, Messrs Deloitte Touche Tohmatsu.

CORPORATE GOVERNANCE

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

The Company has applied the principles of, and complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period ended 30 September 2011, except for certain deviations which are summarized below:–

- (a) The positions of the Chairman and Managing Director are held by Mr. Cha Mou Sing, Payson and Mr. Wong Sue Toa, Stewart respectively. Code Provision A.2.1 of the CG Code stipulates that the division of responsibilities between the Chairman and Managing Director should be set out in writing. Although the respective responsibilities of the Chairman and Managing Director are not set out in writing, power and authority are not concentrated in one individual and all major decisions are made in consultation with members of the Board and appropriate Board committees, as well as senior management. The Board may consider setting out in writing the roles and duties of the Chairman and the Managing Director in future.
- (b) 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 and the independent non-executive directors of the Company are not appointed for a specific term. Pursuant to the Articles of Association of the Company amended on 2 August 2005, at each annual general meeting of the Company, one-third of the directors, including executive, non-executive and independent non-executive directors shall retire from office by rotation, and every director shall be subject to retirement at least once every three years. As such, the Company considers that sufficient measures have been taken to ensure that the corporate governance practices of the Company are no less exacting than those in the CG Code.

- (c) Code Provision E.1.2 of the CG Code provides that the Chairman of the Board should attend the annual general meeting. The Chairman of the Board, Mr. Cha Mou Sing, Payson, was unable to attend the annual general meeting of the Company held on 19 September 2011 as he had other important business engagement. However, the Managing Director, present at the annual general meeting, took the chair of that meeting in accordance with Article 78 of the Articles of Association of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

BOARD OF DIRECTORS

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

Non-executive chairman

Mr. Cha Mou Sing, Payson

Executive directors

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

Mr. Tai Sai Ho (*General Manager*)

Dr. Lam Chat Yu

Mr. Shen Tai Hing

Non-executive directors

Mr. Cha Mou Daid, Johnson

Mr. Cha Yiu Chung, Benjamin

Independent non-executive directors

Mr. Chan Pak Joe

Dr. Lau Tze Yiu, Peter

Dr. Sun Tai Lun

By order of the board
Cha Mou Sing, Payson
Chairman

Hong Kong, 22 November 2011