

*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 2013**

**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 2013 reduced by 5.9% to HK\$763.5 million as compared with the unaudited consolidated turnover of HK\$811.7 million for the corresponding period last year. Such decrease was mainly attributable to the reduction of turnover from the sale of properties.

The unaudited consolidated profit attributable to owners of the Company for the six months ended 30 September 2013 was HK\$56.2 million, representing a reduction of 51.7%, as compared with the unaudited consolidated profit attributable to owners of the Company of HK\$116.3 million for the same period in 2012.

The reduction in the unaudited consolidated profit attributable to owners of the Company was mainly due to lesser contribution from the sale of properties and the gain on change in fair value on investment properties of the Group.

The basic earnings per share for the six months ended 30 September 2013 was HK10.5 cents, compared to HK21.7 cents (restated) for the same period in 2012.

## **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 2013 (for the six months ended 30 September 2012: HK1.8 cents per share) to the shareholders whose names appear on the register of members of the Company on 13 December 2013. The dividend is expected to be paid to the shareholder on or around 23 December 2013.

## **CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND**

The register of members of the Company will be closed from 11 December 2013 to 13 December 2013, 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 2013. In order to qualify for the interim dividend for the six months ended 30 September 2013, 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 10 December 2013.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013**

	NOTES	Six months ended	
		30.9.2013 HK\$'000 (Unaudited)	30.9.2012 HK\$'000 (Unaudited)
Turnover	3	763,545	811,730
Cost of sales		<u>(659,265)</u>	<u>(655,062)</u>
Gross profit		104,280	156,668
Other income		8,911	4,286
Marketing and distribution costs		(11,720)	(31,907)
Administrative expenses		(57,411)	(59,487)
Gain on change in fair value of investment properties		33,723	61,947
Loss on change in fair value of investments held for trading		(13)	(4)
Gain (loss) on change in fair value of derivative financial instruments		2	(778)
Share of result of an associate		(307)	(852)
Share of results of joint ventures		953	32
Finance costs		<u>(4,136)</u>	<u>(2,354)</u>
Profit before taxation	4	74,282	127,551
Taxation	5	<u>(10,238)</u>	<u>(11,252)</u>
Profit for the period		<u>64,044</u>	<u>116,299</u>
Profit for the period attributable to:			
Owners of the Company		56,248	116,299
Non-controlling interest		<u>7,796</u>	<u>–</u>
		<u>64,044</u>	<u>116,299</u>
			(Restated)
Earnings per share – basic (HK cents)	7	<u>10.5</u>	<u>21.7</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**  
*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013*

	<b>Six months ended</b>	
	<b>30.9.2013</b>	30.9.2012
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Profit for the period	<u><b>64,044</b></u>	<u>116,299</u>
Other comprehensive income:		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u><b>1,383</b></u>	<u>20</u>
Total comprehensive income for the period	<u><b>65,427</b></u>	<u>116,319</u>
Total comprehensive income for the period attributable to:		
Owners of the Company	<u><b>57,631</b></u>	<u>116,319</u>
Non-controlling interest	<u><b>7,796</b></u>	<u>–</u>
	<u><b>65,427</b></u>	<u>116,319</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 SEPTEMBER 2013**

	<i>NOTES</i>	<b>30.9.2013</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.3.2013 HK\$'000 (Audited)
<b>Non-current assets</b>			
Investment properties	8	<b>781,550</b>	747,090
Property, plant and equipment	8	<b>104,229</b>	108,341
Prepaid lease payments		<b>6,966</b>	7,024
Interest in an associate		<b>20,931</b>	21,238
Interests in joint ventures	9	<b>132,011</b>	129,592
Pledged bank deposits		<b>50,571</b>	24,401
Deferred tax assets		<b>767</b>	848
		<b>1,097,025</b>	1,038,534
<b>Current assets</b>			
Properties under development for sale	10	<b>713,501</b>	815,553
Properties held for sale		<b>165,150</b>	31,886
Inventories		<b>25,662</b>	31,412
Amounts receivable on contract work		<b>99,420</b>	122,017
Progress payments receivable	11	<b>87,885</b>	76,522
Retention money receivable		<b>130,238</b>	114,691
Debtors, deposits and prepayments	12	<b>106,047</b>	42,412
Prepaid lease payments		<b>184</b>	218
Amounts due from joint ventures		<b>40</b>	449
Amount due from an associate		<b>1,824</b>	1,921
Investments held for trading		<b>359</b>	372
Taxation recoverable		<b>1,454</b>	1,753
Derivative financial instruments		<b>228</b>	277
Bank balances and cash		<b>309,860</b>	293,338
		<b>1,641,852</b>	1,532,821
Assets classified as held for sale	13	–	8,500
		<b>1,641,852</b>	1,541,321
<b>Current liabilities</b>			
Amounts payable on contract work		<b>133,319</b>	68,566
Trade and other payables	14	<b>421,318</b>	379,401
Taxation payable		<b>21,227</b>	20,832
Bank loans – amounts due within one year		<b>803,500</b>	810,700
		<b>1,379,364</b>	1,279,499
Net current assets		<b>262,488</b>	261,822
Total assets less current liabilities		<b>1,359,513</b>	1,300,356

	<b>30.9.2013</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.3.2013 HK\$'000 (Audited)
Non-current liabilities		
Other long-term payable	<b>14,253</b>	14,253
Amount due to a non-controlling shareholder	<b>70,957</b>	63,600
Deferred tax liabilities	<b>9,653</b>	6,118
	<u><b>94,863</b></u>	<u>83,971</u>
	<u><b>1,264,650</b></u>	<u>1,216,385</u>
Capital and reserves		
Share capital	<b>53,632</b>	53,632
Reserves	<b>1,206,301</b>	1,165,832
	<u><b>1,259,933</b></u>	<u>1,219,464</u>
Equity attributable to owners of the Company	<b>4,717</b>	(3,079)
Non-controlling interest	<u><b>1,264,650</b></u>	<u>1,216,385</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

### 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 and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2013.

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

HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interest in other entities: Transition guidance
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities
Amendments to HKAS 1	Presentation of items of other comprehensive income
Amendments to HKFRSs	Annual improvements to HKFRSs 2009–2011 cycle
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine

#### Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and Separate Financial Statements” that deal with consolidated financial statements and HK(SIC) – INT 12 “Consolidation – Special Purpose Entities”. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company have assessed the control in respect of its investees under the new definition in HKFRS 10 and concluded that the application of this standard will have no material impact on amounts reported in the condensed consolidated financial statements.

## **Impact of the application of HKFRS 11**

HKFRS 11 replaces HKAS 31 “Interests in joint ventures”, and the guidance contained in a related interpretation, HK(SIC) – INT 13 “Jointly controlled entities – Non-monetary contributions by venturers”, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company reviewed and assessed the classification of the Group’s investments in joint arrangements in accordance with the requirements of HKFRS 11. The directors have determined that the Group’s current investments which were previously classified as jointly controlled entities under HKAS 31 are classified as joint ventures under HKFRS 11 and continue to apply the equity method.

## **HKFRS 13 Fair value measurement**

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for ‘fair value’ and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

## Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Except as described above, the adoption of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

### 3. SEGMENT INFORMATION

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, property development and provision of property agency and management services. These divisions are the basis on which the Group reports its financial information internally and are regularly reviewed by the executive directors of the Company, being the chief operating decision makers, 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 six months ended 30 September 2013

	Construction HK\$'000	Interior and renovation HK\$'000	Building materials HK\$'000	Health products HK\$'000	Property investment HK\$'000	Property development HK\$'000	Property agency and management HK\$'000	Segment Total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER										
External sales	515,720	13,862	92,224	26,082	14,048	94,764	6,845	763,545	-	763,545
Inter-segment sales	47,850	61,180	8,951	-	874	-	1,447	120,302	(120,302)	-
Total	<u>563,570</u>	<u>75,042</u>	<u>101,175</u>	<u>26,082</u>	<u>14,922</u>	<u>94,764</u>	<u>8,292</u>	<u>883,847</u>	<u>(120,302)</u>	<u>763,545</u>
Inter-segment sales are charged by reference to market prices.										
RESULT										
Segment result	<u>3,987</u>	<u>511</u>	<u>1,351</u>	<u>814</u>	<u>39,378</u>	<u>29,722</u>	<u>512</u>	<u>76,275</u>	<u>-</u>	<u>76,275</u>
Unallocated expenses										(1,993)
Profit before taxation										<u>74,282</u>

For the six months ended 30 September 2012

	Construction HK\$'000	Interior and renovation HK\$'000	Building materials HK\$'000	Health products HK\$'000	Property investment HK\$'000	Property development HK\$'000	Property agency and management HK\$'000	Segment Total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER										
External sales	427,827	28,049	102,777	26,799	8,417	213,000	4,861	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>26,799</u>	<u>9,291</u>	<u>213,000</u>	<u>5,974</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>435</u>	<u>59,102</u>	<u>59,807</u>	<u>218</u>	<u>125,113</u>	<u>3,690</u>	128,803
Unallocated expenses										(1,252)
Profit before taxation										<u>127,551</u>

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. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

**(b) Segment assets and liabilities**

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

	<b>30.9.2013</b> <b>HK\$'000</b>	31.3.2013 HK\$'000
<u>Segment assets</u>		
Construction	<b>447,087</b>	414,233
Interior and renovation	<b>52,589</b>	49,419
Building materials	<b>179,475</b>	180,714
Health products	<b>35,626</b>	39,113
Property investment	<b>846,061</b>	829,904
Property development	<b>1,085,543</b>	996,055
Property agency and management	<b>89,809</b>	66,768
Total segment assets	<b>2,736,190</b>	2,576,206
Unallocated assets	<b>2,687</b>	3,649
Consolidated assets	<b><u>2,738,877</u></b>	<u>2,579,855</u>

	<b>30.9.2013</b>	31.3.2013
	<b>HK\$'000</b>	HK\$'000
<u>Segment liabilities</u>		
Construction	<b>313,130</b>	250,326
Interior and renovation	<b>16,443</b>	18,225
Building materials	<b>97,894</b>	115,085
Health products	<b>3,912</b>	4,806
Property investment	<b>380,443</b>	360,724
Property development	<b>569,315</b>	524,003
Property agency and management	<b>1,043</b>	709
	<hr/>	<hr/>
Total segment liabilities	<b>1,382,180</b>	1,273,878
Unallocated liabilities	<b>92,047</b>	89,592
	<hr/>	<hr/>
Consolidated liabilities	<b>1,474,227</b>	1,363,470
	<hr/>	<hr/>

#### 4. PROFIT BEFORE TAXATION

	<b>Six months ended</b>	
	<b>30.9.2013</b>	30.9.2012
	<b>HK\$'000</b>	HK\$'000
Profit before taxation has been arrived at after charging and (crediting):		
Depreciation of property, plant and equipment	<b>4,713</b>	6,034
Less: Depreciation expenses capitalised in the cost of contract work	<b>(1,395)</b>	(2,968)
	<hr/>	<hr/>
	<b>3,318</b>	3,066
	<hr/>	<hr/>
Finance costs	<b>8,154</b>	6,619
Less: Finance costs capitalised in properties under development for sale	<b>(4,018)</b>	(4,265)
	<hr/>	<hr/>
	<b>4,136</b>	2,354
	<hr/>	<hr/>
Gain on disposals of property, plant and equipment	<b>(2,161)</b>	–
	<hr/>	<hr/>

#### 5. TAXATION

	<b>Six months ended</b>	
	<b>30.9.2013</b>	30.9.2012
	<b>HK\$'000</b>	HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
Current tax	<b>6,622</b>	11,193
Overprovision in prior years	<b>–</b>	(6)
	<hr/>	<hr/>
	<b>6,622</b>	11,187
Deferred taxation	<b>3,616</b>	65
	<hr/>	<hr/>
	<b>10,238</b>	11,252
	<hr/>	<hr/>

Hong Kong Profits Tax is provided at 16.5% on the estimated assessable profits for both periods.

Profits tax arising in the PRC is calculated at 25% on the assessable profits for both periods.

## 6. DIVIDENDS

During the period, a final dividend of HK3.2 cents per share totalling HK\$17,162,000 in respect of the year ended 31 March 2013 (for the six months ended 30 September 2012: final dividend of HK2.7 cents per share totalling HK\$13,164,000 in respect of the year ended 31 March 2012) was paid to shareholders.

Subsequent to 30 September 2013, the board of directors of the Company has resolved to declare an interim dividend of HK1.8 cents per share totalling HK\$9,654,000 for the six months ended 30 September 2013 (2012: HK1.8 cents per share totalling HK\$8,777,000 for the six months ended 30 September 2012).

## 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\$56,248,000 (profit for the six months ended 30 September 2012: HK\$116,299,000) and on the number of 536,315,641 shares in issue for the two periods ended 30 September 2013 and 2012 after adjusting the effect of bonus issue of shares during last year.

There were no potential ordinary share in existence for both periods. Accordingly, no diluted earnings per share has been presented.

## 8. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

### Investment properties

	<b>1.4.2013 to 30.9.2013 HK\$'000</b>	1.4.2012 to 30.9.2012 HK\$'000
FAIR VALUE		
At beginning of the period	<b>747,090</b>	415,910
Disposals	–	(46,480)
Additions	<b>737</b>	133
Gain on change in fair value	<b>33,723</b>	61,947
	<hr/> <b>781,550</b>	<hr/> 431,510
At end of the period		

The fair value of the Group's investment properties at 30 September 2013 and 31 March 2013 and assets classified as held for sale at 31 March 2013 had 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 comprised of an amount of HK\$112,100,000 (at 31 March 2013: HK\$110,200,000) which was arrived at by reference to market evidence of sales transaction prices of similar properties, and an amount of HK\$669,450,000 (at 31 March 2013: HK\$636,890,000) which was arrived at by reference to the income capitalisation method which was based on the capitalisation of the net income potential by adopting an appropriate capitalisation rate, which was 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\$105,000, resulting in a gain on disposal of HK\$2,161,000. During the six months ended 30 September 2012, the Group disposed of certain property, plant and equipment with a carrying amount of HK\$30,000.

In addition, the Group acquired property, plant and equipment at a cost of approximately HK\$702,000 (for the six months ended 30 September 2012: HK\$4,010,000).

## 9. INTERESTS IN JOINT VENTURES

	<b>30.9.2013</b>	31.3.2013
	<b>HK\$'000</b>	HK\$'000
Cost of unlisted investments in joint ventures	<b>115,977</b>	115,977
Share of post acquisition profit and other comprehensive income, net of dividends received	<b>16,034</b>	13,615
	<b><u>132,011</u></b>	<u>129,592</u>

## 10. PROPERTIES UNDER DEVELOPMENT FOR SALE

At 30 September 2013, total borrowing costs capitalised in the properties under development for sale were HK\$33,987,000 (at 31 March 2013: HK\$31,987,000).

## 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:

	<b>30.9.2013</b>	31.3.2013
	<b>HK\$'000</b>	HK\$'000
Within 30 days	<b>87,885</b>	72,125
31–60 days	–	2,130
61–90 days	–	2,267
	<b><u>87,885</u></b>	<u>76,522</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 2013: not more than 90 days) to its customers.

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

	<b>30.9.2013</b>	31.3.2013
	<b>HK\$'000</b>	HK\$'000
Within 30 days	7,468	5,200
31–60 days	38,086	2,727
61–90 days	5,313	4,050
Over 90 days	5,878	7,616
	<u>56,745</u>	<u>19,593</u>

## 13. ASSETS CLASSIFIED AS HELD FOR SALE

On 22 February 2013, a sale and purchase agreement was signed between a wholly owned subsidiary of the Company and an independent third party to dispose of certain investment properties at a consideration of HK\$12,500,000. At 31 March 2013, the fair value of the investment properties was HK\$8,500,000. The fair value had been arrived at on the basis as disclosed in note 8. The transaction was completed in July 2013 and a gain on disposal of HK\$4,000,000 is recognised in profit or loss.

## 14. TRADE AND OTHER PAYABLES

The aged analysis of trade payables based on invoice date is as follows:

	<b>30.9.2013</b>	31.3.2013
	<b>HK\$'000</b>	HK\$'000
Within 30 days	65,176	79,055
31–60 days	532	1,708
61–90 days	36	3,226
Over 90 days	1,470	5,901
	<u>67,214</u>	<u>89,890</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OPERATIONS REVIEW**

#### **Overview**

For the six months ended 30 September 2013, the Group's unaudited consolidated turnover amounted to HK\$763.5 million (for the six months ended 30 September 2012: HK\$811.7 million), representing a reduction of 5.9% against the corresponding period last year.

#### **Construction Division**

The turnover of the Construction Division for the six months ended 30 September 2013 was HK\$563.6 million (for the six months ended 30 September 2012: HK\$481.0 million).

Contracts on hand as at 30 September 2013 for the Construction Division amounted to HK\$1,017.4 million, of which HK\$1.6 million was derived from a project under joint venture arrangement with joint venture partner.

Major construction works undertaken during the period under review:

- (1) Construction of proposed industrial redevelopment, The Bedford, at Nos. 91–93 Bedford Road, Tai Kok Tsui, Kowloon (This project had been completed during the period under review)
- (2) Construction of public rental housing development at Tseung Kwan O Area 65B
- (3) Construction of proposed residential redevelopment at Nos. 146 & 148 Argyle Street, Kowloon
- (4) Construction of proposed residential redevelopment, The Austine Place, at No. 38 Kwun Chung Street, Jordan, Kowloon
- (5) Construction of Composite Development at Nos. 1–21 Dundas Street, Kowloon
- (6) Construction of the redevelopment at No. 23 Tong Chong Street, Quarry Bay, Hong Kong

During the period under review, the following projects completed in the last financial year by the Construction Division had achieved the rating of Platinum Standard in accordance with the building environmental assessment method (BEAM) for new buildings (4/04 version):

- (1) Construction of Sports Centre and Community Hall in Area 101 at Tin Shui Wai with a joint venture partner
- (2) Construction of Student Halls of Residence (Homantin) for The Hong Kong Polytechnic University at No. 15 Fat Kwong Street, Homantin, Kowloon

## **Interior and Renovation Division**

During the six months ended 30 September 2013, the turnover for the Interior and Renovation Division was HK\$75.0 million (for the six months ended 30 September 2012: HK\$103.2 million).

Contracts on hand as at 30 September 2013 amounted to HK\$131.7 million.

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

- (1) Alterations and additions term contract for building works for The Hong Kong Polytechnic University
- (2) Spatial reorganisation works to Core FJ, 7/F of The Hong Kong Polytechnic University
- (3) Renovation of Ronsdale Garden at No. 25 Tai Hang Drive, Jardine's Lookout, Hong Kong

The spatial reorganisation works to Core FJ, 7/F of The Hong Kong Polytechnic University has been in full swing and completion of the works is expected to be in November 2013. For the renovation of Ronsdale Garden, the preliminary works including the installation of the mast climbing platforms have been completed and the remaining works will commence.

## **Building Materials Division**

The Building Materials Division recorded a turnover of HK\$101.2 million for the six months ended 30 September 2013 (for the six months ended 30 September 2012: HK\$132.4 million).

Contracts on hand as at 30 September 2013 amounted to HK\$400.4 million.

### ***Supply and installation of false ceiling and suspended ceiling system***

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

- (1) Victoria Park Swimming Complex – Supply and installation of false ceiling
- (2) TMTL 447, Tuen Mun Station – Supply and installation of false ceiling
- (3) Sheng Kung Hui St. James' Primary School – Supply and installation of false ceiling
- (4) STTL 502 proposed residential development at Lok Wo Sha, Ma On Shan – Supply and installation of suspended ceiling system

### ***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 Green Island, Macau – Supply of copper pipes and related accessories
- (2) The Paragon at San Hao Ngon, Macau – Supply of copper pipes and related accessories
- (3) Student Residence of The Chinese University of Hong Kong – Supply of copper pipes and related accessories
- (4) A commercial building at Nam Van, Macau – Supply of copper pipes and related accessories

### ***Design, supply and installation of aluminium products***

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

- (1) Proposed residential development at TMTL 422, Tsing Lung Road, Area 58, Siu Lam, Tuen Mun, New Territories – Design, supply and installation of curtain wall, aluminium window and metal cladding
- (2) FSSTL 202, Fanling, New Territories – Supply and installation of aluminium window and curtain wall
- (3) Proposed residential and commercial development at No. 46 Belcher's Street, Kennedy Town, Hong Kong – Design, supply and installation of aluminium louvre, window, grille, curtain wall and cladding
- (4) 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
- (5) Area 4–5 (Phase 1) Cheng Nam Xin Qu, Haining – Design, supply and installation of aluminium door, window and curtain wall

### **Property Development Division**

The Property Development Division recorded a turnover of HK\$94.8 million for the six months ended 30 September 2013 (for the six months ended 30 September 2012: HK\$213.0 million).

Pre-sale of The Bedford, a boutique industrial high-rise at Nos. 91–93 Bedford Road, Tai Kok Tsui, has launched during last year. After issuance of the occupation permit in July this year, we have recorded turnover for the sales of two units during the period under review, the Group will continue selling the remaining units in the second half of the financial year.

Superstructure work of The Austine Place, a boutique residential building with retail podium situated at No. 38 Kwun Chung Street, Jordan, has commenced and construction work is expected to complete by the end of 2014.

For the pieces of agricultural land at Tong Yan San Tsuen in Yuen Long, a land exchange application for residential use was made in 2012 with the Lands Department.

Gazettal stage of the proposed residential development at D.D. 129 Lau Fau Shan in Yuen Long has been completed and we are waiting for the offer of land premium.

For the proposed residential development project with Sun Hung Kai Properties Limited at So Kwun Wat, Tuen Mun, planning application to the Town Planning Board has been completed in the last financial year. Land exchange application to convert the land to residential use will be made with the Lands Department in due course.

Pre-sale of LUXÉAST, the development and construction of office, retail, carparking spaces and other development pertaining to the 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) in which the Group has 49% interests, has launched in late 2012. As at 30 September 2013, a total of 37 商品房買賣合同 (commodity house purchase and sale contracts) and a total of 20 認購書 (purchase letters) were signed.

### **Property Investment Division**

The Property Investment Division recorded a rental income of HK\$14.9 million for the six months ended 30 September 2013 (for the six months ended 30 September 2012: HK\$9.3 million).

Leasing performance of Shatin Industrial Centre was steady, attaining an occupancy rate of approximately 94% at 30 September 2013.

Other investment properties of the Group include No. 31 Wing Wo Street and No. 151 Hollywood Road 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 to the Group during the period under review.

For the period under review, the amount of revaluation gain was less than that of the corresponding period last year as the market in general went back to a less dramatic range of increase in property value.

### **Property Agency and Management Division**

For the period under review, the turnover of the Property Agency and Management Division was HK\$8.3 million (for the six months ended 30 September 2012: HK\$6.0 million).

During the period under review, the Property Agency and Management Division continued to provide project management service and site supervision service to the large-scale integrated development project in Haining City, Zhejiang Province, the PRC. The annual caps of the site supervision service have been revised to cover the additional manpower used for the provision of such service. Details of the transactions were made in the Company's announcement published on 31 July 2013.

In Hong Kong, the Property Agency and Management Division acted as the project manager for two of the Group's redevelopment projects, The Bedford at Nos. 91–93 Bedford Road, Tai Kok Tsui and The Austine Place at No. 38 Kwun Chung Street, Jordan as well as for a client in the redevelopment project at Nos. 11–13 Grampian Road.

This Division also provided property management services to Golf Parkview in Sheung Shui, One LaSalle and Eight College in Kowloon Tong and No.151 Hollywood Road in Sheung Wan.

Other services of this Division included rental collection and leasing agency services to 8 Hart Avenue and The Cameron in Tsim Sha Tsui and No.151 Hollywood Road in Sheung Wan.

### **Health Products Division**

The Health Products Division recorded a turnover of HK\$26.1 million for the six months ended 30 September 2013 (for the six months ended 30 September 2012: HK\$26.8 million).

During the period under review, the Health Products Division operated 11 retail outlets (including a HealthPlus shop at St. Teresa's Hospital in Kowloon) and 1 service centre.

Several amendments of Ordinances and trade practices in the retail business have been announced and implemented. Personal Data (Privacy) (Amendment) Ordinance 2012 (The amendments introduce new obligations on data users with particular focus on the use and transfer of personal data for direct marketing purposes) has been enforced on 1 April 2013 and Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 has been enforced on 19 July 2013.

Our Division has been complying with the laws and regulatory requirements, ensuring customers' privacy and providing trustworthy advice to our customers.

### **OUTLOOK**

The Hong Kong economy grew moderately in the third quarter of 2013, by 2.9% in real terms over a year earlier, amid a still unsteady external environment. While the local labour market remains in a state of nearly full employment and government infrastructure works are being rolled out in phases, the escalating labour cost and labour shortage will continue to pose pressure on business operation in various sectors.

As with other companies facing intense labour competition coupled with increasing material costs, the Construction Division, the Interior and Renovation Division and the Building Materials Division will continue to work against a stiff headwind to maintain its profit margins. Continuous efforts will be put to control costs and maintain our competitiveness through continuously improving the quality of our works.

Local property market cooled off visibly after the HKSAR Government's further demand-side management measures in late February 2013, with reduction in transactions and stabilisation in property prices in the residential property market during the third quarter of 2013. The commercial and industrial property markets also showed some cool-off after the introduction of the cooling measures. Reflecting the effect of the cooling policies, the total number of sale and purchase agreements for residential property received by the Land Registry plummeted by 47% to 11,079 transactions in the third quarter of 2013 as compared to that of 2012.

The uncertain market conditions as to whether the HKSAR Government will continue the cooling policies or to impose new cooling policies to contain speculative property transactions, to persistently provide land to improve new home supply in the future; the performance of global economy, the adoption of loose or tight monetary policies, the movement of interest rate and inflation rate are all important factors affecting Hong Kong property market. Given the current market sentiment of the Hong Kong property market, prospective buyers may become more cautious and the Group's property development business may be affected.

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

Leasing market was relatively steady and is expected to remain stable. Most of the properties under the Group's investment portfolio were bought some years ago at relatively low prices, allowing the Group to generate high rental yields and revaluation gains over the years. The Group will continue to look for properties with good potential in order to generate steady income streams to the Group.

Sustained influx of inbound visitors has been rendering strong support to the Hong Kong economy in recent years. Shopping has accounted for the most of visitor spending through the years. However, health product business remains highly competitive with thin profit margin pressurised by high retail shop rentals, rising health product costs and staff costs. The Health Products Division will continue its effort in sourcing high quality and suitable products for our customers.

On the whole, the performance of the advanced economies is still uncertain. Over the medium and long term, there will be challenges on both the external and domestic fronts. Various segments of our Group are operating under these challenges. In view of these, it is important for our Group to advance with due care and prudence to operate our business and to sustain growth.

## **FINANCIAL REVIEW**

### **Group Liquidity and Financial Resources**

The Group's financial position continued to be healthy. The total bank balances and cash had increased from HK\$293.3 million as at 31 March 2013 to HK\$309.9 million at the close of business on 30 September 2013. As at the period end date, the current ratio (current assets divided by current liabilities) decreased from 1.20 times as at 31 March 2013 to 1.19 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\$1,369.2 million (HK\$929.2 million was secured by first charges over certain leasehold land and buildings, investment properties, properties under development for sale, properties held for sale and bank deposits of the Group), of which HK\$803.5 million bank loans have been drawn down and approximately HK\$218.5 million has been utilised mainly for the issuance of letters of credit and performance bonds as at 30 September 2013. 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 2013.

### **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 2012/2013.

### **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\$803.5 million from banks (at 31 March 2013: HK\$810.7 million). The borrowings have been used for financing the acquisition of properties for investment and development purposes and as general working capital. The maturity profile of the lending spread over a period of five years with HK\$575.7 million repayable within the first year, HK\$152.8 million repayable within the second year and HK\$75.0 million within the third to fifth years. Interest is based on HIBOR with a competitive margin.

As at the close of business on 30 September 2013, 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 39.2% (at 31 March 2013: 42.4%).

### **Collateral**

As at 30 September 2013, the Group's Hong Kong dollar loans of HK\$533.5 million were secured by first charges over certain leasehold land and buildings, investment properties, properties under development for sale and properties held for sale of the Group, at the carrying value of approximately HK\$1,248.5 million (at 31 March 2013: HK\$1,168.2 million). In addition, bank deposits of HK\$50.6 million (at 31 March 2013: HK\$24.4 million) was pledged for banking facilities granted to one of the Group's joint ventures 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 2013, 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 2013, the Group has a commitment to contribute HK\$231.5 million (at 31 March 2013: HK\$231.5 million), representing 23.63% (at 31 March 2013: 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 2013, the number of full time employees of the Group, excluding its joint ventures, was 708 (of which 148 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 2013 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 emphasise a quality Board and transparency and accountability to all shareholders.

Throughout the six months ended 30 September 2013, the Company has complied with all the Code Provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (“Listing Rules”), except for the deviations set out below in respect of which remedial steps for compliance have been taken or considered reasons are given 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 (including the independent non-executive directors) of the Company are not appointed for a specific term. However, pursuant to the Articles of Association of the Company amended on 2 August 2005, at each annual general meeting of the Company, one-third of the directors, including executive, non-executive and independent non-executive directors shall retire from office by rotation, and every 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 of the CG Code 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, non-executive director of the Company, was unable to attend the annual general meeting of the Company held on 27 August 2013 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 stipulates 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 27 August 2013 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 the 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

***Non-executive directors***

Mr. Cha Mou Daid, Johnson

Dr. Lam Chat Yu

***Executive directors***

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

Mr. Tai Sai Ho (*General Manager*)

***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, 26 November 2013