



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 FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2008**

SUMMARY OF RESULTS

Hanison Construction Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) have made satisfactory progress in turnover during the year ended 31 March 2008, with consolidated turnover of the Group hitting a new record high to HK\$1,445.9 million, a 22.6% increase when compared with the turnover of HK\$1,178.9 million last year. The upsurge mainly came from construction-related areas of the Group: construction, building materials and interior and renovation divisions. The building materials and interior and renovation divisions both recorded slight improvement in their gross profit margin. However, facing severe competition environment, the gross profit margin for the construction division continued to be under pressure.

During the year ended 31 March 2008, in the absence of any gain on the disposal of major properties as recorded in the previous year’s accounts, the Group managed to achieve a consolidated net profit attributable to the shareholders of approximately HK\$94.3 million (2007: HK\$105.6 million, comprising the gain of HK\$70.5 million from property disposals), which was mainly attributable to the appreciation in fair value of the investment properties.

The basic earnings per share for the year was HK21.3 cents, compared to HK23.8 cents last year.

As at 31 March 2008, the net asset value amounted to HK\$724.2 million (2007: HK\$647.6 million), representing an increase of 11.8% over last year. Net asset value per share at 31 March 2008 was HK\$1.63 (2007: HK\$1.46).

DIVIDEND

To demonstrate our commitment to our shareholders, the Board has recommended a final dividend of HK2.5 cents per share for the year ended 31 March 2008 (2007: HK2.5 cents per share) to shareholders whose names appear on the Registers of Members of the Company on 4 August 2008. This together with the interim dividend of HK1.5 cents per share (2007: HK1.5 cents per share) gives a total of HK4.0 cents per share for the year (2007: HK4.0 cents per share). The proposed dividend will be paid on 26 August 2008 following approval at the annual general meeting of the Company.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed from Friday, 1 August 2008 to Monday, 4 August 2008, both days inclusive. During this period no transfer of shares in the Company will be registered. In order to qualify for the final dividend for the year ended 31 March 2008, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s Share Registrar, Computershare Hong Kong Investor Services Limited, Shops 1806-1807, 18th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Thursday, 31 July 2008.

AUDITED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008

	<i>NOTES</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Turnover	3	1,445,869	1,178,891
Cost of sales		(1,328,961)	(1,076,721)
Gross profit		116,908	102,170
Other income		2,459	9,609
Marketing and distribution costs		(10,832)	(10,895)
Administrative expenses		(101,769)	(74,590)
Finance costs		(10,183)	(4,693)
Share of profits (losses) of associates		2,624	(124)
Share of profits of jointly controlled entities		3,509	1,356
Gain on change in fair value of investment properties		113,421	19,259
Gain on change in fair value of investments held for trading		242	83
Gain on change in fair value of derivative financial instruments		2,261	—
Gain on disposal of a subsidiary		—	43,470
Gain on disposal of associates		—	27,000
Profit before taxation	5	118,640	112,645
Taxation	6	(24,350)	(7,077)
Profit for the year		94,290	105,568
Dividends paid	7	17,730	13,298
Earnings per share — basic (<i>HK cents</i>)	8	21.3	23.8

AUDITED CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2008

	<i>NOTES</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Non-current assets			
Investment properties		584,940	232,280
Property, plant and equipment		72,764	61,175
Interest in an associate		19,200	—
Interests in jointly controlled entities		12,752	18,243
Goodwill		2,980	540
Deposits for acquisition of investment properties		100	1,821
Deposits for acquisition of property, plant and equipment		—	5,052
		692,736	319,111
Current assets			
Properties under development		276,025	251,640
Inventories		42,680	37,471
Amounts receivable on contract work		306,358	187,735
Progress payments receivable	9	117,301	61,643
Retention money receivable		116,463	96,315
Debtors, deposits and prepayments	10	74,997	47,161
Amount due from a jointly controlled entity		67,144	43,750
Investments held for trading		5,695	300
Taxation recoverable		840	4,472
Derivative financial instruments		336	—
Bank balances and cash		148,374	258,457
		1,156,213	988,944
Current liabilities			
Amounts payable on contract work		94,384	105,212
Creditors and accrued charges	11	321,068	292,531
Obligation under a finance lease due within one year		87	—
Taxation payable		2,132	489
Bank loans — amounts due within one year		396,063	185,563
		813,734	583,795
Net current assets		342,479	405,149
Total assets less current liabilities		1,035,215	724,260
Non-current liabilities			
Obligation under a finance lease due after one year		44	—
Bank loans — amounts due after one year		274,000	61,500
Deferred taxation		36,970	15,119
		311,014	76,619
		724,201	647,641
Capital and reserves			
Share capital		44,324	44,324
Reserves		679,877	603,317
		724,201	647,641

NOTES:

1. BASIS OF PREPARATION AND CONSOLIDATION

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

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations (collectively “new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1 April 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) — INT 8	Scope of HKFRS 2
HK(IFRIC) — INT 9	Reassessment of Embedded Derivatives
HK(IFRIC) — INT 10	Interim Financial Reporting and Impairment
HK(IFRIC) — INT 11	HKFRS 2: Group and Treasury Share Transactions

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared. Accordingly, no prior period adjustment is required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 “Financial Instruments: Presentation” has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) — INT 12	Service Concession Arrangements ³
HK(IFRIC) — INT 13	Customer Loyalty Programmes ⁴
HK(IFRIC) — INT 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction ³

¹ Effective for annual periods beginning on or after 1 January 2009.

² Effective for annual periods beginning on or after 1 July 2009.

³ Effective for annual periods beginning on or after 1 January 2008.

⁴ Effective for annual periods beginning on or after 1 July 2008.

The adoption of HKFRS 3 (Revised) may affect the accounting treatment for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of other new or revised standards, amendments or interpretations will have no material impact on the results or financial position of the Group.

3. TURNOVER

Turnover represents the aggregate of the revenue earned from construction contract work carried out, supply and installation of building materials, goods and properties sold, provision of properties agency and management services and gross rental income during the year.

4. SEGMENTAL INFORMATION

(a) Business segments

The following table presents information on turnover and profit for the year for the Group's business segments.

	Construction	Interior and renovation	Building materials	Health products	Properties investment	Properties agency and management	Properties development	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the year ended 31 March 2008									
TURNOVER									
External sales	1,069,385	142,532	153,013	62,428	17,648	863	—	—	1,445,869
Inter-segment sales	12,858	2,882	15,990	1,203	—	2,555	—	(35,488)	—
Total	<u>1,082,243</u>	<u>145,414</u>	<u>169,003</u>	<u>63,631</u>	<u>17,648</u>	<u>3,418</u>	<u>—</u>	<u>(35,488)</u>	<u>1,445,869</u>
Inter-segment sales are charged on cost plus certain margin									
RESULTS									
Segment result	<u>7,460</u>	<u>6,751</u>	<u>3,131</u>	<u>(1,722)</u>	<u>125,687</u>	<u>379</u>	<u>(31)</u>	<u>(1,100)</u>	140,555
Finance costs									(10,183)
Share of profits of an associate	—	—	—	—	2,624	—	—	—	2,624
Share of profits (losses) of jointly controlled entities	3,525	—	—	—	—	—	(16)	—	3,509
Gain on change in fair value of investments held for trading									242
Gain on change in fair value of derivative financial instruments									2,261
Unallocated other income									540
Unallocated expenses									(20,908)
Profit before taxation									118,640
Taxation									(24,350)
Profit for the year									<u>94,290</u>
OTHER INFORMATION									
Depreciation	1,120	38	1,163	2,360	96	101	—	—	4,878
Impairment on prepayment to a supplier									7,738

	Construction	Interior and renovation	Building materials	Health products	Properties investment	Properties agency and management	Properties development	Eliminations	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
For the year ended 31 March 2007									
TURNOVER									
External sales	906,210	107,486	81,198	60,082	17,733	1,402	4,780	—	1,178,891
Inter-segment sales	20,445	736	26,363	2,729	—	802	—	(51,075)	—
Total	926,655	108,222	107,561	62,811	17,733	2,204	4,780	(51,075)	1,178,891
Inter-segment sales are charged on cost plus certain margin									
RESULTS									
Segment result	13,516	2,079	2,992	(730)	31,826	282	738	162	50,865
Finance costs									(4,693)
Share of losses of associates	—	—	—	—	—	—	(124)		(124)
Share of profits (losses) of jointly controlled entities	1,371	—	—	—	—	—	(15)		1,356
Gain on change in fair value of investments held for trading									83
Gain on disposal of a subsidiary									43,470
Gain on disposal of associates									27,000
Unallocated other income									1,505
Unallocated expenses									(6,817)
Profit before taxation									112,645
Taxation									(7,077)
Profit for the year									105,568
OTHER INFORMATION									
Depreciation	1,310	39	259	2,785	92	93	—		4,578
Impairment on prepayment to a supplier									3,000

(b) Geographical segments

All the Group's significant operations, geographical market and segment assets during the two years ended 31 March 2008 were located in Hong Kong.

5. PROFIT BEFORE TAXATION

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging and (crediting):		
Depreciation	4,878	4,578
Interest on bank borrowings and a finance lease wholly repayable within five years	10,183	4,693
Impairment on prepayment to a supplier	7,738	3,000
Interest income from banks	(724)	(1,017)
Expenses capitalised in cost of contract work:		
Depreciation	10,198	4,508
Rentals under operating leases in respect of:		
— plant and machinery	12,988	11,485
— others	720	830

6. TAXATION

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Hong Kong Profits Tax		
Current year	2,593	1,671
Overprovision in prior year	(34)	—
	2,559	1,671
Deferred taxation	21,791	5,406
	24,350	7,077

Hong Kong Profits Tax is calculated at 17.5% (2007: 17.5%) of the estimated assessable profits for the year.

7. DIVIDENDS

Dividends recognised as distribution during the year:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Ordinary shares:		
Interim dividend paid — HK 1.5 cents per share (2007: HK 1.5 cents per share)	6,649	6,649
Final dividend paid — HK 2.5 cents per share (2007: HK 1.5 cents per share)	11,081	6,649
	<u>17,730</u>	<u>13,298</u>

A final dividend of HK2.5 cents (2007: HK2.5 cents) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the profit for the year of HK\$94,290,000 (2007: HK\$105,568,000) and on the 443,236,000 shares in issue for each of the two years ended 31 March 2008.

There were no potential dilutive ordinary shares in existence for the two years ended 31 March 2008. Accordingly, no diluted earnings per share has been presented.

9. PROGRESS PAYMENTS RECEIVABLE

The aged analysis of progress payments receivable is as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within 30 days	89,257	55,585
31-60 days	24,085	4,583
61-90 days	3,098	—
Over 90 days	861	1,475
	<u>117,301</u>	<u>61,643</u>

10. DEBTORS, DEPOSITS AND PREPAYMENTS

The aged analysis of trade receivables included in debtors, deposits and prepayments is as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within 30 days	16,823	11,374
31-60 days	15,957	2,107
61-90 days	4,796	2,522
Over 90 days	9,753	5,581
	<hr/> 47,329 <hr/>	<hr/> 21,584 <hr/>

11. CREDITORS AND ACCRUED CHARGES

The aged analysis of trade payable included in creditors and accrued charges is as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within 30 days	115,290	90,421
31-60 days	3,441	676
61-90 days	324	1,125
Over 90 days	6,048	5,265
	<hr/> 125,103 <hr/>	<hr/> 97,487 <hr/>

OPERATIONS REVIEW

CONSTRUCTION DIVISION

Our Construction Division has achieved a record high turnover of HK\$1,082.2 million for the year ended 31 March 2008, up by 16.8% as compared with last year's turnover of HK\$926.7 million. Contribution from the division only amounted to HK\$7.5 million, a decrease of HK\$6 million from last year (2007: HK\$13.5 million). In 2007, the division disposed of its warehouse at Kam Tsuen Tsuen and recorded a gain of HK\$7.8 million. Discounting this one-off gain, the current year's contribution is slightly better than that of last year. Even so, the contribution is low relative to such high turnover amount. This result reflects the increasingly competitive operating environment within the industry, leading to a decline in gross profit margin. Such competitive environment is expected to continue in the near future.

As at 31 March 2008, the total amount of contracts on hand reached HK\$1,847.4 million.

The major contracts completed during the year are set out below:—

	Project	Location	Type	Completion date
(1)	Construction of community centre and integrated services centre	Discovery Bay	Institutional	April 2007
(2)	Raft foundation work for low-rise blocks for residential development at Discovery Bay, Phase 14, Area N1e	Discovery Bay	Residential	May 2007
(3)	Foundation work for China Aircraft Services Limited Aircraft Maintenance Hangar at Hong Kong International Airport	Chap Lap Kok	Commercial	August 2007
(4)	Foundation work for the proposed residential development at 1 & 1E La Salle Road	Kowloon Tong	Residential	September 2007
(5)	Foundation work for the proposed residential development at 8 College Road (formerly known as 4 College Road and 21 Sau Chuk Yuen Road)	Kowloon Tong	Residential	September 2007
(6)	Foundation work for the proposed office/commercial development at 33 Cameron Road	Tsim Sha Tsui	Commercial	December 2007
(7)	Addition and alteration works for the proposed Hong Kong Anti-Cancer Society Jockey Club Cancer Rehabilitation Centre at 30 Nam Long Shan Road	Wong Chuk Hang	Institutional	January 2008

The significant contracts awarded during the year and subsequent to the year end are tabulated below:—

Project	Location	Type
(1) Construction of a primary school at the junction of Texaco Road and Castle Peak Road	Tsuen Wan	Institutional
(2) Construction of the residential development at 35 Mount Kellett Road	The Peak	Residential
(3) Proposed conference/resort hotel development	Discovery Bay	Commercial
(4) Construction of China Aircraft Services Limited Aircraft Maintenance Hangar at Hong Kong International Airport	Chap Lap Kok	Commercial

INTERIOR AND RENOVATION DIVISION

The growth momentum of the Interior and Renovation Division continued in 2007, pushing turnover for the year ended 31 March 2008 forward to HK\$145.4 million, an increase of 34.4% as compared with the turnover of HK\$108.2 million last year. The turnover increase was attributable to the clinching of certain sizable renovation contracts.

Major renovation works secured during the year ended 31 March 2008 and subsequent to the year end are as follows:—

- (1) Renovation work for the clubhouses and lift lobby at Queen's Garden at 9 Old Peak Road
- (2) Fitting-out work to tower, front of house, restaurant and spa for the conference/resort hotel at Discovery Bay North Area N3
- (3) Fitting-out work for the club house at Island Lodge at 172-186 Java Road in North Point
- (4) Renovation work for the Crystal Room at YMCA International House at 23 Waterloo Road
- (5) Renovation work for the lobby at Belgravia at 57 South Bay Road
- (6) Renovation work for Grenville House, 1-3 Magazine Gap Road

During the year, the division has mainly undertaken the renovation works for Queen's Garden, the external wall renovation work at C C Wu Building in Wanchai and the alteration and renovation works for Tavistock at 10 Tregunter Path in the Mid-levels. The external wall renovation works for Queen's Garden and C C Wu Building and the renovation work at Belgravia have been completed on time and other projects are progressing according to schedule.

The division completed the financial year with a total amount of contracts on hand of HK\$181.7 million.

BUILDING MATERIALS DIVISION

The division demonstrated solid performance during the year. After consolidating the post-acquisition results of Million Hope Industries Limited and its subsidiary acquired in May 2007, the division reported a 57.1% year-on-year growth in turnover to HK\$169.0 million for the year ended 31 March 2008 (2007: HK\$107.6 million).

Trigon Building Materials Limited (“Trigon HK”) and Trigon Interior Fitting-Out Works (Macau) Limited (“Trigon Macau”)

The following major projects were undertaken by Trigon HK and Trigon Macau during the year ended 31 March 2008:—

- (1) Le Point in Tiu Keng Leng — Kitchen cabinets
- (2) The Vineyard at Ngau Tam Mei in Yuen Long — Timber flooring
- (3) Island Lodge at 172-186 Java Road in North Point — Wood flooring
- (4) Bel-Air on the Peak Phase R5 at Cyberport — False ceiling (awarded during the year)
- (5) Chai Wan Youth Development Centre in Chai Wan — False ceiling
- (6) Hong Kong Anti-Cancer Society Jockey Club Cancer Rehabilitation Centre at 30 Nam Long Shan Road in Wong Chuk Hang — False ceiling
- (7) Grand Lisboa Hotel in Macau — False ceiling

A number of contracts were awarded during the year under review which include:—

- (1) West Kowloon Station and the railway tunnels from Jordan Road to East Tsim Sha Tsui Station — False ceiling
- (2) Hung Hom Bay Reclamation Area at Kowloon Inland Lot No. 11076 — False ceiling
- (3) 238 Aberdeen Main Road, Hong Kong — Wood flooring
- (4) Tavistock at 10 Tregunter Path in the Mid-levels — False ceiling
- (5) Development at New Kowloon Inland Lot No. 6310 at the junction of Sheung Yuet Road and Wang Chiu Road in Kowloon Bay — False ceiling
- (6) One Central Residences in Nam Van, Macau — False ceiling
- (7) Renovation work for the Crystal Room at YMCA International House — Haima carpets

The aggregate amount of contracts on hand for Trigon HK and Trigon Macau as at 31 March 2008 stood at HK\$55.1 million, comprising mainly contracts for the supply and installation of kitchen cabinets, flooring and false ceiling systems.

The following distributorships were awarded during the year under review:—

- (1) Haima Carpets — A leading carpet manufacturer based in Shangdong, China. It was awarded with the prize of “Top Brand” in Chinese carpet industry. It enjoys a sound reputation in China and around the world.
- (2) Longsen Timber Flooring — Longsen Wood Co., Ltd is located in Zhejiang, China and supplies solid wood floor, compound solid wood floor and hardening floor.
- (3) Lighting Products — Citi-Wit Energy Saving System Ltd. designs and manufactures lighting products under the brand name of “Citi-Wit Energy Saving System Ltd”.

Tai Kee Pipes Limited (“Tai Kee”)

2007 was another record breaking year for Tai Kee, which has achieved an encouraging growth in turnover. Majority of the turnover came from project sales.

The contracts for supply of piping products and fittings secured during the year are as follows:—

- (1) New Town Plaza — Galvanized steel pipes and black steel pipes
- (2) The Arch — Copper tubes
- (3) Global Gateway Centre in Tsuen Wan — Black steel pipes and fittings
- (4) Upper Ngau Tau Kok Estate (Phases 2 and 3) — Copper tubes
- (5) City of Dreams in Macau — Galvanized steel pipes and black steel pipes
- (6) Venetian Parcel 5 & 6 in Macau — Copper pipes and fittings
- (7) Le Royal Arc in Macau — Copper tubes
- (8) The Praia in Macau — Copper tubes
- (9) Le Bleu Deux of Coastal Skyline — PE pipes
- (10) Various MTR stations — Galvanized steel pipes and black steel pipes
- (11) Various locations for Water Supplies Department — PE pipes and fittings

Million Hope Industries Limited (“Million Hope”)

During the year ended 31 March 2008, the following major projects were undertaken:—

- (1) Redevelopment of St. Teresa’s Hospital, 327 Prince Edward Road West, Kowloon City — Design, supply and installation of aluminium windows, window walls, canopies, glazed roof and balustrades
- (2) New Town Plaza, Phases I and II in Shatin — Design, supply and installation of “Schüco” aluminium sliding doors
- (3) “One New York” at 468 Castle Peak Road in Shamshuipo — Design, supply and installation of aluminium windows, sliding doors and glazed & metal balustrades

- (4) Proposed residential redevelopment at Lot No.4763, 43-45 Beacon Hill Road — Curtain wall, canopy, cladding, skylight, window, louvre, metal work and glazing installation
- (5) Residential development at 3-5 Plunkett's Road in The Peak — Design, supply and installation of "Schüco" windows, curtain walls, louvres, external metal and stone claddings
- (6) "Villa Bel-Air" Phase R4b at Cyberport — Design, supply and installation of "Schüco" aluminium windows and doors
- (7) Caritas Bianchi College of Careers at Tseung Kwan O Town Lot No. 92, Area 73B in Tseung Kwan O — Design, supply and installation of curtain walls and glass walls
- (8) Belgravia at 57 South Bay Road — Design, supply and installation of aluminium windows, sliding doors and glazed installation
- (9) The Open University of Hong Kong — Phase Two (Stage 1) Extension — Design, supply and installation of curtain walls and glass walls
- (10) The Palazzo at 28 Lok King Street in Shatin — Design, supply and installation of noise barriers, glass walls, skylight, canopies, covered walkway, aluminium grille and aluminium cladding
- (11) Section B of Inland Lot No. 2769 at 256 Hennessy Road in Wanchai — External curtain wall, glass wall, window, louvre and cladding installation

Million Hope completed the year ended 31 March 2008 with contracts on hand totaling HK\$181.0 million.

PROPERTY DEVELOPMENT DIVISION

Supported by the demand-supply imbalance in the luxury residential market caused by the scarcity of vacant sites, the average prices of top-end properties displayed a strong growth during the year 2007. Riding on the positive property market sentiment, superstructure works for the Group's two property development projects in Kowloon Tong are progressing in full swing. These projects are: (1) the Group's development at 8 College Road (previously known as 4 College Road and 21 Sau Chuk Yuen Road) and (2) the joint development with NWS Holdings Limited at 1 & 1E La Salle Road. Characterised by contemporary design with landscaped gardens, the two properties will exhibit luxurious quality lifestyle in the highly sought-after Kowloon Tong District, with flats setting new standards of luxury. On completion, these two projects will provide a total gross floor area of approximately 53,000 square feet. Sales launch is scheduled for early 2009.

The Town Planning Board has given the green light to the development plans of the Group's residential development at DD129, Lau Fau Shan in Yuen Long, which occupies a site area of 815,886 square feet. Negotiation on the provisional basic terms with the government is progressing. The Group's residential development project with Sun Hung Kai Properties Limited at So Kwun Wat in Tuen Mun is in planning submission stage.

PROPERTY INVESTMENT DIVISION

The division recorded a turnover of HK\$17.6 million for the year ended 31 March 2008, which was comparable to the turnover of HK\$17.7 million for the corresponding period last year.

An average occupancy rate of 74% as at 31 March 2008 was maintained for the Group's investment properties.

The Group has always been looking for quality investment properties to enhance its property portfolio. In November 2007, the Group acquired Tak Hing Building in Jordan, Kowloon. With proximity to major traffic arteries and can be conveniently reached by various transport means, the building has enjoyed high occupancy rate.

From an independent professional valuer's report, the value of the Group's investment properties increased by HK\$113.4 million for the year under review. Following the Hong Kong Accounting Standard 40 "Investment Property", the revaluation surplus, after accruing for the relevant expenses and deferred tax, was credited to the income statement for the year ended 31 March 2008.

PROPERTY AGENCY AND MANAGEMENT DIVISION

Currently, the division is providing property management, rental collection and leasing agency services to 8 Hart Avenue in Tsimshatsui, Golf Parkview in Sheung Shui and the newly acquired Tak Hing Building in Jordan. It also acts as the project manager of the property development projects at 1 & 1E La Salle Road, 8 College Road (formerly known as 4 College Road and 21 Sau Chuk Yuen Road) and 33 Cameron Road.

The turnover for the year under review increased by 54.5% to HK\$3.4 million (2007: HK\$2.2 million).

HEALTH PRODUCTS DIVISION

The Health Products Division continued to operate in an extremely challenging market. Turnover for the year ended 31 March 2008 increased slightly from HK\$62.8 million last year to HK\$63.6 million. However, due to the significant downward pricing pressure and the edging up in shop leasing charges and operating costs, the loss amount intensified to HK\$1.7 million (2007: loss of HK\$730,000).

FINANCIAL REVIEW

Group Liquidity and Financial Resources

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

For day-to-day liquidity management and to maintain flexibility in funding, the Group has access to banking facilities with an aggregate amount of HK\$973.1 million (HK\$ 337.5 million was secured by first charges over certain land and buildings, investment properties and properties under development of the Group), of which HK\$670.1 million loans have been drawn down and approximately HK\$161.0 million has been utilised mainly for the issuance of letters of credit and performance bonds as at 31 March 2008. The bank loans under these banking facilities bear interests at prevailing market interest rates.

The Group follows a prudent policy in managing its cash balance, and endeavours to maintain its sound cash-flow generating capability, its ability to take on investments and acquisition projects, in order to enhance shareholder wealth. The total cash and bank balances of the Group amounted to HK\$148.4 million as at 31 March 2008 (2007: HK\$258.5 million), and accounted for 12.8% of the current assets (2007: 26.1%).

During the year, the Group has a net cash outflow of HK\$212.1 million in its operating activities (mainly to finance the expansion of its core businesses and the newly acquired aluminium window and curtain wall business), HK\$283.2 million in its investing activities (mainly to finance the acquisition of Tak Hing Building, properties at Bedford Road, additional space in Shatin Industrial Centre, a property in Ping Che and 50% of the interest in Hoi Bun Godown), and HK\$17.7 million in its financing activities (mainly for paying dividends to shareholders). As a result, the cash and bank balances decreased and the bank borrowings increased. Net bank borrowings

(total bank borrowings less total cash and bank balances) amounted to HK\$521.7 million at 31 March 2008. (2007: net cash and bank balances of HK\$11.4 million) Accordingly, the gearing ratio of the Group, calculated on the basis of the Group's net borrowings to shareholders' funds, was 72.0% (2007: 0%). The net current assets have decreased by HK\$62.7 million to HK\$342.5 million as at the year-end date and the current ratio (current assets divided by current liabilities) was 1.42 times (2007: 1.69 times).

With its cash holdings, steady cash inflow from its operations, together with available banking facilities, the Group's liquidity position will remain healthy in the coming year, with sufficient financial resources to meet its obligations, operation and future development requirements.

Treasury Policy

The aim of the Group's treasury policy is to minimise its exposure to fluctuations in the exchange rate and not to engage in any highly leveraged or speculative derivative products. Treasury transactions unrelated to underlying financial exposure are not undertaken. Foreign currency exposures of the Group arise mainly from the purchase of goods. The Group will determine if any hedging is required, on an individual basis, depending upon the size and nature of the exposure, and the prevailing market circumstances.

In order to enhance the deployment of internal funds with maximum benefit, to achieve better risk control, and to minimise cost of funds, the Group's treasury activities are centralised and scrutinised by the top management.

The surplus cash is generally placed in short-term bank deposits with reputable financial institutions. Most of these deposits are denominated in Hong Kong dollars. Most of the income, expenses, assets and liabilities of the Group are denominated in Hong Kong dollars. The Group therefore will not have any significant exposure to gains or losses arising from the movement of foreign currency exchange rate against the Hong Kong dollar.

Shareholders' Funds

At the year-end date, shareholders' funds of the Group were HK\$724.2 million including reserves of HK\$679.9 million, an increase of HK\$76.6 million from HK\$647.6 million at 31 March 2007. On that basis, the consolidated net asset value of the Group as at 31 March 2008 was HK\$1.63 per share, compared to the consolidated net asset value of HK\$1.46 per share at 31 March 2007. Increase in shareholders' funds was mainly attributable to profits retained after the payments of dividends.

Major Acquisitions

During the year under review, the Group acquired Million Hope Industries Limited and its subsidiary and purchased certain properties from independent third parties for investment purposes:

The details of the acquisitions are as follows:—

- To further enhance the scope of its building materials business, the Group acquired Million Hope Industries Limited and its subsidiary in May 2007 for a consideration of HK\$3.4 million. The acquisition of this experienced manufacturer of aluminium windows and doors and curtain walls represented a major strategic milestone in the Group's development as a comprehensive building materials supplier and service provider.
- The Group purchased a workshop on the 1st floor of Shatin Industrial Centre for use as a rental property in May 2007 for a consideration of HK\$4.0 million.

- In June 2007, the Group acquired two properties located at 91 and 93 Bedford Road and 3/F, 97 Bedford Road in Tai Kok Tsui, Kowloon for a total consideration of HK\$16.8 million and a property located at 3/F, 24 Lancashire Road for a consideration of HK\$8.2 million. During the same month, the Group also acquired 50% of the issued share capital of the company owning the Hoi Bun Godown for a consideration of HK\$16.6 million. The godown is being leased to a subsidiary of the Company for storage purposes.
- In November 2007, the Group purchased Tak Hing Building, a composite building in Jordan, Kowloon with close to full occupancy rate, for a consideration of HK\$210 million.
- In March 2008, the Group purchased a property in Ping Che for a consideration of HK\$2.9 million.

Capital Structure

The Group intends to keep an appropriate mix of equity and debt to ensure an efficient capital structure over time. During the year under review, the Group has borrowed bank loans amounting to HK\$670.1 million from the banks (at 31 March 2007: HK\$ 247.1 million). The borrowings have been used as general working capital, for financing the acquisition of properties for investment purposes and for financing the property development costs for property development. The maturity profile of the loans spread over a period of five years with HK\$396.1 million repayable within the first year, HK\$225.0 million repayable within the second year and HK\$49.0 million within the third to fifth years. Interest is based on HIBOR plus a competitive margin.

Collateral

As at 31 March 2008, certain land and buildings, investment properties and properties under development of the Group, at the carrying value of approximately HK\$606.8 million (at 31 March 2007: HK\$116.5 million), were pledged to the banks to secure the Hong Kong dollar loans of HK\$293.5 million (at 31 March 2007: HK\$63.5 million).

Contingent Liabilities

At the balance sheet date, the Group had given guarantees to a bank in respect of performance bonds and a bank loan granted to the jointly controlled entities amounting to HK\$34,138,000 (2007: HK\$33,488,000) and HK\$108,500,000 (2007: HK\$68,500,000) respectively.

During the year ended 31 March 2008, legal action in respect of allegations of nuisance and negligent works have been taken against a subsidiary of the Company preparing the foundation for a new building. The parties agreed that the Defence be filed on 30 June 2008. At 31 March 2008, the directors are of the opinion that in view of this early stage, it is premature and not practicable to assess the financial effect, given that the claim is for damages to be assessed.

During the year ended 31 March 2004, legal actions in respect of allegations of copyright infringement and defamation have been 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 since 2004. At 31 March 2008, the directors are of the opinion that in view of the uncertainty, it is not practicable to assess the financial effect.

Capital Commitments

At the balance sheet date, the Group had the following commitments:

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
<u>Contracted for but not provided in consolidated financial statements</u>		
Commitments for the acquisition of investment properties	<u>900</u>	<u>26,399</u>
Commitments for the acquisition of property, plant and equipment	<u>6,911</u>	<u>11,713</u>

Authorised but not contracted for

At the balance sheet date, the Group has an obligation to fund HK\$231,500,000 (2007: HK\$231,500,000), representing 23.63% (2007: 23.63%) of the anticipated project costs for the joint development of a site in So Kwun Wat.

Employees and Remuneration Policy

The number of full time monthly employees of the Group, excluding its jointly controlled entities, was around 900 as at 31 March 2008. The Group recruits and promotes individuals based on their development potential, merits and competencies, and ensures that their remuneration packages are at a reasonable market level.

FUTURE DIRECTIONS AND PROSPECTS

Although the US economy is at the risk of slipping into recession, Hong Kong's exports are underpinned by steady demand in Europe and Asia. With improving unemployment rate and consumer sentiment, low interest rate and continuous support from the Mainland China, the outlook for Hong Kong economy remains positive.

While we will endeavour to take advantage of the favourable economic situation as well as the government's pledge to implement the ten infrastructural projects which will create more project works, we have taken note of the escalating construction costs which are adversely affecting our business and the ever increasing demand in quality and safety of the building contractors' works. We have a record high amount of contract on hand, particularly those construction contract works, however, we only have very thin margins. Our ongoing challenge is to focus our ability on controlling costs, enhancing quality and improving efficiency.

Over the years, the Group has acquired some properties and several pieces of land at relatively low costs. The properties have been generating a steady rental income stream for the Group. The two pieces of land at Kowloon Tong were under development and will be completed in early 2009. We expect that these two projects will generate promising income to the Group. The other pieces of land are at the planning stage.

The Group will stride forward by adopting proactive but prudent business strategies. We will keep strengthening our core businesses, and will continue to seize opportunities for future growth and expansion.

CORPORATE GOVERNANCE

The corporate governance principles of the Company emphasise 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 year ended 31 March 2008, 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 is considering to set out in writing the roles and duties of the Chairman and the Managing Director in due course.
- (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 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 17 August 2007 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 TRANSACTION BY DIRECTORS

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

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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

REVIEW OF ANNUAL RESULTS

The financial statements for the year ended 31 March 2008 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 March 2008 as set out in the Preliminary Announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the Preliminary Announcement.

BOARD OF DIRECTORS

As at the date of this announcement, the board of directors of the Company comprises:

Non-executive chairman

Mr. Cha Mou Sing, Payson

Non-executive directors

Mr. Cha Mou Daid, Johnson

Mr. Cha Yiu Chung, Benjamin

Executive directors

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

Mr. Tai Sai Ho (*General Manager*)

Dr. Lam Chat Yu

Mr. Shen Tai Hing

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, 23 June 2008