

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2012

INTERIM RESULTS

The unaudited consolidated turnover of Hanison Construction Holdings Limited (the “Company”) and its subsidiaries (the “Group”) for the six months ended 30 September 2012 increased significantly by 86.0% to HK\$811.7 million as compared with the unaudited consolidated turnover of HK\$436.5 million for the corresponding period last year. Such increase was mainly attributable to the increase in turnover of the Construction Division, Interior and Renovation Division, Building Materials Division and Property Development Division.

The unaudited consolidated profit attributable to shareholders for the six months ended 30 September 2012 was HK\$116.3 million, representing an increase of 157.9%, as compared with the unaudited consolidated profit attributable to shareholders of HK\$45.1 million for the same period in 2011.

The increase in the unaudited consolidated profit attributable to shareholders was mainly due to the profit on sales of 3 units of our development project Eight College and the increase in revaluation gain of investment properties for the six months ended 30 September 2012.

The basic earnings per share for the six months ended 30 September 2012 was HK23.9 cents, compared to HK9.2 cents for the same period in 2011.

DIVIDEND

The board of directors of the Company (the “Board”) has resolved to pay an interim dividend of HK1.8 cents per share for the six months ended 30 September 2012 (for the six months ended 30 September 2011: HK1.5 cents per share) to the shareholders whose names appear on the Registers of Members of the Company as at the close of business on 7 December 2012. The dividend is expected to be paid to the shareholders on or around 19 December 2012.

CLOSURE OF REGISTERS OF MEMBERS FOR DIVIDEND

The Registers of Members of the Company will be closed from 5 December 2012 to 7 December 2012, both dates inclusive, for the purpose of determining the identity of members who are entitled to the interim dividend for the six months ended 30 September 2012. During this period no share transfer will be registered. In order to qualify for the interim dividend for the six months ended 30 September 2012, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 4 December 2012.

PROPOSED BONUS ISSUE OF SHARES

The Board has resolved to recommend a bonus issue (“Bonus Issue”) of shares of HK\$0.1 each in the capital of the Company (“Bonus Shares”) on the basis of one Bonus Share for every ten existing shares held by the members of the Company. 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 interim dividend for the six months ended 30 September 2012 or the Bonus Issue. The Bonus Issue is conditional upon members’ approval at an extraordinary general meeting to be convened 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. An announcement containing further details, among other things, the record date and book close date, will be published as soon as practicable. A circular containing further details of the Bonus Issue will be sent to members of the Company in due course.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

	NOTES	Six months ended	
		30.9.2012 HK\$’000 (Unaudited)	30.9.2011 HK\$’000 (Unaudited)
Turnover	3	811,730	436,500
Cost of sales		<u>(655,062)</u>	<u>(389,424)</u>
Gross profit		156,668	47,076
Other income		4,286	2,937
Marketing and distribution costs		(31,907)	(3,440)
Administrative expenses		(59,487)	(48,471)
Gain on change in fair value of investment properties		61,947	45,180
Loss on change in fair value of investments held for trading		(4)	(72)
Loss on change in fair value of derivative financial instruments		(778)	(1,695)
Share of result of an associate		(852)	173
Share of results of jointly controlled entities		32	6,198
Finance costs		<u>(2,354)</u>	<u>(1,224)</u>
Profit before taxation		127,551	46,662
Taxation charge	4	<u>(11,252)</u>	<u>(1,575)</u>
Profit for the period	5	116,299	45,087
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(45)	117
Share of exchange reserve of a jointly controlled entity		<u>65</u>	<u>1,154</u>
Total comprehensive income for the period		<u>116,319</u>	<u>46,358</u>
Earnings per share – basic	7	<u>HK23.9 cents</u>	<u>HK9.2 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2012

	<i>NOTES</i>	30.9.2012 HK\$'000 (Unaudited)	31.3.2012 <i>HK\$'000</i> <i>(Audited)</i>
Non-current assets			
Investment properties	<i>8</i>	431,510	415,910
Property, plant and equipment	<i>8</i>	82,344	82,036
Prepaid lease payments		7,049	6,740
Deposit paid for acquisition of an investment property		31,800	–
Interest in an associate		19,547	20,399
Interests in jointly controlled entities	<i>9</i>	138,777	138,680
Pledged bank deposits		24,401	–
Deferred tax assets		752	784
		<hr/> 736,180	<hr/> 664,549
Current assets			
Properties under development for sale	<i>10</i>	740,316	626,500
Properties held for sale		71,533	167,306
Inventories		29,312	31,514
Amounts receivable on contract work		201,634	169,092
Progress payments receivable	<i>11</i>	21,018	108,540
Retention money receivable		116,658	119,506
Debtors, deposits and prepayments	<i>12</i>	178,730	206,327
Prepaid lease payments		215	215
Amount due from an associate		2,300	2,300
Amounts due from jointly controlled entities		81	246
Investments held for trading		279	283
Taxation recoverable		321	382
Derivative financial instruments		57	213
Bank balances and cash		213,715	184,924
		<hr/> 1,576,169	<hr/> 1,617,348
Current liabilities			
Amounts payable on contract work		83,346	77,576
Trade and other payables	<i>13</i>	370,632	388,138
Taxation payable		19,299	7,395
Derivative financial instruments		715	2,619
Bank loans		663,300	734,300
		<hr/> 1,137,292	<hr/> 1,210,028

	<i>NOTES</i>	30.9.2012 HK\$'000 (Unaudited)	31.3.2012 <i>HK\$'000</i> (Audited)
Net current assets		<u>438,877</u>	<u>407,320</u>
Total assets less current liabilities		<u>1,175,057</u>	<u>1,071,869</u>
Non-current liabilities			
Other long-term payable		14,253	14,253
Deferred tax liabilities		<u>6,319</u>	<u>6,286</u>
		<u>20,572</u>	<u>20,539</u>
		<u>1,154,485</u>	<u>1,051,330</u>
Capital and reserves			
Share capital		48,756	48,756
Reserves		<u>1,105,729</u>	<u>1,002,574</u>
		<u>1,154,485</u>	<u>1,051,330</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

1 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2 PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies used in the condensed consolidated financial statements for the six months ended 30 September 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2012.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA:

Amendments to HKFRS 7 Financial instruments: Disclosure – Transfers of financial assets

The adoption of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

Amendments to HKAS 12 titled “Deferred Tax: Recovery of Underlying Assets” which is mandatorily effective for the current period has been applied in advance of its mandatory effective date in the financial year ended 31 March 2012.

3 SEGMENT INFORMATION

The Group is organised into seven operating divisions: construction, interior and renovation works, trading and installation of building materials, property investment, provision of property agency and management services, property development and sales of health products. These divisions are the basis on which the Group reports its financial information internally and are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

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

For the six months ended 30 September 2012

	Construction <i>HK\$'000</i>	Interior and renovation <i>HK\$'000</i>	Building materials <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Property agency and management <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Health products <i>HK\$'000</i>	Segment Total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
TURNOVER										
External sales	427,827	28,049	102,777	8,417	4,861	213,000	26,799	811,730	-	811,730
Inter-segment sales	53,213	75,187	29,635	874	1,113	-	-	160,022	(160,022)	-
Total	<u>481,040</u>	<u>103,236</u>	<u>132,412</u>	<u>9,291</u>	<u>5,974</u>	<u>213,000</u>	<u>26,799</u>	<u>971,752</u>	<u>(160,022)</u>	<u>811,730</u>

Inter-segment sales are charged by reference to market prices.

RESULT										
Segment result	<u>2,986</u>	<u>1,797</u>	<u>768</u>	<u>59,102</u>	<u>218</u>	<u>59,807</u>	<u>435</u>	<u>125,113</u>	<u>3,690</u>	128,803
Unallocated expenses										(1,252)
Profit before taxation										<u>127,551</u>

For the six months ended 30 September 2011

	Construction <i>HK\$'000</i>	Interior and renovation <i>HK\$'000</i>	Building materials <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Property agency and management <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Health products <i>HK\$'000</i>	Segment Total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
TURNOVER										
External sales	312,029	4,524	83,794	8,739	3,353	-	24,061	436,500	-	436,500
Inter-segment sales	7,749	47,774	15,414	874	428	-	-	72,239	(72,239)	-
Total	<u>319,778</u>	<u>52,298</u>	<u>99,208</u>	<u>9,613</u>	<u>3,781</u>	<u>-</u>	<u>24,061</u>	<u>508,739</u>	<u>(72,239)</u>	<u>436,500</u>

Inter-segment sales are charged by reference to market prices.

RESULT										
Segment result	<u>2,006</u>	<u>583</u>	<u>(2,017)</u>	<u>47,022</u>	<u>2</u>	<u>(32)</u>	<u>693</u>	<u>48,257</u>	<u>(400)</u>	47,857
Unallocated expenses										(1,195)
Profit before taxation										<u>46,662</u>

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

	30.9.2012	31.3.2012
	HK\$'000	HK\$'000
Construction	419,866	457,197
Interior and renovation	32,502	28,630
Building materials	179,969	186,615
Property investment	502,406	456,418
Property agency and management	63,508	42,785
Property development	1,074,855	1,073,620
Health products	38,324	35,671
	<hr/>	<hr/>
Total segment assets	2,311,430	2,280,936
Unallocated assets	919	961
	<hr/>	<hr/>
Consolidated assets	2,312,349	2,281,897
	<hr/> <hr/>	<hr/> <hr/>

4 TAXATION CHARGE

	Six months ended	
	30.9.2012	30.9.2011
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
Current tax	11,193	2,058
Overprovision in prior years	(6)	–
Macau Complementary Tax		
Underprovision in prior years	–	97
	<hr/>	<hr/>
	11,187	2,155
Deferred taxation	65	(580)
	<hr/>	<hr/>
	11,252	1,575
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2011: 16.5%) of the estimated assessable profits for the periods.

No deferred taxation has been recognised in respect of the gain on change in fair value of investment properties in Hong Kong as the investment properties are presumed to be recovered through sale.

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

5 PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2012	30.9.2011
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	6,034	9,236
Less: Depreciation expenses capitalised in the cost of contract work	(2,966)	(6,381)
Depreciation expenses capitalised in the properties under development for sale	(2)	(2)
	<u>3,066</u>	<u>2,853</u>
Finance costs	6,619	5,021
Less: Finance costs capitalised in properties under development for sale	(4,265)	(3,797)
	<u>2,354</u>	<u>1,224</u>
Release of prepaid lease payments	108	103
Loss on disposal of property, plant and equipment	–	303
	<u><u>–</u></u>	<u><u>303</u></u>

6 DIVIDENDS

During the period, a dividend of HK2.7 cents per share was paid to shareholders as the final dividend for the year ended 31 March 2012 which amounted to HK\$13,164,000 (for the six months ended 30 September 2011: final dividend of HK2.7 cents per share was approved by shareholders of the Company which amounted to HK\$13,164,000. The amount was recognised as dividend payable as at 30 September 2011 and was subsequently paid on 4 October 2011).

Subsequent to 30 September 2012, the board of directors of the Company has resolved to declare an interim dividend of HK1.8 cents per share for the six months ended 30 September 2012 (2011: HK1.5 cents per share for the six months ended 30 September 2011), which amounted to HK\$8,777,000 (2011: HK\$7,314,000 for the six months ended 30 September 2011) during the period.

7 EARNINGS PER SHARE – BASIC

The calculation of basic earnings per share attributable to the owners of the Company for the period is based on the profit for the period of HK\$116,299,000 (profit for the six months ended 30 September 2011: HK\$45,087,000) and on the number of 487,559,674 shares (for the six months ended 30 September 2011: 487,559,674 shares) in issue during the period.

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

8 MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

Investment properties

	1.4.2012 to 30.9.2012 HK\$'000	1.4.2011 to 30.9.2011 HK\$'000
Fair value		
At beginning of the period	415,910	358,310
Disposals	(46,480)	–
Additions	133	–
Gain on change in fair value	61,947	45,180
	<hr/>	<hr/>
At end of the period	431,510	403,490
	<hr/> <hr/>	<hr/> <hr/>

The fair value of the Group's investment properties at 30 September 2012 and 31 March 2012 have been arrived at on the basis of valuation carried out by Jones Lang LaSalle Limited, an independent property valuer not connected with the Group. The valuation of properties is mainly comprised of an amount of HK\$109,710,000 (at 31 March 2012: HK\$98,760,000) which was arrived at by reference to market evidence of sales transaction prices of similar properties, and an amount of HK\$321,800,000 (at 31 March 2012: HK\$317,150,000) which was arrived at by reference to the income capitalisation method which is based on the capitalisation of the net income potential by adopting an appropriate capitalisation rate, which is derived from analysis of sale transactions and interpretation of prevailing investor requirements or expectations.

Property, plant and equipment

During the current period, the Group disposed of certain property, plant and equipment with a carrying amount of HK\$30,000. During the six months ended 30 September 2011, the Group disposed of certain property, plant and equipment with a carrying amount of HK\$330,000, resulting in a loss on disposal of HK\$303,000.

In addition, the Group acquired property, plant and equipment at a cost of approximately HK\$4,010,000 (for the six months ended 30 September 2011: HK\$1,571,000).

9 INTERESTS IN JOINTLY CONTROLLED ENTITIES

	30.9.2012	31.3.2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of unlisted investments in jointly controlled entities	125,977	125,977
Share of post acquisition profit and other comprehensive income, net of dividends received	12,800	12,703
	<u>138,777</u>	<u>138,680</u>

10 PROPERTIES UNDER DEVELOPMENT FOR SALE

At 30 September 2012, total borrowing costs capitalised in the properties under development for sale were HK\$27,566,000 (at 31 March 2012: HK\$23,301,000).

11 PROGRESS PAYMENTS RECEIVABLE

Progress payments receivable represents the amounts receivable, after deduction of retention money, for construction services which usually fall due within 30 days after the work is certified.

The aged analysis of progress payments receivable is as follows:

	30.9.2012	31.3.2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	21,018	80,128
31 – 60 days	–	10,505
61 – 90 days	–	14,519
Over 90 days	–	3,388
	<u>21,018</u>	<u>108,540</u>

12 DEBTORS, DEPOSITS AND PREPAYMENTS

Proceeds from property sales are receivable pursuant to the terms of the sale and purchase agreements. For other businesses, the Group generally allows a credit period of not more than 90 days (as at 31 March 2012: not more than 90 days) to its customers. The Group allows a credit period ranged from 30 to 90 days (at 31 March 2012: 30 to 90 days) to its non-construction services customers.

	30.9.2012 HK\$'000	31.3.2012 <i>HK\$'000</i>
Within 30 days	140,244	131,632
31 – 60 days	3,446	8,703
61 – 90 days	1,233	5,327
Over 90 days	11,303	14,182
	<u>156,226</u>	<u>159,844</u>

13 TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables included in trade and other payables as at 30 September 2012.

	30.9.2012 HK\$'000	31.3.2012 <i>HK\$'000</i>
Within 30 days	54,504	115,769
31 – 60 days	1,224	7,535
61 – 90 days	2,025	2,250
Over 90 days	4,150	4,610
	<u>61,903</u>	<u>130,164</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

Overview

For the six months ended 30 September 2012, the Group's unaudited consolidated turnover amounted to HK\$811.7 million (for the six months ended 30 September 2011: HK\$436.5 million), representing an increase of 86.0% against the corresponding period last year. This favourable result was mainly attributable to the increase in turnover of the Construction Division, Interior and Renovation Division, Building Materials Division and Property Development Division.

Construction Division

The turnover of the Construction Division for the six months ended 30 September 2012 increased to HK\$481.0 million as compared with the turnover of HK\$319.8 million for the corresponding period last year.

Major construction works undertaken during the period under review:

1. Construction of Sports Centre and Community Hall in Area 101 at Tin Shui Wai with a joint venture partner
2. Construction of Lam Tin North Municipal Services Building with a joint venture partner
3. Construction of proposed industrial redevelopment, The Bedford, at No. 93 Bedford Road, Tai Kok Tsui, Kowloon
4. Construction of Student Hostel Phase 3 for The Hong Kong Polytechnic University
5. Construction of shopping centre at Discovery Bay, Lantau Island
6. Construction of Phase 14, N1C (Block 1 & 4) at Discovery Bay, Lantau Island
7. Construction of public rental housing development at Tseung Kwan O Area 65B
8. Construction of proposed residential redevelopment at No. 146 & 148 Argyle Street, Kowloon
9. Construction of proposed residential redevelopment, The Austine, at No. 38 Kwun Chung Street, Kowloon
10. Construction of Composite Development at No. 1-21 Dundas Street, Kowloon

Contract on hand as at 30 September 2012 for the Construction Division amounted to HK\$1,598.1 million, of which HK\$54.8 million was derived from projects under joint venture arrangements with joint venture partners.

Interior and Renovation Division

During the six months ended 30 September 2012, the turnover for the Interior and Renovation Division was HK\$103.2 million, representing an increment of 97.3% from HK\$52.3 million for the corresponding period last year.

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

1. Interior fitting-out works for the residential development at Area N1d, Phase 14, Discovery Bay, Lantau Island
2. Builder's works and fitting-out works for the conference and resort hotel at North Area N3, Discovery Bay, Lantau Island

During the period under review, the interior fitting-out works for the residential development at Area N1d, Phase 14, Discovery Bay, Lantau Island has been completed. The remaining works for the conference and resort hotel at North Area N3, Discovery Bay, Lantau Island have been progressing smoothly towards completion.

The contract on hand as at 30 September 2012 amounted to HK\$49.7 million.

Building Materials Division

The Building Material Division recorded a turnover of HK\$132.4 million for the six months ended 30 September 2012, representing an increase of 33.5% from HK\$99.2 million for the corresponding period last year.

The contract on hand as at 30 September 2012 amounted to HK\$315.8 million.

Supply and installation of false ceiling and cabinets

The following is a list of some major contract works undertaken during the period under review:

1. Conference and resort hotel at North Area N3, Discovery Bay, Lantau Island – Design, supply and installation of pantry cabinets
2. Development at Tseung Kwan O Lot No. 70, Area 86, Site AB, Package 2, Phase 3 – Supply and installation of external aluminum false ceiling
3. Ma On Shan Line – Che Kung Temple Station – Supply and installation of false ceiling
4. Victoria Park Swimming Complex – Supply and installation of false ceiling
5. Lam Tin North Municipal Services Building – Supply and installation of false ceiling

The following is a list of some major contract works awarded during the period under review:

1. TMTL 447, Tuen Mun, New Territories – Supply and installation of aluminium suspended ceiling
2. Redevelopment of St. James' Primary School & Church – Supply and installation of suspended ceiling system
3. KIL 11073 West Kowloon – Supply and installation of aluminium suspended ceiling

Supply of pipes, fittings and/or related accessories

The following is a list of some major contract works undertaken during the period under review:

1. Public Housing Development at Macau (Lot CN5a, CN2.3, CN4 and CN7)
2. Public Rental Housing Development at Tseung Kwan O Area 65B
3. Redevelopment of St. James Headquarters Building, Wan Chai
4. Two new blocks of student hostel for the Chinese University of Hong Kong

Design, supply and installation of aluminium products including aluminium windows, "Schüco" aluminium windows and folding doors, sliding doors, claddings and louvres

The following is a list of some major contract works undertaken during the period under review:

1. Lam Tin North Municipal Services Building – Design, supply and installation of aluminium curtain wall, aluminium cladding, canopy, skylight and feature
2. Proposed industrial development at TWTL No. 36 Hoi Shing Road, Tsuen Wan, New Territories – Design, supply and installation of aluminium window, window wall, canopy and aluminium cladding
3. Proposed residential development at 13-27 Warren Street – Design, supply and installation of aluminium window, curtain wall, aluminium cladding, louvre, grille, skylight, canopy, balustrade and metal ceiling

The following is a list of some major contract works awarded during the period under review:

1. Proposed residential development, The Austine, at No. 38 Kwun Chung Street, Jordan, Kowloon – Design, supply and installation of aluminium window, sliding door, window wall, cladding and balustrade
2. Proposed residential development at No. 11 Warren Street, Causeway Bay, Hong Kong – Design, supply and installation of aluminium window, sliding door, window wall, cladding and balustrade

Property Development Division

The Property Development Division recorded a turnover of HK\$213.0 million representing 3 units of Eight College, the Group's wholly owned-luxurious residential development in Hong Kong, sold during the period under review.

Subsequent to 30 September 2012, one more unit was sold. Six out of seven units in total has been sold contributing satisfactory result to the Group.

Completion of the Group's boutique industrial high-rise at 93 Bedford Road, The Bedford, is expected in the first quarter of the next year.

The foundation work of The Austine at 38 Kwun Chung Street, Jordan has been completed and superstructure work has been commenced. The construction of this luxury residential building with retail podium erected at a prime location of West Kowloon is expected to complete by the end of 2014.

Another piece of land at Tong Yan San Tsuen in Yuen Long was acquired in May 2012, application for land exchange to residential land use has been made with the Lands Department.

The gazettal stage for the residential development of the Group at D.D. 129, Lau Fau Shan in Yuen Long, had been completed and the offer of land premium is expected to be issued next year.

For the residential development project with Sun Hung Kai Properties Limited at So Kwun Wat, Tuen Mun, planning application from the Town Planning is progressing.

For the Group's 49% interests of the parcel of land situated at 中國浙江省海寧市區文苑路西側、後富亭港南側 (West of Wenyuan Road and South of Houfutinggang, Haining, Zhejiang Province, the PRC) for the development and construction of office, retail, carparking spaces and other development pertaining to the land, LUXÉAST, pre-sale of over 100 office units in one block is expected to commence in December 2012.

Property Investment Division

The Property Investment Division recorded a turnover of HK\$9.3 million, representing a drop of 3.1% from HK\$9.6 million for the corresponding period last year.

The slight decline in turnover is mainly due to the fact that certain units at Shatin Industrial Centre were sold during the second half of last financial year and the period under review.

Leasing performance of Shatin Industrial Centre was steady, attaining an occupancy rate of approximately 92% at 30 September 2012.

Other investment properties of the Group include 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 satisfactory income for the Group during the period under review. The investment property at 23-25 Mei Wan Street was vacant for the moment.

Property Agency and Management Division

For the period under review, the turnover of the Property Agency and Management Division was HK\$6.0 million (for the six months ended 30 September 2011: HK\$3.8 million).

The revenue of this Division is mainly generated from the provision of property management services to Golf Parkview in Sheung Shui, One LaSalle and Eight College in Kowloon Tong; rental collection and leasing agency services to 8 Hart Avenue and The Cameron in Tsim Sha Tsui; project management service to the large-scale integrated development project in Haining City, Zhejiang Province, the PRC.

The Division also acted as the project manager for a client in the redevelopment project at 11 –13 Grampian Road, and two of the Group's redevelopments, The Bedford at 93 Bedford Road, Tai Kok Tsui and The Austine at 38 Kwun Chung Street, Jordan.

Health Products Division

The Health Products Division recorded a turnover of HK\$26.8 million for the six months ended 30 September 2012, as compared with HK\$24.1 million for the corresponding period last year.

During the period under review, the Division has launched a new health product, Natural Extracts Omega-3 Fish Oil (Extra Strength). To cater for the needs of customers in Sham Shui Po District and nearby areas, one new retail shop was opened at The Pacifica Mall, Lai Chi Kok. As at 30 September 2012, there were fourteen retail outlets (including a HealthPlus shop at St. Teresa's Hospital in Kowloon) and one service centre in operation.

The Division will keep on sourcing and developing new health products for our customers in the future.

OUTLOOK

The Group maintained a strong order book of construction project works and building material contracts at 30 September 2012, which will keep these segments busy for the coming twelve months. Facing the same problems of increase in material costs and labour charges as with the other competitors, these segments are struggling along with low gross profit margins. Continuous efforts to control costs and improve quality to maintain our competitive edge in the market are required for our future growth.

For the property development business, the Group has sufficient land reserves for the coming five years' development plan to provide steady annual turnover and profits to the Group. The impacts of the HKSAR Government's recent anti-speculative policies, such as the reduction in loan-to-value ratio for property mortgage financing, the increase in stamp duties for residential properties to non-permanent resident and corporate buyers, and the increase in special stamp duties to curb speculators from pushing up the property prices to take quick profits, are yet to be seen. On the other hand, those positive factors such as the continuing low mortgage interest rate, imbalance of demand over supply of residential properties, low unemployment rate, increase in population in Hong Kong, and influx of capital funds from investors in other countries are still there to support the property market. The Group is optimistic about the mid to long term prospect of the property development market in Hong Kong.

Project management, property management, rental leasing and collection services are related services to our property development business. It enables the Group to provide one-stop service to our clients.

The Group currently owns approximately 512,000 square feet of well-located investment properties with high occupancy rates. Most of these properties were bought some years ago at relatively low prices, thus generating high rental yields and significant revaluation gains over the years. The Group will continue to look for other properties with good potential and at convenient location to strengthen the Group's investment properties portfolio to provide recurrent income to the Group.

The health product business continues to be highly competitive. The improvement in retail business resulting from the increase in number of tourists and tourist spending was eroded by the rising in retail shop rentals, increase in health product costs and staff costs. The Group has to be very careful in selecting the health products suitable and affordable to our clients, in sourcing for the retail shops with easy access to the right buyers, and in controlling our overall operating costs.

With the lingering sovereign debts crisis in Europe and the slow recovery of economy in China and the United States, the global economic environment will remain challenging and uncertain in the years ahead. Hong Kong's economy, while being affected by the above factors, is supported by the HKSAR Government's public investment in infrastructure, continuing growth in inbound tourism, low interest rate, low unemployment rate, and influx of capital funds from investors in other countries. The Group is optimistic about Hong Kong's mid to long term prospects, but we will move forward with cautious pace to enhance our business and to sustain growth during this challenging and uncertain moment.

FINANCIAL REVIEW

Group Liquidity and Financial Resources

The Group's financial position continued to be healthy. The total cash and bank balances had increased from HK\$184.9 million as at 31 March 2012 to HK\$213.7 million at the close of business on 30 September 2012. As at the period end date, the current ratio (current assets divided by current liabilities) increased from 1.34 times as at 31 March 2012 to 1.39 times.

For the purposes of maintaining flexibility in funding and day-to-day financial management, the Group has obtained banking facilities with aggregate amount of HK\$1,215.4 million (HK\$770.4 million was secured by first charges over certain leasehold land and buildings, investment properties, properties under development for sale and bank deposits of the Group), of which HK\$663.3 million bank loans have been drawn down and approximately HK\$186.8 million has been utilised mainly for the issuance of letters of credit and performance bonds as at 30 September 2012. The Group's current funding requirements are satisfied by available banking facilities, cash generated from operations and the bank balances and cash as at 30 September 2012.

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 2011-2012.

Capital Structure

It is the intention of the Group to keep a proper combination of equity and debt to ensure an efficient capital structure over time. During the period under review, the Group has borrowed Hong Kong dollar loans amounting to HK\$663.3 million from banks (at 31 March 2012: HK\$734.3 million). The borrowings have been used for financing the acquisition of properties for investment and development purposes and as general working capital. The maturity profile of the lending spread over a period of six years with HK\$408.5 million repayable within the first year, HK\$175.8 million repayable within the second year, HK\$55.0 million within the third to fifth years and HK\$24.0 million over five years. Interest is based on HIBOR with a competitive margin.

As at the close of business on 30 September 2012, 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 38.9% (at 31 March 2012: 52.3%).

Collateral

As at 30 September 2012, the Group's Hong Kong dollar loans of HK\$393.3 million were secured by first charges over certain leasehold land and buildings, investment properties, properties under development for sale of the Group, at the carrying value of approximately HK\$767.3 million (at 31 March 2012: HK\$898.5 million). In addition, bank deposits of HK\$24.4 million was pledged for banking facilities granted to one of the Group's jointly controlled entity in PRC.

Contingent Liabilities

During the year ended 31 March 2004, legal actions in respect of allegations of copyright infringement and defamation were taken against certain subsidiaries of the Company carrying on its health products business. No further steps have been taken against the Group in respect of such actions after the court hearing for directions to appoint experts and exchange witness statements took place in 2004. At 30 September 2012, the directors of the Company are of the opinion that in view of the uncertainty it is not practicable to assess the financial effect.

Commitments

As at 30 September 2012, the Group had the following commitments:

	30.09.2012	31.03.2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted for but not provided in the condensed consolidated financial statements:		
Commitments for the acquisition of an investment property	286,200	–
Commitments for the acquisition of leasehold land for development purpose	–	58,650

Authorised but not contracted for

As at 30 September 2012, the Group has a commitment to contribute HK\$231.5 million (at 31 March 2012: HK\$231.5 million), representing 23.63% (at 31 March 2012: 23.63%) of the anticipated project costs for the joint development of a site in So Kwun Wat, Hong Kong.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2012, the number of full time monthly employees of the Group, excluding its jointly controlled entities, was around 739 (of which 138 employees were in Mainland China). 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. Lau Tze Yiu, Peter 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 2012 has not been audited, but has been reviewed by the Audit Committee of the Board and the Group's auditor, Messrs Deloitte Touche Tohmatsu.

CORPORATE GOVERNANCE

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

The Company has applied the principles of, and complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (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 2012, except for certain deviations which are summarized below:–

- (a) 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.

- (b) Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Cha Mou Daid, Johnson, a non-executive director of the Company, was unable to attend the annual general meeting of the Company held on 28 August 2012 as he had other important business engagement. To ensure compliance with the CG Code, the Company has taken and will continue to take all reasonable measures to arrange the schedule in such a cautious way that all directors can attend the general meetings.
- (c) Code Provision E.1.2 of the CG Code 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 28 August 2012 as he had other important business engagement. However, the Managing Director, present at the annual general meeting, took the chair of that meeting in accordance with Article 78 of the Articles of Association of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises:

Non-executive chairman

Mr. Cha Mou Sing, Payson

Executive directors

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

Mr. Tai Sai Ho (*General Manager*)

Dr. Lam Chat Yu

Non-executive directors

Mr. Cha Mou Daid, Johnson

Mr. Cha Yiu Chung, Benjamin

Independent non-executive directors

Mr. Chan Pak Joe

Dr. Lau Tze Yiu, Peter

Dr. Sun Tai Lun

By order of the board
Hanison Construction Holdings Limited
Cha Mou Sing, Payson
Chairman

Hong Kong, 20 November 2012