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 2006

INTERIM RESULTS

The Board of Directors (the "Board") of Hanison Construction Holdings Limited (the "Company") is pleased to announce that the unaudited consolidated profit attributable to shareholders of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2006 amounted to HK$15.7 million, compared with HK$29.1 million for the corresponding period last year. The earnings per share was HK3.5 cents, compared with HK6.6 cents for the corresponding period last year.

DIVIDEND

The Board has resolved to pay an interim dividend of HK1.5 cents per share for the six months ended 30 September 2006 (for the six months ended 30 September 2005: HK1 cent per share) to the shareholders whose names appear on the Registers of Members of the Company as at the close of business on 29 December 2006. The dividend is expected to be paid to shareholders on or around 23 January 2007.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed from 28 December 2006 to 29 December 2006, 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 27 December 2006.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006

		Six months ended	
	NOTES	**30.9.2006** **HK$'000** ***(Unaudited)***	30.9.2005 *HK$'000* *(Unaudited)*
Turnover	3	**496,372**	488,171
Cost of sales		**(446,516)**	(414,755)
Gross profit		**49,856**	73,416
Other income		**8,269**	401
Marketing and distribution costs		**(5,622)**	(8,424)
Administrative expenses		**(33,507)**	(30,793)
Finance costs		**(2,442)**	(1,311)
Share of result of associates		**(99)**	(84)
Share of result of jointly controlled entities		**855**	(7)
Gain on change in fair value of investments held for trading		**3**	—
Profit before taxation	4	**17,313**	33,198
Taxation	5	**(1,604)**	(4,130)
Profit for the period		**15,709**	29,068
Dividend paid	6	**6,649**	5,319
Earnings per share — basic	7	**HK3.5 cents**	HK6.6 cents

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 SEPTEMBER 2006

	NOTES	**30.9.2006** ***HK$'000*** ***(Unaudited)***	31.3.2006 *HK$'000* *(Audited)*
Non-current assets			
Investment properties		**170,099**	295,090
Property, plant and equipment		**49,819**	44,648
Interests in associates		**—**	9,769
Interests in jointly controlled entities		**27,742**	26,887
Goodwill		**540**	540
Deposits for acquisition of investment properties		**—**	1,010
Deposits for acquisition of property, plant and equipment		**2,858**	3,473
Amounts due from jointly controlled entities		**41,658**	40,695
		292,716	422,112
Current assets			
Properties for development		**215,913**	210,466
Properties held for sale		**—**	2,570
Inventories		**37,370**	33,572
Amounts receivable on contract work		**142,006**	88,697
Progress payments receivable	8	**45,146**	33,780
Retention money receivable		**117,815**	96,379
Debtors, deposits and prepayments	9	**63,043**	72,521
Amounts due from associates		**—**	534
Amounts due from jointly controlled entities		**50,000**	50,000
Investments held for trading		**220**	217
Taxation recoverable		**3,015**	1,442
Bank balances and cash		**46,499**	69,838
		721,027	660,016
Assets classified as held for sale		**141,794**	—
		862,821	660,016
Current liabilities			
Amounts payable on contract work		**108,453**	121,892
Creditors and accrued charges	10	**188,781**	211,613
Taxation payable		**1,360**	1,133
Bank loans — amount due within one year		**176,063**	82,200
		474,657	416,838
Liabilities associated with assets classified as held for sale		**43,518**	—
		518,175	416,838
Net current assets		**344,646**	243,178
Total assets less current liabilities		**637,362**	665,290
Non-current liabilities			
Bank loans — amount due after one year		**62,500**	88,700
Deferred taxation		**10,431**	21,219
		72,931	109,919
		564,431	555,371
Capital and reserves			
Share capital		**44,324**	44,324
Reserves		**520,107**	511,047
		564,431	555,371

NOTES

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006

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 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on 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 Group's annual financial statements for the year ended 31 March 2006 except as described below.

In the current period, the Group has applied, for the first time, a number of new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA which are either effective for accounting periods beginning on or after 1 December 2005, 1 January 2006 or 1 March 2006. The adoption of the new HKFRSs has had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment is required.

In addition, the Group has applied the following accounting policy for non-current assets or (disposal groups) classified as held for sale during the current interim period:

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset and disposal group is available for immediate sale in its present condition.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the assets' or disposal groups' previous carrying amount and fair value less costs to sell.

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

HKAS 1 (Amendment)	Capital disclosures [1]
HKFRS 7	Financial instruments: Disclosures [1]
HK(IFRIC) — INT 8	Scope of HKFRS 2 [2]
HK(IFRIC) — INT 9	Reassessment of embedded derivatives [3]
HK(IFRIC) — INT 10	Interim financial reporting and impairment [4]

[1] Effective for annual periods beginning on or after 1 January 2007.
[2] Effective for annual periods beginning on or after 1 May 2006.
[3] Effective for annual periods beginning on or after 1 June 2006.
[4] Effective for annual periods beginning on or after 1 November 2006.

3. TURNOVER AND SEGMENT INFORMATION

Business segments

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

	Construction *HK$'000*	Interior and renovation *HK$'000*	Building materials *HK$'000*	Health products *HK$'000*	Property investment *HK$'000*	Property agency and management *HK$'000*	Property development *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
For the six months ended 30 September 2006									
TURNOVER									
External sales	**376,406**	**46,108**	**29,008**	**29,296**	**9,796**	**978**	**4,780**	**—**	**496,372**
Inter-segment sales	**70**	**236**	**20,783**	**929**	**—**	**410**	**—**	**(22,428)**	**—**
Total	**376,476**	**46,344**	**49,791**	**30,225**	**9,796**	**1,388**	**4,780**	**(22,428)**	**496,372**
Inter-segment sales are charged at prevailing market rates.									
RESULTS									
Segment results	**8,587**	**433**	**2,055**	**34**	**6,650**	**428**	**750**	**162**	**19,099**
Finance costs									**(2,442)**
Share of result of associates	**—**	**—**	**—**	**—**	**—**	**—**	**(99)**	**—**	**(99)**
Share of result of jointly controlled entities	**867**	**—**	**—**	**—**	**—**	**—**	**(12)**	**—**	**855**
Gain on change in fair value of investments held for trading									**3**
Unallocated other income									**983**
Unallocated corporate expenses									**(1,086)**
Profit before taxation									**17,313**
Taxation									**(1,604)**
Profit for the period									**15,709**

	Construction *HK$'000*	Interior and renovation *HK$'000*	Building materials *HK$'000*	Health products *HK$'000*	Property investment *HK$'000*	Property agency and management *HK$'000*	Property development *HK$'000*	Eliminations *HK$'000*	Consolidated *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
Finance costs									(1,311)
Share of result of associates	—	—	—	—	—	—	(84)	—	(84)
Share of result of jointly controlled entities	—	—	—	—	—	—	(7)	—	(7)
Unallocated other income									401
Unallocated corporate expenses									(1,082)
Profit before taxation									33,198
Taxation									(4,130)
Profit for the period									29,068

4. PROFIT BEFORE TAXATION

	Six months ended	
	30.9.2006 ***HK$'000***	30.9.2005 *HK$'000*
Profit before taxation has been arrived at after charging:		
Depreciation	**2,352**	1,740
and after crediting:		
Gain on disposal of property, plant and equipment	**7,230**	750
Expenses capitalised in cost of contract work:		
Depreciation	**1,529**	1,223
Finance costs	**216**	—

5. **TAXATION**

	Six months ended	
	30.9.2006	30.9.2005
	HK$'000	*HK$'000*
Hong Kong Profits Tax	**831**	3,787
Deferred taxation	**773**	343
	1,604	4,130

Hong Kong Profits Tax is calculated at 17.5% (for the six months ended 30 September 2005: 17.5%) of the estimated assessable profit for the period.

6. **DIVIDEND**

During the period, a dividend of HK1.5 cents per share (for the year ended 31 March 2005: HK1.5 cents per share) was paid to shareholders as the final dividend for 2006 which amounted to HK$6,649,000 (final dividend for 2005: HK$5,319,000).

The board of directors has resolved to declare an interim dividend of HK1.5 cents per share for the six months ended 30 September 2006 (for the six months ended 30 September 2005: HK1 cent per share), which amounted to approximately HK$6,649,000 (for the six months ended 30 September 2005: HK$4,432,000).

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$15,709,000 (for the six months ended 30 September 2005: HK$29,068,000) and on the 443,236,068 shares (for the six months ended 30 September 2005: 443,236,068 shares).

No diluted earnings per share has been presented as the Company did not have any 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:

	30.9.2006	31.3.2006
	HK$'000	*HK$'000*
Within 30 days	**34,125**	32,120
31 — 60 days	**11,021**	1,660
	45,146	33,780

9. **DEBTORS, DEPOSITS AND PREPAYMENTS**

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

The aged analysis of trade debtors included in debtors, deposits and prepayments and assets classified as held for sale is as follows:

	30.9.2006	31.3.2006
	HK$'000	*HK$'000*
Within 30 days	**20,842**	33,480
31 — 60 days	**3,363**	1,925
61 — 90 days	**2,708**	1,440
Over 90 days	**5,426**	5,225
Total trade debtors	**32,339**	42,070

10. **CREDITORS AND ACCRUED CHARGES**

The aged analysis of trade creditors included in creditors and accrued charges and liabilities associated with assets classified as held for sale is as follows:

	30.9.2006	31.3.2006
	HK$'000	*HK$'000*
Within 30 days	**33,326**	58,962
31 — 60 days	**1,272**	832
61 — 90 days	**755**	1,326
Over 90 days	**3,474**	2,965
Total trade creditors	**38,827**	64,085

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

The Group recorded an unaudited consolidated turnover of HK$496.4 million for the six months ended 30 September 2006 (for the six months ended 30 September 2005: HK$488.2 million).

The unaudited consolidated profit attributable to shareholders for the six months ended 30 September 2006 was HK$15.7 million, compared with HK$29.1 million of the previous period. The decrease in profit mainly reflects the reduction in the number of residential units of Golf Parkview available for sale. During the period ended 30 September 2005, the Group recorded contribution from sales of 13 units of the Golf Parkview. However, in the period under review, the Group only recognised contribution from sale of the remaining one unit.

Subsequent to the period under review, the Group entered into a sale and purchase agreement in October 2006 to dispose of the subsidiary owning one of the Group's investment properties, the Health Plus Centre. This transaction is expected to be completed in December 2006, and will contribute a profit before tax of approximately HK$48.3 million to the Group. In addition, the Group has completed the transaction on disposal of shares and shareholders' loan for its 50% interest in the Dongguan project in November 2006, thereby realizing a profit before tax of approximately HK$30.0 million. The profits from the above two transactions will be recognized in the Group's income statement in the second half of the financial year ending 31 March 2007.

Construction Division

The construction industry still encountered fierce competition, and gross profit margin remained tight. This tough market situation has eliminated many small building contractors over the past few years. With our past efforts and good reputation in the construction industry, the Group has increasing opportunities to tender for more building construction project works. Despite the extremely competitive market environment, performance of the Construction Division during the period was satisfactory. Turnover surged by approximately 23.8% to HK$376.5 million for the six months ended 30 September 2006. The turnover for the corresponding period last year was HK$304.0 million.

During the period, the division has substantially completed the construction of the luxury residential development at Mount Kellett Road and the commercial development at Wing Fung Street in Wanchai for the Swire Group.

For the existing projects, the superstructure works for the CUHK-TWGHs Community College at 31 Wylie Road have been progressing on schedule towards completion. Other major works undertaken include the construction of the residential development at Areas 4C and 38A in Phase 3, Shatin, the redevelopment of Shek Pai Wan Estate Phase 2, the tower concrete works for MGM Grand Macau, the construction of a private cum secondary school for the English Schools Foundation in Discovery Bay, canopy construction and associated works at the Hong Kong International Airport and the extension and renovation works for Lady Lily Shaw Building at Hong Kong Baptist Hospital.

During the period, the division was also awarded the contract works for the Hong Kong Housing Authority project in respect of the redevelopment of Sau Mau Ping Estate Phase 14. Subsequent to the period end, the additions, renovation and alteration works to The Hong Kong Anti-cancer Society Jockey Club Cancer Rehabilitation Centre in Wong Chuk Hang and the construction of a composite building at Java Road, North Point were awarded to the division.

As at 30 September 2006, the value of order books amounted to HK$1,490.4 million.

Building Materials Division

The turnover for this division during the period under review was HK$49.8 million, a decrease of 20.7% when compared with the previous corresponding period of HK$62.8 million. Business is tough and we are striving to source quality products under our sole distributorship.

During the period, the main projects undertaken have included the supply and installation of false ceiling for the residential developments in Tung Chung, the CUHK-TWGHs Community College at Wylie Road and Mount Beacon, the supply and installation of false ceiling and kitchen cabinets for a hotel development at Hunghom Bay, Metro Town Phase II in Tiu Keng Ling, Kingsville Phase 2 development in Macau, and the supply and installation of Polyboard and timber flooring for Centre Place at High Street in the Mid-levels.

New contracts awarded during this year have included the supply and installation of false ceiling for Grand Lisboa Hotel and the Venetian Hotel Resort Development in Macau, the supply and installation of timber flooring for a residential development at Ngau Tam Mei in Yuen Long and Canaryside in Lei Yue Mun and supply of self-cleaning "Hydrotect" external wall facing tile for Queen's Garden at Old Peak Road.

During the period ended 30 September 2006, the division has also supplied pipes, fittings and/or related accessories for several large projects, including the residential development at Areas 4C and 38A in Phase 3, Shatin, the teaching hotel for the Chinese University of Hong Kong, the renovation works at Villa Monte Rosa, the MGM Grand Macau Hotel Resort Development, the upgrading works at certain MTR stations and the residential and commercial complex at Yeung Uk Road, Tsuen Wan. The retail business of pipes and fittings remained stable.

The polyethylene pipes launched last year has continuously gained satisfactory growth and wide recognition. Every effort will be made to seek sole distributorship for other types of building materials.

As at 30 September 2006, the outstanding value of contracts on hand amounted to HK$89.5 million.

Interior and Renovation Division

Turnover has risen to HK$46.3 million (for the six months ended 30 September 2005: HK$41.4 million), representing an increase of approximately 11.8%. The job references from previous renovation works for prestigious buildings have greatly helped the division to secure large scale renovation projects.

During the period under review, the external finishing works for Villa Monte Rosa at Stubbs Road have been progressing towards completion and other renovation and repair works are in progress. The renovation works for Estoril Court at Garden Road and room conversion works for Harbour Plaza Metropolis Hotel in Hung Hom have been successfully completed. The exterior addition & alteration and interior design & renovation of a residential property at Fei Ngo Shan Road were progressing steadily.

The major contract awarded during the period included the renovation works to the external wall for Queen's Garden at Old Peak Road, which involves repair of the existing external wall and wall in public areas and reconstruction of external finishes to three 34-duplex-floor residential towers. Other main projects like the external wall renovation works for C C Wu Building in Wanchai were also clinched.

As at 30 September 2006, the outstanding value of contracts on hand amounted to HK$162.4 million.

Health Products Division

The turnover for this division during the six months ended 30 September 2006 was HK$30.2 million, a decrease of 5.0% compared with the turnover of HK$31.8 million for the previous corresponding period.

As at 30 September 2006, there were 22 Health Plus retail shops, 3 Care & Health shops, 5 Care & Health promotional counters and 2 clubhouses in operation.

Like other retail business, Health Plus is facing fierce competition and bearing high retail shop rentals. Our strategy is to differentiate our products by introducing our own brand name products and own sourced products. During the period under review, Health Plus has introduced a series of health supplements into the market.

Property Development Division

The remaining residential unit of Golf Parkview was sold during the period. The Group is in the course of negotiating the terms of lease modification for the two pieces of land in Kowloon Tong: (i) the joint development with NWS Holdings Limited at Nos.1 and 1E La Salle Road and (ii) the Group's development at the junctions of No. 4 College Road and No. 21 Sau Chuk Yuen Road. Both development projects are slated for completion in 2008.

The luxury residential market remained steady with a stable rise in both price and transactions in the first half of 2006. Given the scarce land supply for high end residential developments, it is expected that these two projects will be able to capture the positive sentiment in luxury property market and contribute a satisfactory return for the Group in the years to come.

Development planning is underway for the residential development at So Kwun Wat in Tuen Mun and the land lots at DD129, Lau Fau Shan, Yuen Long.

In November 2006, the Group disposed of its 50% interest in two associated companies which indirectly own two pieces of adjoining land in Dongguan, PRC. The Group's 50% share of the consideration for the disposal was approximately HK$45.7 million and will be used by the Group as additional general working capital. The expected gain on disposal attributable to the Group is approximately HK$30.0 million. Prior to completion of the disposal, the land was held for joint development with Chevalier International Holdings Limited into a commercial/office complex.

Property Investment Division

During the period ended 30 September 2006, the turnover for this division reached a satisfactory level of HK$9.8 million, representing an increase of 14.0% when compared with the turnover of HK$8.6 million for the corresponding period last year.

Rental rates of industrial properties remained steady throughout the period under review. 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, No.31 Wing Wo Street in Sheung Wan and the newly purchased units at Kin Wing Industrial Building in Tuen Mun maintained high occupancy rate.

Subsequent to the period end, the Group entered into an agreement to dispose of Health Plus Centre at a consideration of HK$180 million. The expected gain on disposal attributable to the Group is approximately HK$48.3 million. This transaction is expected to be completed in December 2006.

Property Agency and Management and Project Management Division

During the period, the turnover for the division was HK$1.4 million, a decrease of 56.3% over the previous period's turnover of HK$3.2 million.

The decrease in turnover was mainly caused by the termination of the provision of property management and agency services to the CDW Building in Tsuen Wan since January 2006.

At the moment, the Group provides property management services to Golf Parkview, property management, rental collection and leasing agency services to Health Plus Centre and rental collection and leasing agency services to the office building at 8 Hart Avenue in Tsimshatsui.

OUTLOOK

The Hong Kong economy continued to flourish with the GDP in the first half of 2006 risen by 6.6% in real terms, and unemployment rate fell to 4.7% in July to September 2006.

Despite the promising economic performance, the construction industry remains stagnant. The profit margin is expected to be tight in view of fierce competition in the market. In face of such challenging operating environment, the Group will strive to uplift its services and quality, and to further control its costs and site management to strengthen its competitiveness.

Keen competition in the building materials industry is still expected. The Group will keep on securing sole distributorship for building materials and strengthen our sales force to further enhance our market share in this industry. The global metallic commodity prices have experienced tremendous fluctuation during the year. The Group will monitor the situation closely to ensure that we purchase piping products at the most competitive price.

The market for the interior and renovation industry has improved slightly, as building owners are willing to upgrade their living environment. The use of elevated tower platforms has improved work efficiency and minimized disturbance to occupants. Going forward, emphasis will continue to be put in the enhancement of quality and observance of environmental issues.

Turning to property development business, residential property prices are expected to pick up momentum again when the interest rate hike cycle ends. Recent government land auction further illustrated the polarization of the property market between the highly sought-after luxury residential market and the overly supplied mass residential market. It is anticipated that the property sale from the completion of the two luxury residential developments at La Salle Road and College Road in 2008 will enhance the Group's earnings and financial position.

For property investment and management business, underpinned by increasing demand from the manufacturing and logistics sectors for production and storage activities, rental values of the Group's industrial premises and warehouses are predicted to yield promising returns. The Group will continue to identify suitable investment properties to secure a stable stream of rental income and to capture the potential for gain on appreciation of the property value.

High retail shop rentals and keen competition have been affecting the Group's health products business. Our strategy will be to focus on selling our own brand name products and own sourced products. A series of organic foods will be introduced, and different thematic promotional campaign will be launched in the coming months to boost up sales.

Looking forward, the roll-out of the PRC's Eleventh Five-Year Plan for National Economic and Social Development of China, which reiterates the support to Hong Kong's pillar industries of financial and logistics services and tourism, will have an important, far-reaching and favourable influence on Hong Kong. In the United States, the peak of the interest rate conveys a positive signal, but the slow-down of the US economy has aroused global concerns.

Amidst the competitive and uncertain operating arena, the Group will strive to make persistent improvements and promising returns to our shareholders. The continuous growth in the net asset value of the Group demonstrates that we have established a solid and strong foundation for future growth.

FINANCIAL REVIEW

Group Liquidity and Financial Resources

The Group's financial position continued to be healthy. The total cash and bank balances had decreased from HK$69.8 million as at 31 March 2006 to HK$47.0 million at the close of business on 30 September 2006. The net cash outflow was mainly due to the utilisation of funds to finance new construction projects. As at the period end date, the current ratio (current assets divided by current liabilities) was increased from 1.6 times as at 31 March 2006 to 1.7 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$481.8 million (HK$91.8 million was secured by first charges over certain land and buildings and investment properties of the Group), of which HK$265.9 million bank loans have been drawn down and approximately HK$134.7 million has been utilised mainly for the issuance of letters of credit and performance bonds as at 30 September 2006. 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 balance sheet date.

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 2005-2006.

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$265.9 million from banks (at 31 March 2006: HK$170.9 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 five years with HK$203.4 million repayable within the first year, HK$2.0 million repayable within the second year and HK$60.5 million within the third to fifth years. Interest is based on HIBOR with a competitive margin.

As at the close of business on 30 September 2006, 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 38.8% (at 31 March 2006: 18.2%).

Major Disposal

On 4 May 2006, the Group entered into an agreement with an independent third party to dispose of a piece of land situated in D.D.92, Sheung Shui, New Territories at a consideration of HK$15.7 million. The transaction was completed on 8 June 2006. Details of this disposal have been disclosed in the Company's circular to shareholders dated 29 May 2006.

Collateral

As at 30 September 2006, the Group's Hong Kong dollars loans of HK$91.8 million were secured by first charges over certain land and buildings and investment properties of the Group, at the carrying value of approximately HK$218.6 million (at 31 March 2006: HK$218.8 million).

Contingent Liabilities

(1) At 30 September 2006, the Group had given guarantees to a bank in respect of performance bonds granted to the jointly controlled entities amounting to HK$33.5 million (at 31 March 2006: HK$33.5 million).

(2) During the year ended 31 March 2004, legal actions in respect of allegations for copyright infringement and defamation have been taken against certain subsidiaries of the Company carrying on health product business. No further steps have been taken against the Group in respect of such actions after the court hearing for directions to appoint experts / exchange witness statements since 2004. Hence, the Directors are of the opinion that it is impractical to assess the impact of such legal actions on the Group.

Capital Commitments

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

	30.9.2006 *HK$'000*	31.3.2006 *HK$'000*
Contracted for but not provided in condensed consolidated financial statements		
Commitments for the acquisition of investment properties	—	9,090
Commitments for the acquisition of property, plant and equipment	**10,598**	7,750

Authorised but not contracted for

As at 30 September 2006, the Group has an obligation to fund a joint development project of a site in So Kwun Wat, amounting to HK$231,500,000 which represented 23.63% of the anticipated project costs.

The Group's associates, Fairwide Limited ("Fairwide") and Berville Investment Limited ("Berville"), also have an obligation to fund another joint development project of a site in Dongguan, the People's Republic of China, amounting to RMB101,500,000 (equivalent to HK$98,544,000), which represented 50% of the anticipated development costs. As mentioned in the section "Post Balance Sheet Events", the equity interests in Fairwide and Berville were disposed of by the Group on 1 November 2006.

Post Balance Sheet Events

On 4 October 2006, the Group entered into an agreement to dispose of its 50% interest in two associated companies which indirectly own two pieces of adjoining land in Dongguan, PRC. The Group's 50% share of the consideration for the disposal was approximately HK$45.7 million which will be used by the Group as additional general working capital. The transaction was completed on 1 November 2006. Details of this disposal have been disclosed in the Company's circular to shareholders dated 25 October 2006.

Subsequent to the period end, the Group entered into an agreement to dispose of its 100% interest in a wholly owned subsidiary which owns Health Plus Centre in Hong Kong at a consideration of HK$180 million to an independent third party. This transaction is expected to be completed in December 2006. Details of this disposal have been disclosed in the Company's circular to shareholders dated 28 November 2006.

In November 2006, the Group entered into an agreement with an independent third party to purchase a workshop in Shatin Industrial Centre at a consideration of HK$12.0 million. The transaction is expected to be completed in January 2007.

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 2006, the Group had over 700 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 2006 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 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 period ended 30 September 2006, 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 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 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) As mentioned in the Corporate Governance Report set out in the 2005-2006 Annual Report of the Company, Code Provisions D.2.1 and D.2.2 require (i) the board committees to prescribe sufficiently clear terms of reference; and (ii) the terms of reference of the board committees to report back to the Board on their decisions or recommendations. The Board established two committees in April 2002 to handle the Company's general business and acquisition and disposal of properties within a designated threshold respectively. The written terms of reference for these two board committees have been drawn up and approved at the Board meeting held on 13 September 2006. Code Provisions D.2.1 and D.2.2 have been fully complied with thereafter.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted 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.

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, 6 December 2006