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 2005

INTERIM RESULTS

The Board of Directors (the "Board") of Hanison Construction Holdings Limited (the "Company") is pleased to announce that the unaudited consolidated net profit attributable to shareholders of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2005 amounted to HK$29.1 million, compared with HK$25.4 million for the corresponding period last year. The earnings per share was HK6.6 cents, compared with HK5.7 cents (restated) for the corresponding period last year.

DIVIDEND

The Board has resolved to pay an interim dividend of HK1 cent per share for the six months ended 30 September 2005 (for the six months ended 30 September 2004: HK1 cent per share) to shareholders whose names appear on the Registers of Members of the Company as of the close of business on 21 December 2005. The dividend is expected to be paid to shareholders on or around 12 January 2006.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed from 20 to 21 December 2005, 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, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Monday, 19 December 2005.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005

		Six months ended	
	NOTES	**30.9.2005** ***HK$'000*** ***(Unaudited)***	30.9.2004 *HK$'000* *(Unaudited)*
Turnover	*3*	**488,171**	362,533
Cost of sales		**(414,755)**	(291,059)
Gross profit		**73,416**	71,474
Other operating income		**401**	355
Marketing and distribution costs		**(8,424)**	(7,517)
Administrative expenses		**(30,793)**	(34,216)
Finance costs		**(1,311)**	(454)
Share of results of associates		**(84)**	(12)
Share of results of jointly controlled entities		**(7)**	—
Profit before taxation	*4*	**33,198**	29,630
Taxation	*5*	**(4,130)**	(4,201)
Profit for the period		**29,068**	25,429
Dividend	*6*	**4,432**	2,837
Earnings per share — basic *(restated)*	*7*	**HK6.6 cents**	HK5.7 cents

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 SEPTEMBER 2005

	NOTES	**30.9.2005** ***HK$'000*** ***(Unaudited)***	31.3.2005 *HK$'000* *(Audited)* *(Restated)*
Non-current assets			
Investment properties		**186,376**	180,560
Property, plant and equipment		**52,735**	55,055
Interests in associates		**9,838**	9,922
Interests in jointly controlled entities		**26,058**	26,065
Goodwill		**540**	540
		275,547	272,142
Current assets			
Properties held for development for future sale		**190,629**	188,067
Properties held for sale		**13,509**	54,502
Inventories		**36,877**	30,631
Amounts receivable on contract work		**46,453**	61,985
Progress payments receivable	*8*	**47,969**	57,571
Retention money receivable		**101,000**	109,712
Debtors, deposits and prepayments	*9*	**74,647**	61,839
Amounts due from associates		**534**	532
Amounts due from jointly controlled entities		**89,995**	8,565
Investments held for trading		**173**	—
Investments in securities		**—**	190
Taxation recoverable		**1,026**	1,214
Bank balances and cash		**79,546**	102,069
		682,358	676,877
Current liabilities			
Amounts payable on contract work		**146,868**	135,781
Creditors and accrued charges	*10*	**163,932**	200,290
Taxation payable		**2,577**	2,412
Bank loans — amount due within one year		**80,200**	68,200
		393,577	406,683
Net current assets		**288,781**	270,194
Total assets less current liabilities		**564,328**	542,336
Non-current liabilities			
Bank loans — amount due after one year		**44,800**	46,900
Deferred taxation		**12,614**	12,271
		57,414	59,171
		506,914	483,165
Capital and reserves			
Share capital		**44,324**	35,459
Reserves		**462,590**	447,706
		506,914	483,165

NOTES

1. **BASIS OF PREPARATION**

The condensed 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 34 "Interim Financial Reporting".

2. **PRINCIPAL ACCOUNTING POLICIES**

The condensed financial statements have been prepared under the historical cost convention except for investment properties and investments held for trading, which are measured at fair values.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2005 except as described below.

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are effective for accounting periods beginning on or after 1 January 2005 except for HKAS 40 "Investment Property" which has been early adopted by the Group during the year ended 31 March 2005. The application of the other new HKFRSs has resulted in a change in the presentation of the income statement, balance sheet and the statement of changes in equity. In particular, the presentation of share of tax of associates and jointly controlled entities has been changed as required by HKAS 1 "Presentation of Financial Statements". The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current or prior accounting periods are prepared and presented:

Goodwill

In the current period, the Group has applied the transitional provisions in HKFRS 3 "Business Combinations" and the principal effects of the application of HKFRS 3 to the Group are summarised below.

Goodwill arising on acquisitions prior to 1 April 2001 was held in reserves, and goodwill arising on acquisitions after 1 April 2001 was capitalised and amortised over its estimated useful life.

From 1 April 2005 onwards, goodwill previously recognised in reserves continues to be held in reserves and will be transferred to the retained earnings of the Group at the time when the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired. With respect to goodwill previously capitalised on the balance sheet, the Group has discontinued amortising such goodwill from 1 April 2005 onwards and goodwill will be tested for impairment at least annually and in the financial year in which the acquisition takes place. Goodwill arising on acquisitions after 1 January 2005 is measured at cost less accumulated impairment losses (if any) after initial recognition. As a result of this change in accounting policy, no amortisation of goodwill has been charged in the current period. Comparative figures for the year ended 31 March 2005 have not been restated. The application of HKFRS 3 has had no significant impact to the Group's financial statements.

Financial instruments

In the current period, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. The application of HKAS 32 has had no significant impact on the presentation of financial instruments in the Group's financial statements. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

By 31 March 2005, the Group classified and measured its debt and equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice 24 ("SSAP 24"). Under SSAP 24, investments in debt or equity securities are classified as "investment securities", "other investments" or "held-to-maturity investments" as appropriate. "Investment securities" are carried at cost less impairment losses (if any) while "other investments" are measured at fair value, with unrealised gains or losses included in the profit or loss. Held-to-maturity investments are carried at amortised cost less impairment losses (if any). From 1 April 2005 onwards, the Group classifies and measures its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". The classification depends on the purpose for which the assets are acquired. "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method.

On 1 April 2005, the Group classified and measured its debt and equity securities in accordance with the requirements of HKAS 39. As a result of the adoption of HKAS 39, the Group has classified "investments in securities" held for trading purposes recorded in the consolidated balance sheet at 1 April 2005 amounting to HK$190,000 as "financial assets at fair value through profit or loss".

Financial assets and financial liabilities other than debt and equity securities

From 1 April 2005 onwards, the Group classifies and measures its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as "financial assets at fair value through profit and loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "financial liabilities other than financial liabilities at fair value through profit or loss (other financial liabilities)". "Other financial liabilities" are carried at amortised cost using the effective interest method. The application of HKAS 39 has had no significant impact to the Group's financial statements.

Deferred taxes related to investment properties

In previous periods, deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequence that would follow from recovery of the carrying amount of the properties through sale in accordance with the predecessor Interpretation. In the current period, the Group has applied HK(SIC) Interpretation 21 "Income Taxes — Recovery of Revalued Non-Depreciable Assets" which removes the presumption that the carrying amount of investment properties are to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflect the tax consequences that would follow from the manner in which the Group expects to recover the property at each balance sheet date. In the absence of any specific transitional provisions in HK(SIC) Interpretation 21, this change in accounting policy has been applied retrospectively. Comparative figures have been restated. The effect of this change is to increase the Group's deferred tax liabilities at 1 April 2004 and 1 April 2005 by HK$479,000 and HK$8,210,000 respectively. The application of HK(SIC) Interpretation 21 has had no significant impact to the profit for the six months ended 30 September 2004 and 2005.

Potential impact of new standards not yet adopted

The Group has not early applied the following new standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Capital Disclosures
HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 and HKFRS 4 (Amendment)	Financial Guarantee Contracts
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-INT 4	Determining whether an Arrangement Contains a Lease
HK(IFRIC)-INT 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-INT 6	Liabilities Arising from Participating in a Specific Market — Waste Electrical and Electronic Equipment

3. TURNOVER AND SEGMENT INFORMATION

Business segments

The entity's primary format for reporting segment information is business segments.

	Construction	Interior and renovation	Building materials	Health products	Property investment	Property agency and management	Property development	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the six months ended 30 September 2005									
TURNOVER									
External sales	304,024	40,334	39,569	30,887	8,559	1,360	63,438	—	488,171
Inter-segment sales	20	1,042	23,268	900	—	1,870	—	(27,100)	—
Total	304,044	41,376	62,837	31,787	8,559	3,230	63,438	(27,100)	488,171
Inter-segment sales are charged at prevailing market rates.									
RESULTS									
Segment results	4,577	1,216	2,830	577	5,732	649	17,664	2,036	35,281
Other operating income									401
Unallocated corporate expenses									(1,082)
Finance costs									(1,311)
Share of results of associates	—	—	—	—	—	—	(84)	—	(84)
Share of results of jointly controlled entities	—	—	—	—	—	—	(7)	—	(7)
Profit before taxation									33,198
Taxation									(4,130)
Profit for the period									29,068

	Construction	Interior and renovation	Building materials	Health products	Property investment	Property agency and management	Property development	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the six months ended 30 September 2004									
TURNOVER									
External sales	170,212	34,026	52,494	26,107	4,820	1,940	72,934	—	362,533
Inter-segment sales	15,280	8,310	2,773	67	—	1,215	—	(27,645)	—
Total	185,492	42,336	55,267	26,174	4,820	3,155	72,934	(27,645)	362,533
Inter-segment sales are charged at prevailing market rates.									
RESULTS									
Segment results	4,854	785	4,297	563	3,500	574	20,949	(1,659)	33,863
Other operating income									355
Unallocated corporate expenses									(4,122)
Finance costs									(454)
Share of results of associates	—	—	—	—	—	—	(12)	—	(12)
Profit before taxation									29,630
Taxation									(4,201)
Profit for the period									25,429

Geographical segments

All of the Group's operations during the six months ended 30 September 2005 and 2004 were carried out in Hong Kong.

4. PROFIT BEFORE TAXATION

	Six months ended 30.9.2005	Six months ended 30.9.2004
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Amortisation of goodwill included in administrative expenses	**—**	15
Depreciation	**1,740**	1,744
Allowance for prepayment to a supplier	**—**	3,000
and after crediting:		
Gain on disposal of property, plant and equipment	**750**	47
Expenses capitalised in cost of contract work:		
Depreciation	**1,223**	1,254

5. TAXATION

	Six months ended 30.9.2005	Six months ended 30.9.2004
	HK$'000	*HK$'000*
Hong Kong Profits Tax	**3,787**	4,229
Deferred taxation	**343**	(28)
	4,130	4,201

Hong Kong Profits Tax is calculated at 17.5% (for the six months ended 30 September 2004: 17.5%) of the estimated assessable profit for the period.

6. DIVIDEND

The board of directors has resolved to declare an interim dividend of HK1 cent per share for the six months ended 30 September 2005 (for the six months ended 30 September 2004: HK1 cent per share), which amounted to HK$4,432,000 (for the six months ended 30 September 2004: HK$2,837,000).

7. EARNINGS PER SHARE

The calculation of the basic earnings per share for the period is based on the profit for the period of HK$29,068,000 (for the six months ended 30 September 2004: HK$25,429,000) and on the 443,236,068 shares (for the six months ended 30 September 2004: 443,236,068 shares) after adjusting the effect of bonus issue of shares during the year ended 31 March 2005 and the six months ended 30 September 2005.

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

8. PROGRESS PAYMENTS RECEIVABLE

The credit period allowed by the Group to its customers is normally 30 days.

The aged analysis of progress payments receivable is as follows:

	30.9.2005	31.3.2005
	HK$'000	*HK$'000*
Within 30 days	**46,797**	48,107
31 — 60 days	**—**	7,646
61 — 90 days	**—**	192
Over 90 days	**1,172**	1,626
	47,969	57,571

9. DEBTORS, DEPOSITS AND PREPAYMENTS

The credit period allowed by the Group to its customers is normally 30 days.

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

	30.9.2005	31.3.2005
	HK$'000	*HK$'000*
Within 30 days	**33,686**	23,717
31 — 60 days	**5,296**	11,709
61 — 90 days	**1,266**	1,254
Over 90 days	**4,533**	3,524
Total debtors	**44,781**	40,204

10. CREDITORS AND ACCRUED CHARGES

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

	30.9.2005	31.3.2005
	HK$'000	*HK$'000*
Within 30 days	**21,389**	61,532
31 — 60 days	**2,459**	987
61 — 90 days	**1,171**	1,398
Over 90 days	**3,971**	4,257
Total creditors	**28,990**	68,174

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

The Group continued to achieve a satisfactory operating result during the period, with an unaudited consolidated turnover of HK$488.2 million (for the six months ended 30 September 2004: HK$362.5 million). In view of keen competition, the gross profit margin has generally dropped, but the Group was still able to achieve an unaudited consolidated net profit after tax of HK$29.1 million (for the six months ended 30 September 2004: HK$25.4 million) for the period under review.

Construction Division

The Construction Division has recognized a total turnover of HK$304.0 million (turnover to external parties was HK$304.0 million) during the period under review, representing an increase of 63.9% compared with the corresponding period last year (for the six months ended 30 September 2004: HK$185.5 million).

The main projects completed during the period included the construction of student residences at Flora Ho Sports Centre for The University of Hong Kong, the school improvement works for S.K.H. Wei Lun Primary School in Discovery Bay and the construction of community college at the junction of Shantung Street and Hak Po Street for Tung Wah Group of Hospitals.

The projects in progress included the construction of two high-rise residential buildings at Costal Skyline in Tung Chung undertaken by a joint venture with Hip Hing Construction Company Limited, the redevelopment works at 31 Wylie Road for The Chinese University of Hong Kong — Tung Wah Group of Hospitals Community College, the construction of five residential tower blocks at Discovery Bay North residential development Phase 13, the residential development at No.78 Mount Kellett Road, the design and build of Green House Facilities for The City University of Hong Kong, the fitting out work for Cheung Kong Group's Hunghom Bay Hotel development, and the maintenance works for The Airport Authority.

During the period, this Division secured two new contracts with an aggregate value of HK$411.7 million. One of these was awarded for the construction of superstructure works at Shatin Areas 4C and 38A residential development Phase 3 for The Hong Kong Housing Authority. Another new contract was awarded for the superstructure works of the development at Wing Fung Street for Swire Group. As at 30 September 2005, the outstanding values of contracts on hand amounted to HK$1,307.9 million.

Building Materials Division

The Building Materials Division has recorded a total turnover of HK$62.8 million (turnover to external parties was HK$39.6 million) during the period under review, representing a 13.6% increase over the corresponding period last year of HK$55.3 million. The turnover was mainly derived from the supply and/or installation of kitchen cabinets, false ceiling, external louvers and timber flooring to property developers and main contractors; together with the supply of pipes, fittings and other related accessories to contractors and through retail sales.

During the period, new contracts awarded and undertaken were the supply and installation of: kitchen cabinets for The Portofino in Sai Kung; false ceiling for Costal Skyline in Tung Chung, The Legend at Jardine's Lookout, Bel-Air on the Peak Phases 3 and 4 and Education Resources Centre at Kowloon Tong; external louvers for No.8 Clear Water Bay Road development; and timber flooring for No.1 High Street development.

Other new contracts awarded and undertaken by this Division included the supply of pipes for Cross Harbour Tunnel, Ping Chau DSD project, swimming pool project at Discovery Bay, Hong Kong Baptist University project at Shek Mun, Asia Airfreight Terminal, Residential Training Complex for Juveniles in Tuen Mun and commercial development project at Wai Tai Road.

As at 30 September 2005, the outstanding value of contracts on hand amounted to HK$98.5 million.

Interior and Renovation Division

The Interior and Renovation Division has recorded an external turnover of HK$40.3 million (the total turnover was HK$41.4 million) during the period under review, representing a 18.5% increase over the corresponding period last year of HK$34.0 million.

Major contract works undertaken during the period included the external renovation works for Estoril Court at Garden Road, Ventris Place in Happy Valley, Mei Foo Sun Chuen Stage 2; the external cladding works for Stelux House in San Po Kong, and the renovation works for Hong Kong Jockey Club staff quarters at Blue Pool Road.

During the period, this division was awarded several new contracts including the rectification works to external wall at transfer plates for Tower 1 to 12 of Tierra Verde in Tsing Yi, and the room conversion works for Harbour Plaza Metropolis in Hung Hom.

As at 30 September 2005, the outstanding value of contracts on hand amounted to approximately HK$77.5 million. Subsequent to the period end, this division has secured two new contracts with an aggregate value of HK$69.3 million. One of them is the renovation and repair works for Villa Monte Rosa.

Health Products Division

The results for the Health Products Division have improved during the period with a total turnover of HK$31.8 million, representing a 21.4% increase over the corresponding period last year of HK$26.2 million.

The Group operates the wholesale business and the health products retailing chain store business under the trade name of "Health Plus". As at 30 September 2005, there were 16 shops in operation in Hong Kong, selling health supplements, health care equipment, anti-tumor, immune system strengthening, and beauty care products. Several new products introduced, such as a new series of *"Natural Extracts"*, *"Bee Propolis"*, *"Royal Jelly"*, *"Squalene"*, *"Omega-3"*, *"Bu Yick Fong Cordycepts"* capsules and *"Bee"* products, were well received by the market.

The Group's health products company, Care & Health Limited launched a series of promotion programs to build up the image of its key product, *"Lingzhi Master"* series during the period under review. A new shop was opened in Kwun Tong MTR station during the period, and a speciality shop at Yuen Long and a promotional counter at Tsuen Kam Centre were opened in October this year. Together with the shop at Mei Foo Sun Chuen, the club house at Tsim Sha Tsui and a promotional counter within the Health Plus shop at Central MTR Station there are now a total of 6 main outlets selling the *"Lingzhi Master"* products and providing services to our members.

Property Investment Division

The Property Investment Division has recorded a total rental income of HK$8.6 million during the period under review, representing a 79.2% increase over the corresponding period last year of HK$4.8 million.

The rental income was derived from the Group's investment properties at Shatin Industrial Centre in Shatin, Health Plus Centre in Tai Wai, No.23-25 Mei Wan Street in Tsuen Wan, No.95 Bedford Road in Tai Kok Tsui, and a piece of land at Ping Che.

As at 30 September 2005, the overall occupancy rate for the Group's investment properties was approximately 81.9%.

Property Development Division

During the period under review, the Property Development Division has achieved a turnover of HK$63.4 million from the sale of 13 units of the Group's first property development project "Golf Parkview" in Kwu Tung. At as 30 September 2005, approximately 88% had been sold contributing a satisfactory return to the Group.

Property Agency and Management Division

The Property Agency and Management Division continued to contribute a stable source of income during the period under review, through the provision of project and property management, leasing agency services and rental collection services.

OUTLOOK

The Hong Kong economy has experienced a remarkable, broad-based upturn in the first half of 2005. Property prices in Hong Kong have gradually picked up and remained stable along with solid economic recovery. The unemployment rate dropped with more job opportunities and rise-back of wages in most industries. The grand opening of Hong Kong Disneyland has attracted worldwide attention, and the improving tourist and consumer spending sentiment has posted solid growth amid positive views of the economic environment. The fierce bidding in the government land auction in September this year saw the property developers' eagerness in replenishing their land banks, showing their confidence in the future property market. Going into the fourth quarter of the year, potential property buyers become cautious as both the oil price and mortgage interest rates continued to rise. Following the spread of avian flu in October this year, the property investment sentiment dampened, and the property market slowed down.

During the period under review, building and construction activity was still sluggish due to the lack of new large-scale building and construction projects, and competition remained high.

For the renovation business, under the Hong Kong Government's continuous efforts in promoting building management and maintenance, various measures such as the Mandatory Building Inspection Scheme, have been implemented or proposed. This would bring more business opportunities for the Group's interior and renovation segment.

The building materials and the health products businesses have remained highly competitive, especially the health products business. Operation costs increased enormously due to the sharp rise in retail shop rents after the SARS period. Facing such challenges, the Group will continue to exercise tight control over the other operating expenses, and strengthen its effort in sourcing high quality, unique products to satisfy customer needs.

Income from the investment properties will continue to provide a steady income stream for the Group next year.

Looking ahead, if the US interest rate peaks at around 4.5%, if oil price drops in response to the expected lower demand from developing countries next year, and if the avian flu is under control, there are hopes that the global economic growth will be sustained, and the property market in Hong Kong will regain momentum. This would help stimulate activities in the building construction industry. Going forward, the Group will strive to improve its operational efficiency and cost control, explore more business opportunities to provide further avenues for the growth and profitability of the Group.

FINANCIAL REVIEW

Group Liquidity and Financial Resources

The Group's financial position continues to be healthy. The total cash and bank balances decreased from HK$102.1 million as at 31 March 2005 to HK$79.5 million at the close of business on 30 September 2005. The cash outflow was mainly due to the utilisation of funds, to acquire properties for investment and development purposes from independent third parties. As at the period end date, the current ratio (current assets divided by current liabilities) was maintained at 1.7 times.

For the purposes of maintaining flexibility in funding and day-to-day financial management, the Group has obtained banking facilities with an aggregate amount of HK$364.0 million (HK$49.0 million was secured by first charges over certain land and buildings and investment properties of the Group), of which HK$125.0 million bank loans have been drawn down and approximately HK$101.7 million has been utilised mainly for the issuance of letters of credit and performance bonds as at 30 September 2005. The funding requirements of the Group for the coming year are anticipated to be satisfied by available banking facilities, cash generated from operations and the bank balances and cash as at the balance sheet date.

Treasury Policy

In order to minimise the cost of funds and to achieve a better risk control, the treasury activities of the Group are centralised and scrutinised by the top management. The Group's treasury policy remains unchanged from those described in the latest annual report 2004-2005.

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 dollars loans amounting to HK$125.0 million from banks (at 31 March 2005: HK$115.1 million). The borrowings have been used for refinancing 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 five years with HK$80.2 million repayable within the first year, HK$4.2 million repayable within the second year and HK$40.6 million repayable within the third to fifth years. Interest is based on HIBOR with a competitive margin.

As at the close of business on 30 September 2005, the Group's gearing ratio, calculated on the basis of the net borrowings of the Group (total bank borrowings less total bank balances and cash) over shareholders' funds, was 0.09 (at 31 March 2005: 0.03).

Major Acquisition

During the period under review, the Group acquired a property on the ground floor of Shatin Industrial Centre from an independent third party at a consideration of HK$4.6 million from internally generated funds. This property is located in Hong Kong and will be held for investment purposes.

In December 2004, the Group formed a joint venture company, in which the Group holds 50% interest, with an independent third party to acquire a property at Nos. 1 & 1E La Salle Road, Kowloon Tong, Hong Kong (the "Property") at a consideration of HK$171.0 million for redevelopment purposes. The acquisition of the Property has been completed in June 2005. Details of this acquisition and the formation of the joint venture company have been disclosed in the Company's circular to shareholders dated 14 January 2005.

Collateral

As at 30 September 2005, the Group's Hong Kong dollars loans of HK$49.0 million were secured by first charges over certain land and buildings and investment properties of the Group, at the carrying value of approximately HK$134.1 million (at 31 March 2005: HK$129.5 million).

Contingent Liabilities

(1) At 30 September 2005, the Group had given guarantees to a bank in respect of performance bonds granted to the jointly controlled entities amounting to HK$33,488,000 (at 31 March 2005: HK$33,488,000).

(2) During the year ended 31 March 2004, legal actions in respect of the allegations for copyright infringement and defamation have been taken against certain subsidiaries of the Company carrying on health product business. At 30 September 2005, as the relevant actions are still in the preliminary stage, the Directors are of the opinion that it is impractical to assess their impacts to the Group.

Capital Commitments

As at 30 September 2005, the Group had outstanding commitments in respect of the purchase of part of the second floor of Shatin Industrial Centre, and a property investment company, which owns a piece of land at Yuen Long, (both properties are located in Hong Kong), from independent third parties at a total consideration of approximately HK$61.5 million, where deposits amounting to approximately HK$4.7 million have been paid. These properties are to be held for investment purposes.

The acquisition of the property investment company had been completed in November 2005, while the purchase of part of the second floor of Shatin Industrial Centre is expected to be finalised before the second quarter of the year 2006. Details of the acquisitions have been disclosed in the Company's circular to shareholders dated 4 October 2005.

Post Balance Sheet Event

In November 2005, the Group completed the acquisition of the property investment company as mentioned under the above section "Capital Commitments" at a consideration of approximately HK$34.5 million from internally generated funds.

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 2005, the Group had over 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 2005 has not been audited, but has been reviewed by the Audit Committee of the Board and the Group's auditors, Messrs Deloitte Touche Tohmatsu.

CORPORATE GOVERNANCE

The Company has applied and complied with 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 "Stock Exchange") (the "Listing Rules") throughout the six months ended 30 September 2005, except Code A.4.1 of the CG Code that the 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. However, 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 directors 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

All information required by paragraph 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the executive directors of the Company are Mr. Wong Sue Toa, Stewart, Mr. Tai Sai Ho, Dr. Lam Chat Yu and Mr. Shen Tai Hing; the non-executive directors of the Company are Mr. Cha Mou Sing, Payson, Mr. Cha Mou Daid, Johnson and Mr. Cha Yiu Chung, Benjamin; and the independent non-executive directors of the Company are Mr. Chan Pak Joe, Dr. Sun Tai Lun and Dr. Lau Tze Yiu, Peter.

By order of the board
Cha Mou Sing, Payson
Chairman

Hong Kong, 29 November 2005