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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 2010**

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 2010 dropped by 28.3% to HK\$355.0 million as compared with the turnover of HK\$495.0 million for the corresponding period last year.

The road to full recovery for the economy after the 2008 financial crisis proved to be long and uneven. During the period under review, the turnover for some of the Group’s operating segments had experienced a decrease. However, benefited from the robust growth of the local property market, the Group recorded a significant increase in profit of HK\$98.1 million for the six months ended 30 September 2010 as compared with HK\$49.6 million for the corresponding period last year. This favourable result was mainly attributable to the gain from revaluation of investment properties and recognition of revenue from the sale of certain units of One LaSalle, a 50/50 joint venture property development project.

The basic earnings per share was HK20.1 cents, which represents a substantial increase from the restated basic earnings per share of HK10.2 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 HK1.5 cents per share for the six months ended 30 September 2010 (for the six months ended 30 September 2009: 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 10 December 2010. The dividend is expected to be paid to shareholders by end of December 2010.

CLOSURE OF REGISTERS OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 8 December 2010 to Friday, 10 December 2010, both dates inclusive. During this period no share transfer will be registered. In order to qualify for the interim dividend, 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, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 7 December 2010.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

	NOTES	Six months ended	
		30.9.2010 HK\$'000 (Unaudited)	30.9.2009 HK\$'000 (Unaudited)
Turnover	3	355,002	494,978
Cost of sales		(307,085)	(446,884)
Gross profit		47,917	48,094
Other income		1,787	1,950
Marketing and distribution costs		(4,131)	(3,420)
Administrative expenses		(51,759)	(41,892)
Gain on change in fair value of investment properties		82,224	40,139
Gain on change in fair value of investments held for trading		100	772
(Loss) gain on change in fair value of derivative financial instruments		(829)	789
Share of result of an associate		720	227
Share of results of jointly controlled entities	4	41,322	12,173
Finance costs		(3,082)	(2,472)
Profit before taxation		114,269	56,360
Taxation	5	(16,134)	(6,727)
Profit for the period	6	98,135	49,633
Other comprehensive income			
Exchange differences arising on translation of foreign operations		2	7
Total comprehensive income for the period		<u>98,137</u>	<u>49,640</u>
			(restated)
Earnings per share — basic	8	<u>HK20.1 cents</u>	<u>HK10.2 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2010

	<i>NOTES</i>	30.9.2010 HK\$'000 (Unaudited)	31.3.2010 <i>HK\$'000</i> (Audited)
Non-current assets			
Investment properties		659,580	577,080
Property, plant and equipment		94,131	98,264
Prepaid lease payments		6,521	6,620
Interest in an associate		16,758	16,038
Interests in jointly controlled entities		111,487	70,165
		888,477	768,167
Current assets			
Properties under development for sale		416,244	404,519
Inventories		32,885	38,293
Amounts receivable on contract work		151,129	157,353
Progress payments receivable	9	26,907	32,149
Retention money receivables		113,593	107,036
Debtors, deposits and prepayments	10	45,143	51,127
Prepaid lease payments		200	201
Amount due from a jointly controlled entity		13,967	58,415
Investments held for trading		438	338
Taxation recoverable		1,795	1,494
Derivative financial instruments		404	1,291
Bank balances and cash		190,477	186,944
		993,182	1,039,160
Current liabilities			
Amounts payable on contract work		143,159	129,400
Trade and other payables	11	238,712	257,434
Taxation payable		3,992	2,323
Bank loans — amounts due within one year		534,300	554,300
		920,163	943,457
Net current assets		73,019	95,703
Total assets less current liabilities		961,496	863,870
Non-current liabilities			
Bank loans — amounts due after one year		73,000	76,000
Deferred taxation		51,248	37,678
		124,248	113,678
		837,248	750,192
Capital and reserves			
Share capital		48,756	44,324
Reserves		788,492	705,868
		837,248	750,192

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

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.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 March 2010 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 (“new and revised HKFRSs”) issued by the HKICPA.

Application of new and revised HKFRSs with no impact to consolidated financial statements for current or prior periods

HKFRS 3 (Revised) “Business Combinations” and HKAS 27 (Revised) “Consolidated and Separate Financial Statements”

The Group applies HKFRS 3 (Revised) “Business Combinations” prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) “Consolidated and Separate Financial Statements” in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

Amendment to HKAS 17 “Leases”

As part of Improvements to HKFRSs issued in 2009, HKAS 17 “Leases” has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, lessees were required to classify leasehold land as operating leases and present them as prepaid lease payments in the consolidated statement of financial position. The amendment has removed such a requirement. Instead, the amendment requires the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee.

In accordance with the transitional provisions set out in the amendment to HKAS 17 “Leases”, the Group reassessed the classification of unexpired leasehold land as at 1 April 2010 based on information that existed at the inception of these leases, and considered that no reclassification was necessary.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKAS 24 (Revised)	Related party disclosures ⁴
HKAS 32 (Amendment)	Classification of rights issues ²
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters ³
HKFRS 7 (Amendment)	Disclosures — Transfers of financial assets ⁵
HKFRS 9	Financial instruments ⁶
HK(IFRIC) — INT 14 (Amendment)	Prepayments of a minimum funding requirement ⁴
HK(IFRIC) — INT 19	Extinguishing financial liabilities with equity instruments ³

¹ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

² Effective for annual periods beginning on or after 1 February 2010.

³ Effective for annual periods beginning on or after 1 July 2010.

⁴ Effective for annual periods beginning on or after 1 January 2011.

⁵ Effective for annual periods beginning on or after 1 July 2011.

⁶ Effective for annual periods beginning on or after 1 January 2013.

The directors of the Company anticipate that the application of the new and revised standards, amendments or interpretations will have no material impact on the results and the 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 2010	Interior		Building materials	Property investment	Property		Health products	Segment Total	Eliminations	Consolidated
	Construction	and renovation			agency and management	Property development				
	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 segment revenue	<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 on cost plus certain margin.

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>	117,987
Unallocated expenses										(636)
Finance costs										<u>(3,082)</u>
Profit before taxation										<u>114,269</u>

For the six months ended 30 September 2009	Interior		Building materials	Property investment	Property		Health products	Segment Total	Eliminations	Consolidated
	Construction	and renovation			agency and management	Property development				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER										
External sales	298,183	65,305	94,135	10,743	3,752	—	22,860	494,978	—	494,978
Inter-segment sales	—	8,694	20,238	—	—	—	—	28,932	(28,932)	—
Total segment revenue	<u>298,183</u>	<u>73,999</u>	<u>114,373</u>	<u>10,743</u>	<u>3,752</u>	<u>—</u>	<u>22,860</u>	<u>523,910</u>	<u>(28,932)</u>	<u>494,978</u>

Inter-segment sales are charged on cost plus certain margin.

RESULT										
Segment result	<u>1,225</u>	<u>2,267</u>	<u>2,229</u>	<u>43,833</u>	<u>195</u>	<u>9,881</u>	<u>67</u>	<u>59,697</u>	<u>—</u>	59,697
Unallocated expenses										(865)
Finance costs										<u>(2,472)</u>
Profit before taxation										<u>56,360</u>

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

	30.9.2010	31.3.2010
	HK\$'000	HK\$'000
Construction	383,416	377,461
Interior and renovation	52,964	49,648
Building materials	152,603	182,326
Property investment	698,229	612,026
Property agency and management	27,919	21,494
Property development	526,813	519,888
Health products	39,701	43,158
	<hr/>	<hr/>
Total segment assets	1,881,645	1,806,001
Unallocated assets and inter-segment elimination	14	1,326
	<hr/>	<hr/>
Consolidated assets	1,881,659	1,807,327
	<hr/> <hr/>	<hr/> <hr/>

4. SHARE OF RESULTS OF JOINTLY CONTROLLED ENTITIES

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	
	30.9.2010	30.9.2009
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax	2,564	1,288
Deferred taxation	13,570	5,439
	<hr/>	<hr/>
	16,134	6,727
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2009: 16.5%) of the estimated assessable profits for the periods.

6. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2010 HK\$'000	30.9.2009 HK\$'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	8,475	8,208
Less: Depreciation expenses capitalised in the cost of contract work	(6,653)	(6,262)
Depreciation expenses capitalised in the properties under development for sale	—	(395)
	<u>1,822</u>	<u>1,551</u>
Finance costs	4,642	3,981
Less: Finance costs capitalised in properties under development for sale	(1,560)	(1,509)
	<u>3,082</u>	<u>2,472</u>
Release of prepaid lease payments	100	100
Gain on disposal of property, plant and equipment	(418)	(1,367)
	<u><u>2,764</u></u>	<u><u>2,706</u></u>

7. DIVIDENDS

During the period, a dividend of HK2.5 cents per share was paid to shareholders as the final dividend for the year ended 31 March 2010 which amounted to HK\$11,081,000 (for the six months ended 30 September 2009: HK1.0 cent per share was paid to shareholders as the final dividend for the year ended 31 March 2009 which amounted to HK\$4,432,000).

Subsequent to 30 September 2010, 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 2010 (2009: HK1.5 cents per share for the six months ended 30 September 2009), which amounted to HK\$7,313,000 (2009: HK\$6,649,000 for the six months ended 30 September 2009) 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\$98,135,000 (profit for the six months ended 30 September 2009: HK\$49,633,000) and on 487,559,674 shares (for the six months ended 30 September 2009: 487,559,674 shares) after adjusting the effect of bonus issue of shares during the six months ended 30 September 2010.

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

9. PROGRESS PAYMENTS RECEIVABLE

The Group allows an average credit period of 30 days (at 31 March 2010: 30 days) to its customers.

The aged analysis of progress payments receivable is as follows:

	30.9.2010	31.3.2010
	HK\$'000	HK\$'000
Within 30 days	26,270	30,230
31 - 60 days	—	94
61 - 90 days	—	1,806
Over 90 days	637	19
	26,907	32,149

10. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows a credit period ranged from 30 to 90 days (at 31 March 2010: 30 to 90 days) to its non-construction services customers.

The following is an aged analysis of trade debtors included in debtors, deposits and prepayments as at 30 September 2010.

	30.9.2010	31.3.2010
	HK\$'000	HK\$'000
Within 30 days	17,009	24,216
31 - 60 days	5,085	3,344
61 - 90 days	982	5,395
Over 90 days	7,491	6,904
	30,567	39,859

11. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables included in trade and other payables as at 30 September 2010.

	30.9.2010	31.3.2010
	HK\$'000	HK\$'000
Within 30 days	19,381	37,785
31 - 60 days	436	3,849
61 - 90 days	842	681
Over 90 days	4,891	4,249
	25,550	46,564

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

Overview

For the six months ended 30 September 2010, the Group's unaudited consolidated turnover amounted to HK\$355.0 million (for the six months ended 30 September 2009: HK\$495.0 million), representing a decline of 28.3% against the corresponding period last year. Despite the market remains competitive, squeezing the turnover downward, the Group achieved a profit of around HK\$98.1 million for the six months ended 30 September 2010 as compared with a profit of HK\$49.6 million for the corresponding period last year. This favourable result was mainly attributable to the gain on change in fair value of investment properties and recognition of profits from the sale of certain units of One LaSalle, a 50/50 joint venture development project.

Construction Division

The turnover of the Construction Division for the six months ended 30 September 2010 dropped to HK\$222.8 million as compared with the turnover of HK\$298.2 million for the corresponding period last year. Despite improvement in the economic environment, overall operating conditions remained challenging, especially for the construction industry. During the period, the division remained focus on doing the construction projects on hand while tried to capture more business by tendering for construction works in both the private and public sectors.

To sustain growth and market position, the division has always been endeavouring to enhance its service quality and to prompt safety in our construction sites. We are pleased that Hanison Construction Company Limited ("HCCL"), a subsidiary of the Group under the Construction Division, was presented a certificate of distinguished innovation for the 2010 HKCA Construction Safety Innovation Award by The Hong Kong Construction Association ("HKCA") during the period under review. HCCL had also accomplished the HKCA Proactive Safety Contractors Award for the year 2009 in recognition of its outstanding achievement and commitment in safety performance, training, promoting, contributing and upgrading construction site safety standards within its organization throughout the year.

Major construction projects in progress during the six months ended 30 September 2010 were as follows:

1. Construction of a primary school at development near Choi Wan Road and Jordan Valley, Kwun Tong
2. Construction of a 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 Wan with a joint venture partner
4. Construction of Lam Tin North Municipal Services Building with a joint venture partner
5. Construction of the residential development at North Development Phase 14, Area N1d, Discovery Bay
6. Construction of footbridge, landing block and landscaping works on Monmouth Path, 1 Queen's Road East

Contract on hand as at 30 September 2010 for the division amounted to HK\$926.0 million of which approximately HK\$391.4 million was derived from the projects under joint venture arrangements with a joint venture partner.

Interior and Renovation Division

During the six months ended 30 September 2010, the turnover for the Interior and Renovation Division was HK\$61.8 million as compared with HK\$74.0 million for the corresponding period last year.

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

1. Interior fitting-out works for the residential development at Area N1d, Phase 14, Discovery Bay, Lantau Island
2. Renovation works for Scenic Garden on 9 Kotewall Road, Hong Kong
3. Management of the renovation and alteration works for Chelsea Residence in Shanghai
4. Refurbishment, renovation and alternation works for Grenville House on 1-3 Magazine Gap Road, Mid-levels

During the period under review, the renovation and alternation works for Chelsea Residence under the management of the division have been completed and most of the units have been delivered and accepted by the occupants. The remaining works of Grenville House are progressing smoothly toward the final stage.

The contract on hand at 30 September 2010 amounted to HK\$108.0 million.

Following the continuous promotion of mast climbing platform, coupled with our past success and experience, the division has received positive response and growing recognition from our clients. We believe that there will be an increasing demand for the use of mast climbing platform on refurbishment works of external walls and our division is well positioned to capture the opportunities.

Building Materials Division

The Building Materials Division had suffered from a drastic decrease in turnover to HK\$66.7 million for the six months ended 30 September 2010 (for the six months ended 30 September 2009: HK\$114.4 million) due to fierce competition in the market for building materials.

The contract on hand at 30 September 2010 amounted to HK\$176.0 million.

Supply and installation of false ceiling and wood flooring

During the period under review, Trigon Building Materials Limited (“Trigon HK”), a subsidiary of the Group under the Building Materials Division, was awarded the contracts for the supply and installation of false ceiling for the commercial re-development building on 18 Wang Chiu Road, B, NKIL N. 5856; Community College of the City University of Hong Kong; residential development on No. 42-44 Belcher’s Street, Kennedy Town; Discovery Bay North Phase 14, Area N1d; Hong Kong Science Park Building 20 at Pak Shek Kok, Tai Po and a secondary school development at Jordan Valley.

At the same time, Trigon HK and Trigon Interior Fitting-Out Works (Macau) Limited, another subsidiary of the Group under the Building Materials Division, also undertook projects in the supply and installation of false ceiling for the office/commercial development on No. 863-865 King's Road, Quarry Bay and for the podium and certain floors of One Central Macau, a residential development in Macau, and the supply and installation of wood flooring for the residential development on No. 172-186 Java Road, North Point.

Supply of pipes, fittings and/or related accessories

During the period under review, Tai Kee Pipes Limited, a subsidiary of the Group under the Building Materials Division, was awarded a number of contracts, including the supply of pipes for fire services at Helping Hand — Cheung Muk Tau Holiday Centre for the Elderly; St. Stephen's College and Luk Kwok Centre and supply of pipes for air-conditioning for projects on Lomond Road and a luxury residential project on 2A Seymour Road in the Mid-levels.

The contracts undertaken during the period included the supply of copper pipes for Housing Bureau of the Government of the Macao Special Administrative Region; supply of air-conditioning copper pipes for the new headquarters of the Government of the Hong Kong Special Administrative Region at Tamar and Fanling Lutheran School and supply of G.I. pipes for fire services for Hospital Authority under an annual supply contract and a hotel on 21 Whitfield Road, North Point, and Chuk Yuen Shopping Centre.

Design, supply and installation of aluminium products including aluminium windows, "SCHÜCO" aluminium windows and folding doors, sliding doors, claddings, louvres, skylights, balustrades and curtain walls

During the period under review, Million Hope Industries Limited, a subsidiary of the Group under the Building Materials Division, was awarded a number of contracts, including proposed residential developments on No. 1 Broadcast Drive, Kowloon and on 2A Seymour Road; proposed residential redevelopment on No. 9 Mount Kellett Road, The Peak and proposed industrial development at TWIL No. 36, Hoi Shing Road, Tsuen Wan.

The major contracts undertaken during the period included proposed residential developments at Discovery Bay Phase 14, Area N1d; at Discovery Bay Phase 15, Area N1e; on No. 16-34 Wood Road, Wan Chai; at Ma Wo, Tai Po; on 9A-9H Seymour Road; at Winfield Building on Nos. 1, 3, 5 Ventris Road, Happy Valley, and proposed residential redevelopment of De Yucca at Shatin Town Lot No. 206, Tai Po Road, New Territories.

Property Development Division

The sale of the One LaSalle, a 50/50 jointly developed property with NWS Holdings Limited, commenced in the financial year ended 31 March 2010 and continued in this financial year. It has received enthusiastic market response. During the six months ended 30 September 2010, four units were sold realizing a gross income of HK\$236.6 million. Subsequent to 30 September 2010, two more units were sold and the relevant profit will be recorded in the second half of the financial year. We will continue to sell the remaining units.

Another luxury residence of the Group, Eight College, is in the stage of obtaining occupancy permit. Situated among the luxury residences of Kowloon Tong, Eight College exhibits elegant architecture and enchanting garden. We expect that this development project will bring promising returns to the Group.

Demolition work at Bedford Road has been completed while the General Building Plan for redeveloping the site has been approved by the Buildings Department.

For the residential development project with Sun Hung Kai Properties Limited at So Kwun Wat, Tuen Mun, the division has obtained planning approval from the Town Planning Board.

The residential development at DD129, Lau Fau Shan in Yuen Long is undergoing gazettal stage.

Property Investment Division

The Property Investment Division recorded a turnover of HK\$15.0 million, representing an increase of 40.2% from HK\$10.7 million for the corresponding period last year.

The increase mainly came from the rental income of The Austine, a serviced-apartment building in Jordan.

Apart from the increase in turnover, which helped to increase the contributions to the division, the favourable result recorded during the period was in fact mainly attributable to the gain on change in fair value of investment properties. Based on an independent valuer's report, a revaluation surplus of HK\$82.2 million was recorded.

Leasing performance of Shatin Industrial Centre in Shatin was steady, with an occupancy rate of around 98% as at 30 September 2010.

Other investment properties of the Group include 23-25 Mei Wan Street in Tsuen Wan, 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, continued to contribute satisfactory income to the Group during the period.

Property Agency and Management Division

For the period under review, the turnover for the Property Agency and Management Division increased to HK\$4.0 million (for the six months ended 30 September 2009: HK\$3.8 million).

The increase is partly attributable to the revenue that the division generated from the provision of project management, rental collection and leasing agency services to 8 Hart Avenue, The Cameron, The Austine, One LaSalle and Golf Parkview. The division also acted as the project manager for the Eight College and the property development at 91, 93, 95 and 97 Bedford Road.

Health Products Division

During the period under review, the Health Products Division recorded an increase in turnover to HK\$24.0 million for the six months ended 30 September 2010 from HK\$22.9 million for the last corresponding period.

The reorganization of the division's resources, including closing down those inefficient shops, had brought about some significant savings to the division. During the period under review, the division identified suitable locations and open three new shops. The newly opened HealthPlus retail shops are located in Sheung Shui Landmark North, Tseung Kwan O Metro City and Tseun Wan City Walk 2. As at 30 September 2010, there were 9 HealthPlus retail shops and 2 service centres in operation.

During the period, HealthPlus was enrolled in the Quality Tourism Services (QTS) Scheme as an accredited merchant for the period from 1 March 2010 to 28 February 2011. This accreditation serves to confirm the division's commitment in providing quality products and services.

To meet the needs of our customers, the division will continue to introduce health food and snack and new Chinese and western supplements including Metro Chinese Medicine series, HealthWay and HealthMate.

OUTLOOK

Despite the local property market's robust growth since 2009, in terms of both sales volume and prices, the road to full recovery for the economy after the 2008 financial crisis is expected to be long and uneven. Uncertainties still prevail in the global financial markets and we cannot assume that Hong Kong can be isolated from the uncertainties and potential pitfalls.

Economic recovery, low interest rates, market liquidity and capital inflow from overseas investors have rendered support to the local property market. The up-trend of the local property market has benefited the Group in achieving positive result for the period under review. However, competition for businesses, especially the construction related businesses remain keen.

In view of these challenges, we will continue to adopt a proactive but prudent approach in conducting our business. The awards given by HKCA have served to confirm our commitment to quality enhancement and promotion of safety in our construction works. We will make every effort to maintain our competitiveness in the market.

While striving for business growth, we will adjust our strategies to cope well with the challenges of the operating environment and promote the long-term sustainable progress of the Group's businesses.

FINANCIAL REVIEW

Group Liquidity and Financial Resources

The Group's financial position continued to be healthy. The total cash and bank balances had increased from HK\$186.9 million as at 31 March 2010 to HK\$190.5 million at the close of business on 30 September 2010. As at the period end date, the current ratio (current assets divided by current liabilities) decreased from 1.10 times as at 31 March 2010 to 1.08 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\$1,001.4 million (HK\$470.8 million was secured by first charges over certain land and buildings, investment properties and properties under development of the Group), of which HK\$607.3 million bank loans have been drawn down and approximately HK\$69.2 million has been utilised mainly for the issuance of letters of credit and performance bonds as at 30 September 2010. 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 2010.

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 2009-2010.

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\$607.3 million from banks (at 31 March 2010: HK\$630.3 million). The borrowings have been used for financing the acquisition of properties for investment and development purposes and as general working capital. The maturity profile of the lending spread over a period of eight years with HK\$534.3 million repayable within the first year (of which HK\$267.5 million were revolving loans which are to be repaid or rolled over at our discretion upon maturity of an interest period throughout the term of the relevant banking facilities), HK\$44.0 million repayable within the second year, HK\$3.0 million within the third to fifth years and HK\$26.0 million over five years. Interest is based on HIBOR with a competitive margin.

As at the close of business on 30 September 2010, 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 49.80% (at 31 March 2010: 59.10%).

Major Acquisitions

There was no major acquisition during the period under review.

Collateral

As at 30 September 2010, the Group's Hong Kong dollar loans of HK\$367.3 million were secured by first charges over certain land and buildings, investment properties and properties under development of the Group, at the carrying value of approximately HK\$780.2 million (at 31 March 2010: HK\$698.2 million).

Contingent Liabilities

- (1) At 30 September 2010, the Group had given guarantees to banks in respect of performance bonds entered into by the jointly controlled entities amounting to nil (at 31 March 2010: HK\$650,000).
- (2) During the year ended 31 March 2010, legal actions in respect of the recovery of an outstanding balance for materials sold or delivered have been taken by a subsidiary of the Company carrying out the installation projects. This involved a counterclaim from the defendant who demanded the settlement of the outstanding contract sums for three projects. The directors of the Company are of the opinion that no estimate of potential loss could be made at this moment and there is a reasonable chance of success for defending against the counterclaim from the defendant.
- (3) 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 2010, 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

The Group had no capital commitments as at 30.9.2010 and 31.3.2010.

As at 30 September 2010, the Group was committed to contribute HK\$231.5 million (at 31 March 2010: HK\$231.5 million), representing 23.63% (at 31 March 2010: 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 2010, the Group had around 500 employees. 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 2010 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 2010, 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 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 10 August 2010 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 of 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, 23 November 2010