興勝創建控股有限公司
HANISON CONSTRUCTION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 896)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2010

SUMMARY OF RESULTS

For the year ended 31 March 2010, Hanison Construction Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") had a turnover of HK$884.4 million, being approximately 51.6% lower than last year's figure of HK$1,828.5 million. Substantial drop in turnover was recorded for the construction, interior and renovation and building materials businesses of the Group.

Despite the decrease in turnover, the Group managed to operate on slightly improved profit margins. The Group managed to turn around the financial results, achieving a consolidated profit attributable to shareholders of HK$109.2 million as compared with a loss of HK$59.4 million for the year ended 31 March 2009. A considerable portion of the profit was attributable to the gain on change in fair value of investment properties and recognition of profit from property sale of certain units of a 50/50 joint venture development project, One LaSalle.

The basic earnings per share was HK24.6 cents, compared to the basic loss per share of HK13.4 cents last year.

As at 31 March 2010, the net asset value amounted to HK$750.2 million (2009: HK$652.0 million), representing an increase of 15.1% over last year. Net asset value per share at 31 March 2010 was HK$1.69 (2009: HK$1.47).

DIVIDEND

The Board has recommended a final dividend of HK2.5 cents per share for the year ended 31 March 2010 (2009: HK1.0 cent per share) to shareholders whose names appear on the Registers of Members of the Company on 10 August 2010 ("Record Date"). This together with the interim dividend of HK1.5 cents per share (2009: HK0.5 cents per share) gives a total of HK4.0 cents per share for the year (2009: HK1.5 cents per share). The proposed final dividend will be paid on 31 August 2010 following approval at the annual general meeting.

PROPOSED BONUS ISSUE OF SHARES

The Board has also recommended a bonus issue ("Bonus Issue") of shares of HK$0.1 each in the capital of the Company ("Bonus Share(s)") on the basis of 1 Bonus Share for every 10 existing shares held by the shareholders of the Company whose names appear on the Registers of Members as at the close of business on the Record Date. The Bonus Shares will be fully paid at par and will rank pari passu with the existing issued ordinary shares of the Company in all respects from the date of issue, except that they will not rank for the final dividend for the year ended 31 March 2010. The Bonus Issue is conditional upon shareholders' approval at the AGM and the Listing Committee of The Stock Exchange of Hong Kong Limited ("Stock Exchange") granting listing of, and permission to deal in, the Bonus Shares. A circular containing further details of the Bonus Issue will be sent to shareholders of the Company in due course.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed from Friday, 6 August 2010 to Tuesday, 10 August 2010, both days inclusive. During this period no transfer of shares in the Company will be registered. In order to qualify for the final dividend for the year ended 31 March 2010, 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, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 5 August 2010.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2010

	NOTES	**2010** *HK$'000*	2009 *HK$'000*
Turnover	*3*	**884,370**	1,828,475
Cost of sales		**(800,140)**	(1,723,973)
Gross profit		**84,230**	104,502
Other income		**4,957**	2,346
Marketing and distribution costs		**(8,420)**	(8,789)
Administrative expenses		**(88,558)**	(84,766)
Gain (loss) on change in fair value of investment properties		**73,629**	(68,609)
Gain (loss) on change in fair value of investments held for trading		**1,046**	(1,272)
Gain (loss) on change in fair value of derivative financial instruments		**3,154**	(58)
Share of profit (loss) of an associate		**921**	(3,483)
Share of profit of jointly controlled entities		**57,768**	3,045
Finance costs		**(5,313)**	(9,242)
Profit (loss) before taxation	*5*	**123,414**	(66,326)
Taxation (charge) credit	*6*	**(14,213)**	6,960
Profit (loss) for the year		**109,201**	(59,366)
Earnings (loss) per share-basic (HK cents)	*8*	**24.6**	(13.4)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2010

	2010	2009
	HK$'000	*HK$'000*
Profit (loss) for the year	**109,201**	(59,366)
Other comprehensive income and expenses		
Exchange differences arising on translation of foreign operations	**79**	(527)
Surplus on revaluation of properties	**—**	982
Other comprehensive income for the year	**79**	455
Total comprehensive income and expense for the year	**109,280**	(58,911)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2010

	NOTES	**2010** **HK$'000**	2009 *HK$'000*
Non-current assets			
Investment properties		**577,080**	535,320
Property, plant and equipment		**98,264**	91,484
Prepaid lease payments		**6,620**	6,800
Interest in an associate		**16,038**	15,717
Interests in jointly controlled entities		**70,165**	3,397
Goodwill		**—**	—
		768,167	652,718
Current assets			
Properties under development for sale		**404,519**	333,252
Inventories		**38,293**	34,139
Amounts receivable on contract work		**157,353**	197,778
Progress payments receivable	*9*	**32,149**	48,066
Retention money receivable		**107,036**	148,118
Debtors, deposits and prepayments	*10*	**51,127**	51,614
Prepaid lease payments		**201**	200
Amount due from a jointly controlled entity		**58,415**	69,638
Investments held for trading		**338**	4,423
Taxation recoverable		**1,494**	495
Derivative financial instruments		**1,291**	221
Bank balances and cash		**186,944**	195,643
		1,039,160	1,083,587
Current liabilities			
Amounts payable on contract work		**129,400**	119,253
Trade and other payables	*11*	**257,434**	299,351
Obligation under a finance lease due within one year		**—**	44
Taxation payable		**2,323**	1,690
Derivative financial instruments		**—**	205
Bank loans — amounts due within one year		**554,300**	556,713
		943,457	977,256
Net current assets		**95,703**	106,331
Total assets less current liabilities		**863,870**	759,049
Non-current liabilities			
Bank loans — amounts due after one year		**76,000**	80,500
Deferred taxation		**37,678**	26,556
		113,678	107,056
		750,192	651,993
Capital and reserves			
Share capital		**44,324**	44,324
Reserves		**705,868**	607,669
		750,192	651,993

NOTES:

1. BASIS OF PREPARATION AND CONSOLIDATION

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

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

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Company and its subsidiaries (collectively referred to as the "Group") have applied a number of new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the HKICPA.

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of financial statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 Operating segments

HKFRS 8 is a disclosure standard that has resulted in a change in the basis of measurement of segment profit or loss, segment assets and segment liabilities.

Improving disclosures about financial instruments (amendments to HKFRS 7 Financial instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24(Revised)	Related party disclosures[7]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of rights issues[5]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[4]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[6]
HKFRS 2 (Amendment)	Group cash-settled share-based payments transactions[4]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[8]
HK(IFRIC*) — INT 14 (Amendment)	Prepayments of a minimum funding requirement[7]
HK(IFRIC) — INT 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) — INT 19	Extinguishing financial liabilities with equity instruments[6]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
4 Effective for annual periods beginning on or after 1 January 2010.
5 Effective for annual periods beginning on or after 1 February 2010.
6 Effective for annual periods beginning on or after 1 July 2010.
7 Effective for annual periods beginning on or after 1 January 2011.
8 Effective for annual periods beginning on or after 1 January 2013.

* IFRIC represents the International Financial Reporting Interpretations Committee.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

HKFRS 9 "Financial instruments" introduces new requirements for the classification and measurement of financial assets and will be effective to the Group from 1 April 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

3. TURNOVER

Turnover represents the aggregate of the revenue earned from construction contract works, interior and renovation contracts, supply and installation of building materials, sale of goods, provision of property agency and management services and gross rental income from property investments during the year.

4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 April 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. However, there is a change in the measure of segment profit or loss, segment assets and segment liabilities upon the adoption of HKFRS 8.

The Group is organised into seven operating divisions: construction, interior and renovation works, trading and installation of building materials, sales of health products, property investment, provision of property agency and management services and property development. 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.

(a) Segment revenues and results

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

For the year ended 31 March 2010

	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$'000	Segment total HK$'000	Eliminations HK$'000	Consolidated HK$'000
TURNOVER										
External sales	520,130	125,774	159,802	48,641	23,094	6,929	—	884,370	—	884,370
Inter-segment sales	21,363	59,052	33,304	23	1,844	—	—	115,586	(115,586)	—
Total	541,493	184,826	193,106	48,664	24,938	6,929	—	999,956	(115,586)	884,370

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

	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$'000	Segment total HK$'000	Eliminations HK$'000	Consolidated HK$'000
RESULTS										
Segment result	8,818	3,443	(11,176)	269	82,730	1,215	47,847	133,146	(1,961)	131,185
Unallocated expenses										(2,458)
Finance costs										(5,313)
Profit before taxation										123,414

For the year ended 31 March 2009

	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$'000	Segment total HK$'000	Eliminations HK$'000	Consolidated HK$'000
TURNOVER										
External sales	1,400,610	154,762	206,967	45,441	19,100	1,595	—	1,828,475	—	1,828,475
Inter-segment sales	45,326	82,749	67,480	1,200	1,989	861	—	199,605	(199,605)	—
Total	1,445,936	237,511	274,447	46,641	21,089	2,456	—	2,028,080	(199,605)	1,828,475

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

	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$'000	Segment total HK$'000	Eliminations HK$'000	Consolidated HK$'000
RESULTS										
Segment result	8,653	2,823	(11,465)	(1,659)	(53,116)	262	(47)	(54,549)	(400)	(54,949)
Unallocated expenses										(2,135)
Finance costs										(9,242)
Loss before taxation										(66,326)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of administration costs incurred by head office and the inactive subsidiaries and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

(b) Other Information

For the year ended 31 March 2010

	Construction	Interior and renovation	Building materials	Health products	Property investment	Property agency and management	Property development	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts included in the measure of segment result or segment assets:								
Depreciation	762	—	718	1,159	795	49	—	3,483
Impairment loss recognised on trade debtors	—	—	2,000	—	—	—	—	2,000
Write off of retention receivable	—	—	134	—	—	—	—	134
Gain on change in fair value of investment properties	—	—	—	—	(73,629)	—	—	(73,629)
Gain on change in fair value of investments held for trading	(189)	—	(857)	—	—	—	—	(1,046)
Gain on change in fair value of derivative financial instruments	—	—	(3,154)	—	—	—	—	(3,154)
(Gain) loss on disposal and write off of properties, plant and equipment	(1,445)	—	—	5	41	—	—	(1,399)

For the year ended 31 March 2009

	Construction	Interior and renovation	Building materials	Health products	Property investment	Property agency and management	Property development	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts included in the measure of segment result or segment assets:								
Depreciation	640	—	807	1,833	705	72	—	4,057
Impairment loss recognised on trade debtors	—	—	534	—	—	—	—	534
Impairment loss on goodwill	—	—	2,440	540	—	—	—	2,980
Impairment loss on property plant and equipment	—	—	2,145	—	—	—	—	2,145
Impairment loss on prepaid lease payments	—	—	383	—	—	—	—	383
Loss on change in fair value of investment properties	—	—	—	—	68,609	—	—	68,609
Loss on change in fair value of investments held for trading	189	—	1,082	—	—	—	—	1,272
Loss on change in fair value of derivative financial instruments	—	—	58	—	—	—	—	58
Loss on disposal and write off of properties, plant and equipment	1,210	—	—	—	—	—	—	1,210

Geographical information

An analysis of the Group's turnover by geographical market based on geographical location of customers has not been prepared as the Group's turnover which amounting to HK$850,488,000 (2009: HK$1,826,331,000) is generated from customers located in Hong Kong, the Company's place of domicile.

The analysis of the Group's non-current assets by location of assets is presented as follows:

	2010	2009
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**729,341**	614,080
The PRC	**38,826**	38,638
	768,167	652,718

Information about major customers

Revenues from customers of the corresponding years individually contributing over 10% of the total turnover of the Group as follows:

	2010	2009
	HK$'000	*HK$'000*
Customer A *(note)*	**147,248**	230,734
Customer B *(note)*	**158,824**	495,666
Customer C *(note)*	**30,984**	205,696
	337,056	932,096

Note: Revenue from construction contracts.

5. PROFIT (LOSS) BEFORE TAXATION

	2010	2009
	HK$'000	*HK$'000*
Profit (loss) before taxation has been arrived at after charging and (crediting):		
Depreciation on property, plant and equipment	**3,483**	4,057
Release of prepaid lease payments	**201**	17
Impairment loss on goodwill	**—**	2,980
Impairment loss on property, plant and equipment	**—**	2,145
Impairment loss on prepaid lease payments	**—**	383
(Gain) loss on disposal of property, plant and equipment	**(1,399)**	1,210
Sub-leasing income	**(722)**	(884)
Less: Direct operating expenses that generated sub-leasing income during the year	**35**	14
	(687)	(870)
Expenses capitalised in cost of contract work:		
Depreciation	**13,028**	11,496
Rentals under operating leases in respect of:		
— plant and machinery	**4,984**	14,295
— others	**232**	955

6. TAXATION (CHARGE) CREDIT

	2010	2009
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
Current year	**(3,161)**	(1,836)
Over(under)provision in prior years	**70**	(1,618)
	(3,091)	(3,454)
Deferred taxation	**(11,122)**	10,414
	(14,213)	6,960

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2009 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is provided at 16.5% (2009: 16.5%) on the estimated assessable profits for both years.

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

7. DIVIDENDS

Dividends recognised as distribution during the year:

	2010 *HK$'000*	2009 *HK$'000*
Ordinary shares:		
Interim dividend for 2010 — HK1.5 cents per share (2009: HK0.5 cents per share for 2009)	**6,649**	2,216
Final dividend for 2009 — HK1.0 cent per share (2009: HK2.5 cents per share for 2008)	**4,432**	11,081
	11,081	13,297

A final dividend of HK2.5 cents per share totalling HK$11,081,000 in respect of the year ended 31 March 2010 (2009: final dividend of HK1.0 cent per share totalling HK$4,432,000 in respect of the year ended 31 March 2009) has been proposed by the directors and is subject to approval by the shareholders in general meeting.

8. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share for the year is based on the profit for the year of HK$109,201,000 (loss for the year of 2009: HK$59,366,000) and on the 443,236,068 shares in issue for each of the two years ended 31 March 2010.

There were no potential ordinary shares in existence for the two years ended 31 March 2010. Accordingly, no diluted earnings (loss) per share has been presented.

9. PROGRESS PAYMENTS RECEIVABLE

Progress payments receivable represent the amounts receivable, after deduction of retention money, for construction services which usually fall due within 30 days after the work is certified. Retention money is usually withheld from the amounts receivable for work certified. 50% of the retention money is normally due upon completion of construction services and the remaining 50% portion is due upon finalisation of construction accounts. Retention money receivable is expected to be settled within twelve-month after the finalisation of construction accounts.

The aged analysis of progress payments receivable is as follows:

	2010 *HK$'000*	2009 *HK$'000*
Within 30 days	**30,230**	44,583
31 — 60 days	**94**	—
61 — 90 days	**1,806**	—
Over 90 days	**19**	3,483
	32,149	48,066

10. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows a credit period of not more than 90 days (2009: not more than 90 days) to its customers. Before accepting any new customer, the Group will internally assess the credit quality of the potential customers and define appropriate credit limit. Other receivables are unsecured, interest-free and are repayable on demand.

The aged analysis of trade debtors presented based on the invoice date at the end of the reporting period is as follows:

	2010	2009
	HK$'000	*HK$'000*
Within 30 days	**24,216**	15,280
31 — 60 days	**3,344**	7,816
61 — 90 days	**5,395**	2,449
Over 90 days	**6,904**	10,868
	39,859	36,413

11. TRADE AND OTHER PAYABLES

The aged analysis of trade payables is as follows:

	2010	2009
	HK$'000	*HK$'000*
Within 30 days	**37,785**	77,615
31 — 60 days	**3,849**	1,681
61 — 90 days	**681**	926
Over 90 days	**4,249**	5,302
	46,564	85,524

OPERATIONS REVIEW

CONSTRUCTION DIVISION

The turnover for our Construction Division dropped by 62.6% to HK$541.5 million for the year ended 31 March 2010 (2009: HK$1,445.9 million). However, the division managed to maintain steady performance due to settlement of our claims on certain variation orders in dispute.

The total amount of contracts on hand as at 31 March 2010 was HK$727.5 million and that for the projects under joint venture arrangements with a joint venture partner amounted to HK$426.8 million.

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

	Project	Type
(1)	Construction of Choi Wan Road Development Site 2 Phase 1 and Sau Mau Ping Phase 12 (District Open Space)	Residential
(2)	Substructure and superstructure work for Residential development at 35 Mount Kellett Road, the Peak	Residential
(3)	Design and construction of The Cameron, the office/commercial development at No. 33 Cameron Road, Tsimshatsui	Office /Commercial
(4)	Construction of maintenance hangar for China Aircraft Services Limited at the Hong Kong International Airport	Commercial
(5)	Construction for the proposed hotel development at Discovery Bay	Commercial
(6)	Construction work for the creation of two new sets of escalators at the new CIP lounge of the Hong Kong International Airport Space in North Concourse of Terminal 1	Commercial
(7)	Construction management of the proposed Shangri-la's Villingili Resort & Spa at Villingili Island, Addu Atoll, Republic of Maldives	Recreational

Having obtained approval from Works Branch, Development Bureau for inclusion in the List of Approved Contractors for Public Works in Group C (Confirmed) under "Buildings" Category ("Approved Contractor Group C (Confirmed) for Building Work") during the year, the division has tendered for more government projects and was awarded four contracts (including two under joint venture arrangements with a joint venture partner) since then up to the year ended 31 March 2010.

INTERIOR AND RENOVATION DIVISION

For the year ended 31 March 2010, the business of the interior and renovation division dropped slightly with a turnover of HK$184.8 million, as compared with HK$237.5 million last year. However, the division operated with higher gross margins resulting in operating profits even better than that of last year.

The division undertook the following renovation works during the year ended 31 March 2010:—

(1) Renovation and refurbishment works for Scenic Garden at 9 Kotewall Road, Mid-levels

(2) Interior fitting-out works for the residential development at Area N1d, Phase 14, Discovery Bay, Lantau Island

(3) Renovation and repartitioning of Chung Fu Shopping Centre at Tin Shui Wan

(4) Refurbishment, renovation and alternation works for Grenville House at 1-3 Magazine Gap Road, Mid-levels

During the year, the works for tower blocks of Grenville House and the alternation and renovation works for Tavistock at 10 Tregunter Path in Mid-levels were completed on time and other projects are progressing according to schedule.

Apart from undertaking renovation works in Hong Kong, we also performed project management work in mainland China. During the year, we were engaged as the project manager for the refurbishment and renovation works for Chelsea Residence at Chang Ning District, Shanghai.

The contract on hand at 31 March 2010 amounted to HK$156.7 million.

BUILDING MATERIALS DIVISION

During the year, the market condition for building materials was restrained by the reduction of construction work. For the year ended 31 March 2010, the turnover for the division was HK$193.1 million, compared with HK$274.4 million last year.

Trigon Building Materials Limited ("Trigon HK") and Trigon Interior Fitting-Out Works (Macau) Limited ("Trigon Macau") (collectively, Trigon")

Trigon has undertaken the following works during the year ended 31 March 2010:—

(1) Discovery Bay Shopping Centre — Supply and installation of internal and external false ceiling system

(2) Chung Fu Shopping Centre — Supply and installation of suspended ceiling system

(3) The mixed use development at Lot B, Zone B, Nape in Macau — Supply and installation of external typhoon-proof suspended ceilings

Trigon was awarded the following works during the year ended 31 March 2010:—

(1) City University Building — Curved sloped aluminum cladding, curved aluminum feature ceiling in theater and baffle ceiling system

(2) No. 863-865 King's Road — Internal suspended ceiling system in office tower

(3) Hong Kong Science Park — Internal and external aluminum baffle ceiling and external PVF2 storm-proof false ceiling system

(4) Discovery Bay North, Phase 14 — False ceiling in typical unit

Trigon HK and Trigon Macau completed the financial year with lower turnover than that of last year. The year-end contracts on hand amounted to approximately HK$19.9 million, which comprised contracts for the supply and installation of false ceiling, bathroom cabinet and timber flooring.

Subsequent to 31 March 2010, Trigon was awarded projects including Scenic Garden at 9 Kotewall Road, Mid-levels and Sun Yat Sen Memorial Park and Swimming Pool.

Tai Kee Pipes Limited ("Tai Kee")

Affected by the global financial crisis, the turnover of Tai Kee for the year under review dropped as compared to last year's record. In view of the negative impact of the global economy on Tai Kee's business, Tai Kee took a proactive role in the search of new products to ensure customers with a variety of choice.

During the year, the division was awarded exclusive distributorship for "Suseco" products. The "Suseco" products distributed by the division include Stainless Steel Pipe, Ductile Iron Pipe, Cast Iron Pipe and Manhold Cover. The sales team has been equipped with the knowledge to introduce the "Suseco" products to clients.

Major contracts for supply of piping products and fittings during the year are set out below:—

(1) Water Supplies Department: pipe work improvement programme 16/WSD/09 — "Suseco" manhole covers

(2) Ocean Park Redevelopment — Polyethylene pipes and fittings

(3) Drainage Services Department: pipe work at Lantau Island DC07/18 — Polyethylene pipes

(4) Housing Bureau of the Government of the Macao Special Administrative Region: Lot M55 Development — Copper pipes

(5) 20 Shan Kwong Road, Happy Valley — ACR tubes

(6) Pui Ching Primary and Middle School — G. I. pipes and black steel pipes

(7) Global Gateway Building in Tsuen Wan — Black steel pipes for mechanical ventilation and air-conditioning (MVAC)

(8) Hotel at 21 Whitfield Road, North Point — G.I. pipes for fire services

(9) So Kwun Wat — ACR pipes and fittings

(10) Architectural Services Department: school improvement programme — ACR pipes for three secondary schools

(11) The Chinese University of Hong Kong: improvement contract 423 — "Suseco" D.I. pipe and fittings

The total amount of contracts on hand of Tai Kee as at 31 March 2010 amounted to HK$18.8 million.

Million Hope Industries Limited ("Million Hope") and 美興新型建築材料(惠州)有限公司(「美興」)

During the year, Million Hope completed a number of projects and was awarded several new contracts. Adhered to the principles of team management and quality control, Million Hope and 美興 strived to enhance its product quality and achieve production efficiency.

Both the turnover and gross margins for the year were lower than that of last year.

The following major projects were undertaken during the year ended 31 March 2010:—

Projects in Hong Kong

(1) Queen's Road East — Design, supply and installation of curtain wall, glass wall and cladding, aluminium window and louvre

(2) South Bay Close at Repulse Bay — Design, supply and installation of curtain wall, glass wall, aluminium window, louvre, cladding and glass cladding

(3) The Cameron at 33 Cameron Road, Tsim Sha Tsui — Design, supply and installation of curtain wall, glass wall, cladding and glass cladding

(4) No. 6D — 6E, Babington Path in Mid-levels — Design, supply and installation of aluminium window, aluminium door and louvre

Projects in mainland China

(5) Rhine Peninsula in Zhuhai — Design, supply and installation of aluminium window, aluminium door, louvre and glass balustrade

(6) Chelsea Residence in Shanghai — Design, supply and installation of aluminium window, aluminium door, louvre and glass balustrade

The total amount of contracts on hand of Million Hope as at 31 March 2010 amounted to HK$154.6 million.

PROPERTY DEVELOPMENT DIVISION

The sale of the One LaSalle, a 50/50 jointly developed property with NWS Holdings Limited, commenced during the year, and up to the financial year end, 6 units were sold realizing a gross income of HK$333.7 million. One LaSalle has received encouraging market response and the sale of the remaining units will continue in 2010.

During the year, construction of the Eight College, the Group's 100% owned development project, has been completed. Situated at prime location of Kowloon Tong, Eight College offers residents a perfect mix of seclusion and accessibility. Pre-sale consent was obtained in 2009 and it is now in the stage of obtaining the occupancy permit.

Demolition work for the industrial redevelopment at Bedford Road commenced during the year and has been completed recently. The General Building Plan was approved by the Buildings Department. It is designed to redevelop the site as an industrial building.

The division is in the course of obtaining planning approval from the Town Planning Board for the residential development project with Sun Hung Kai Properties Limited at So Kwun Wat, Tuen Mun.

The General Building Plan of the residential development at DD129, Lau Fau Shan in Yuen Long was approved by the Buildings Department during the year. It is undergoing gazettal stage.

PROPERTY INVESTMENT DIVISION

The turnover of the division was HK$24.9 million, representing an increase by 18.0% as compared to the turnover of HK$21.1 million last year.

Leasing performance for the Group's investment properties was steady, with our investment property, Shatin Industrial Centre in Shatin, attaining an occupancy rate of around 97.74% as at 31 March 2010.

The Austine, a conversion of Tak Hing Building into a serviced-apartment building, commenced letting in May 2009. As at 31 March 2010, the occupancy rate of the residential floors reaches nearly 90%.

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, all contributed to satisfactory income to the Group during the year.

Following the Hong Kong Accounting Standard 40 "Investment Property" ("HKAS40"), the revaluation surplus, after accruing for the relevant expenses and deferred tax, was credited to the income statement for the year ended 31 March 2010. From an independent valuer's report, the Group recorded a revaluation surplus of HK$73.6 million for its investment properties existing at the year-end-date.

PROPERTY AGENCY AND MANAGEMENT DIVISION

Currently, the division is providing property management, rental collection and leasing agency services to The Cameron and 8 Hart Avenue in Tsimshatsui, The Austine in Jordan, One LaSalle in Kowloon Tong and Golf Parkview in Sheung Shui. It is now the project manager of Eight College, The Cameron and Nos. 91-97 Bedford Road.

The division's turnover for the year was HK$6.9 million, compared to HK$2.5 million for the corresponding period last year.

HEALTH PRODUCTS DIVISION

The number of retail shops in April 2009 was 13 as compared to 10 in March 2010. During the year, the division closed down two unprofitable shops and two other shops where the rent had been dramatically increased. After the elimination of the inefficient shops, we opened a new retail shop in Lok Fu Plaza in February 2010. In spite of the reduction in the number of shops, turnover for the year ended 31 March 2010 slightly increased to HK$48.7 million (2009: HK$46.6 million).

FINANCIAL REVIEW

Group Liquidity and Financial Resources

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

For day-to-day liquidity management and to maintain flexibility in funding, the Group has access to banking facilities with an aggregate amount of HK$1,004.4 million (HK$387.8 million was secured by first charges over certain land and buildings, investment properties and properties under development of the Group), of which HK$630.3 million loans have been drawn down and approximately HK$81.4 million has been utilised mainly for the issuance of letters of credit and performance bonds as at 31 March 2010. The bank loans under these banking facilities bear interests at prevailing market interest rates.

The Group follows a prudent policy in managing its cash balance, and endeavours to maintain its sound cash-flow generating capability, its ability to take on investments and acquisition projects, in order to enhance shareholder wealth. The total cash and bank balances of the Group amounted to HK$186.9 million as at 31 March 2010 (2009: HK$195.6 million), and accounted for 18.0% of the current assets (2009: 18.1%).

During the year, the Group has a net cash inflow of HK$24.0 million in its operating activities (mainly due to the decrease in amounts receivable on contract work and progress payments receivable, retention money receivables), a net cash outflow of HK$14.6 million in its investing activities (mainly to finance the purchase of property, plant and equipment), and a net cash outflow of HK$18.0 million in its financing activities (mainly for paying dividends to shareholders and repayment of bank loans). As a result, the cash and bank balances, and the bank borrowings decreased. Net bank borrowings (total bank borrowings less total cash and bank balances) amounted to HK$443.4 million at 31 March 2010 (2009: net bank borrowings of HK$441.6 million). Accordingly, the gearing ratio of the Group, calculated on the basis of the Group's net borrowings to shareholders' funds, was 59.1% (2009: 67.7%). The net current assets have decreased by HK$10.6 million to HK$95.7 million as at the year-end date and the current ratio (current assets divided by current liabilities) was 1.10 times (2009: 1.11 times).

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

Treasury Policy

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

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

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

Shareholders' Funds

At the year-end date, shareholders' funds of the Group were HK$750.2 million including reserves of HK$705.9 million, an increase of HK$98.2 million from HK$607.7 million at 31 March 2009. On that basis, the consolidated net asset value of the Group as at 31 March 2010 was HK$1.69 per share, compared to the consolidated net asset value of HK$1.47 per share at 31 March 2009. Increase in shareholders' funds was mainly attributable to profits retained after the payments of dividends during the year.

Major Acquisitions

During the year under review, the Group purchased the 2nd Floor at No. 97 Bedford Road in Tai Kok Tsui from an independent third party. This was the last unit acquired for the Group's property portfolio at Bedford Road.

Capital Structure

The Group intends to keep an appropriate mix of equity and debt to ensure an efficient capital structure over time. During the year under review, the Group has borrowed Hong Kong dollar loans amounting to HK$630.3 million from the banks (at 31 March 2009: HK$637.2 million). The borrowings have been used as general working capital and for financing the acquisition of a factory building in Huizhou and properties for investment purposes over the years. The maturity profile of the loans spread over a period of five years with HK$554.3 million repayable within the first year, HK$5.0 million repayable within the second year, HK$44.0 million within the third to fifth years and HK$27.0 million repayable more than five years. Interest is based on HIBOR plus a competitive margin.

Collateral

As at 31 March 2010, certain land and buildings, investment properties and properties under development of the Group, at the carrying value of approximately HK$698.2 million (at 31 March 2009: HK$608.6 million), were pledged to the banks to secure the Hong Kong dollar loans of HK$370.3 million (at 31 March 2009: HK$374.3 million).

Contingent Liabilities

At the balance sheet date, the Group had given guarantees to banks in respect of performance bonds entered into by the jointly controlled entities amounting to HK$0.7 million (2009: HK$34.1 million).

In addition, at 31 March 2009, the Group has given guarantees to the banks in respect of bank loan granted to the jointly controlled entities amounting to HK$108.5 million (2010: Nil). The banking facilities at 31 March 2009 of approximately HK$91.6 million (2010: Nil) were utilised by the jointly controlled entities.

During the year ended 31 March 2010, legal actions in respect of the recovery of 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 for the settlement of the outstanding contract sums for three projects. The directors 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.

During the year ended 31 March 2008, legal action in respect of allegations of nuisance and negligent works has been taken against a subsidiary of the Company preparing the foundation for a new building. At 31 March 2010, this case has been fully settled. No further contingent liability expected thereon.

During the year ended 31 March 2004, legal actions in respect of allegations of copyright infringement and defamation have been taken against certain subsidiaries of the Company carrying on health products business. No further steps have been taken against the Group in respect of such actions after the court hearing for directions to appoint experts and exchange witness statements since 2004. At 31 March 2010, the directors are of the opinion that in view of the uncertainty, it is not practicable to assess the financial effect.

Capital Commitments

At the end of the reporting period, the Group had the following commitments:

	2010	2009
	HK$'000	*HK$'000*
Contracted for but not provided in consolidated financial statements		
Commitments for the acquisition of investment properties	**—**	—
Commitments for the acquisition of property, plant and equipment	**—**	—

Authorised but not contracted for

At the end of the reporting period, the Group had an obligation to fund HK$231.5 million (2009: HK$231.5 million), representing 23.63% (2009: 23.63%) of the anticipated project costs for the joint development of a site in So Kwun Wat, Hong Kong.

Employees and Remuneration Policy

The number of full time monthly employees of the Group, excluding its jointly controlled entities, was around 530 as at 31 March 2010. The Group recruits and promotes individuals based on their development potential, merits and competencies, and ensures that their remuneration packages are at a reasonable market level.

FUTURE DIRECTIONS AND PROSPECTS

Year 2009 was clearly no ordinary 12 months for business and economics, and Hong Kong has gone through a challenging tough year. Though the external environment is still fraught with uncertainties, the stimulus packages introduced to overcome the financial crisis by governments in Hong Kong, mainland China and elsewhere in the world should bring along some positive impacts.

Hong Kong has the advantage of being closely linked to mainland China and will continue to benefit from a steady growth of mainland China's economy. The medium-term capital works or infrastructure programmes of the Government of the Hong Kong Special Administrative Region ("HKSAR Government") are also working to stimulate the construction industry and create more jobs in Hong Kong.

The Construction Division obtained approval for inclusion as Approved Contractor Group C (Confirmed) for Building Works which allows us to tender for and undertake government projects with unlimited amount of contract sum. With the increased spending programme of the HKSAR Government for the next few years, the Group will seek opportunities to secure more sizable government works.

During the year, the sale of One LaSalle of our Property Development Division was encouraging. Our Group will ride on our previous experience in property development and continue to develop a solid ground for the Group's future.

Going forward, economic conditions will remain fragile and we need to stay alert to the possible headwinds for the years ahead. It is likely that we will experience uncertain business environment, but we will adjust strategies in response to the economic uncertainties. Our management will adopt prudent approaches to control costs and use proactive measures to ensure our competitiveness and quality of work.

CORPORATE GOVERNANCE

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

The Company has applied the principles of, and complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 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 is considering to set out in writing the roles and duties of the Chairman and the Managing Director in due course.

(b) Code Provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors and the independent non-executive directors of the Company are not appointed for a specific term. Pursuant to the Articles of Association of the Company amended on 2 August 2005, at each annual general meeting of the Company, one-third of the directors, including executive, non-executive and independent non-executive directors shall retire from office by rotation, and every director shall be subject to retirement at least once every three years. As such, the Company considers that sufficient measures have been taken to ensure that the corporate governance practices of the Company are no less exacting than those in the CG Code.

(c) Code Provision E.1.2 provides that the Chairman of the Board should attend the annual general meeting. The Chairman of the Board, Mr. Cha Mou Sing, Payson, was unable to attend the annual general meeting of the Company held on 4 August 2009 as he had other important business engagement. However, the Managing Director, present at the annual general meeting, took the chair of that meeting in accordance with Article 78 of the Articles of Association of the Company.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

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

AUDIT COMMITTEE

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

REVIEW OF ANNUAL RESULTS

The financial statements for the year ended 31 March 2010 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2010 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

BOARD OF DIRECTORS

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

Non-executive chairman
Mr. Cha Mou Sing, Payson

Non-executive directors
Mr. Cha Mou Daid, Johnson
Mr. Cha Yiu Chung, Benjamin

Executive directors
Mr. Wong Sue Toa, Stewart *(Managing Director)*
Mr. Tai Sai Ho *(General Manager)*
Dr. Lam Chat Yu
Mr. Shen Tai Hing

Independent non-executive directors
Mr. Chan Pak Joe
Dr. Lau Tze Yiu, Peter
Dr. Sun Tai Lun

By order of the board
Cha Mou Sing, Payson
Chairman

Hong Kong, 22 June 2010