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

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

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

SUMMARY OF RESULTS

For the year ended 31 March 2014, the turnover of Hanison Construction Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") was HK$1,626.5 million, being 4.6% higher than the turnover of HK$1,554.5 million for the year ended 31 March 2013.

Despite the increase in turnover, the Group recorded a decrease in consolidated profit attributable to owners of the Company for the year from HK$188.3 million for the last financial year to HK$155.7 million for this financial year. The drop was mainly attributable to the facts that the profit generated from the sales of units of the Group's property development has dropped this year and the gain on change in fair value of investment properties has been less drastic this year as compared with that of last year.

The basic earnings per share for the year was HK29.0 cents, compared to HK35.1 cents last year.

As at 31 March 2014, the net asset value of the Group amounted to HK$1,348.0 million (2013: HK$1,219.5 million), representing an increase of 10.5% over last year. Net asset value per share at 31 March 2014 was HK$2.51 (2013: HK$2.27).

DIVIDEND

The Board has recommended a final dividend of HK3.2 cents per share for the year ended 31 March 2014 (2013: HK3.2 cents per share) to shareholders whose names appear on the register of members of the Company on 3 September 2014. This together with the interim dividend of HK1.8 cents per share (2013: HK1.8 cents per share) gives a total of HK5.0 cents per share for the year (2013: HK5.0 cents per share). The proposed final dividend will be paid on 17 September 2014 following approval at the annual general meeting scheduled to be held on 26 August 2014 ("2014 AGM").

CLOSURE OF REGISTER OF MEMBERS FOR 2014 AGM

The register of members of the Company will be closed from 22 August 2014 to 26 August 2014, both days inclusive, for the purpose of determining the identity of members who are entitled to attend and vote at the 2014 AGM. In order to be eligible to attend and vote at the 2014 AGM, 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 21 August 2014.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from 1 September 2014 to 3 September 2014, both days inclusive, for the purpose of determining the identity of members who are entitled to the final dividend for the year ended 31 March 2014. In order to qualify for the final dividend for the year ended 31 March 2014, 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 29 August 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2014

	NOTES	**2014** **HK$'000**	2013 HK$'000
Turnover	*3*	**1,626,525**	1,554,479
Cost of sales		**(1,377,469)**	(1,290,467)
Gross profit		**249,056**	264,012
Other income		**37,025**	5,435
Other gains and losses		**64**	(338)
Marketing and distribution costs		**(32,721)**	(44,281)
Administrative expenses		**(125,368)**	(121,982)
Gain on change in fair value of investment properties		**55,736**	104,489
Share of (loss) profit of an associate		**(264)**	839
Share of profit (loss) of joint ventures		**3,530**	(546)
Finance costs		**(7,736)**	(5,731)
Profit before taxation	*5*	**179,322**	201,897
Taxation	*6*	**(15,306)**	(16,711)
Profit for the year		**164,016**	185,186
Profit (loss) for the year attributable to:			
Owners of the Company		**155,698**	188,265
Non-controlling interest		**8,318**	(3,079)
		164,016	185,186
Earnings per share-basic (HK cents)	*8*	**29.0**	35.1

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2014

	2014	2013
	HK$'000	*HK$'000*
Profit for the year	**164,016**	185,186
Other comprehensive (expense) income:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**(334)**	1,810
Total comprehensive income for the year	**163,682**	186,996
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	**155,364**	190,075
Non-controlling interest	**8,318**	(3,079)
	163,682	186,996

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2014

	NOTES	**31.3.2014** **HK$'000**	31.3.2013 HK$'000
Non-current assets			
Investment properties		**804,040**	747,090
Property, plant and equipment		**71,360**	108,341
Prepaid lease payments		**6,789**	7,024
Interest in an associate		**20,974**	21,238
Interests in joint ventures		**155,574**	129,592
Pledged bank deposits		**49,795**	24,401
Deferred tax assets		**702**	848
		1,109,234	1,038,534
Current assets			
Properties under development for sale		**794,832**	815,553
Properties held for sale		**84,416**	31,886
Inventories		**23,795**	31,412
Amounts receivable on contract work		**78,844**	122,017
Progress payments receivable	*9*	**69,155**	76,522
Retention money receivable		**125,916**	114,691
Debtors, deposits and prepayments	*10*	**123,944**	42,412
Prepaid lease payments		**224**	218
Amounts due from joint ventures		**24,979**	449
Amount due from an associate		**2,132**	1,921
Investments held for trading		**364**	372
Taxation recoverable		**548**	1,753
Derivative financial instruments		**89**	277
Bank balances and cash		**323,444**	293,338
		1,652,682	1,532,821
Assets classified as held for sale		**–**	8,500
		1,652,682	1,541,321
Current liabilities			
Amounts payable on contract work		**208,683**	68,566
Trade and other payables	*11*	**398,824**	379,401
Taxation payable		**8,740**	20,832
Bank loans – amounts due within one year		**699,300**	810,700
		1,315,547	1,279,499
Net current assets		**337,135**	261,822
Total assets less current liabilities		**1,446,369**	1,300,356

	31.3.2014 *HK$'000*	31.3.2013 *HK$'000*
Non-current liabilities		
Other long-term payable	**14,253**	14,253
Amount due to a non-controlling shareholder	**70,957**	63,600
Deferred tax liabilities	**7,908**	6,118
	93,118	83,971
	1,353,251	1,216,385
Capital and reserves		
Share capital	**53,632**	53,632
Reserves	**1,294,380**	1,165,832
Equity attributable to owners of the Company	**1,348,012**	1,219,464
Non-controlling interest	**5,239**	(3,079)
	1,353,251	1,216,385

NOTES:

1. BASIS OF PREPARATION AND CONSOLIDATION

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interest in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. The amounts previously recognised in the other comprehensive income and accumulated in equity in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities, i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs.

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

In the current year, the Group has applied, for the first time, the following new or revised 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 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.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements with respective to the Group's interests in associates, joint ventures and subsidiaries with material non-controlling interest.

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs.

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 has had no material effect on the amounts reported and/or disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendment to HKFRS 11	Accounting for acquisition of interests in joint operations[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[4]
Amendment to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[5]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
HKFRS 9	Financial instruments[3]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[4]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[4]
HK(IFRIC) – INT 21	Levies[4]

1 *Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.*

2 *Effective for annual periods beginning on or after 1 July 2014.*

3 *Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.*

4 *Effective for annual periods beginning on or after 1 January 2014.*

5 *Effective for annual periods beginning on or after 1 January 2016.*

HKFRS 9 "Financial instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is available for earlier application and the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised. The Directors anticipate that the adoption of HKFRS 9 in the future may have impact on classification and measurement of available-for-sale investments reported in respect of the Group's financial assets but not on the Group's financial liabilities. Upon the adoption of HKFRS 9, available-for-sale investments as at the date of initial application are required to be measured at fair value, with fair value changes either accounted in profit or loss or other comprehensive income. The new requirements for hedge accounting are not expected to have material impact to the Group.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the financial performance and financial position of the Group.

3. TURNOVER

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

4. 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 year ended 31 March 2014

	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	**1,006,992**	**50,844**	**239,691**	**55,283**	**26,583**	**233,084**	**14,048**	**1,626,525**	**–**	**1,626,525**
Inter-segment sales	**144,518**	**163,674**	**17,500**	**–**	**1,748**	**–**	**3,147**	**330,587**	**(330,587)**	**–**
Total	**1,151,510**	**214,518**	**257,191**	**55,283**	**28,331**	**233,084**	**17,195**	**1,957,112**	**(330,587)**	**1,626,525**

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

RESULTS										
Segment result	**14,105**	**3,592**	**3,928**	**2,696**	**87,084**	**70,480**	**502**	**182,387**	**–**	**182,387**
Unallocated expenses										**(3,065)**
Profit before taxation										**179,322**

For the year ended 31 March 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	886,148	29,761	226,025	56,074	20,138	325,800	10,533	1,554,479	–	1,554,479
Inter-segment sales	155,353	150,676	46,136	8	1,748	–	3,152	357,073	(357,073)	–
Total	1,041,501	180,437	272,161	56,082	21,886	325,800	13,685	1,911,552	(357,073)	1,554,479

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

RESULTS										
Segment result	9,446	1,648	2,598	1,331	100,956	89,242	512	205,733	(287)	205,446
Unallocated expenses										(3,549)
Profit before taxation										201,897

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 maker for the purposes of resource allocation and performance assessment.

(b) Other Information

Year ended 31 March 2014

	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$'000	Consolidated HK$'000
Amounts included in the measure of segment results or segment assets:								
Depreciation	1,919	38	268	528	1,170	–	2,546	6,469
Gain on change in fair value of investment properties	–	–	–	–	(55,736)	–	–	(55,736)
Loss on change in fair value of investments held for trading	8	–	–	–	–	–	–	8
Gain on change in fair value of derivative financial instruments	–	–	(72)	–	–	–	–	(72)
Impairment loss recognised on trade debtors	–	–	4,936	–	–	–	–	4,936
(Gain) loss on disposal of property, plant and equipment	(2,200)	–	–	6	(27,363)	–	(23)	(29,580)
Gain on disposal of assets classified as held for sale	–	–	–	–	(4,000)	–	–	(4,000)
Interest income	–	–	(41)	(1)	(32)	–	(1,374)	(1,448)
Share of loss of an associate	–	–	–	–	264	–	–	264
Share of profit of joint ventures	(3,448)	–	–	–	–	(82)	–	(3,530)
Finance costs	–	–	1,479	–	5,691	566	–	7,736
Additions to non-current assets *(note)*	–	–	2,624	84	4,163	–	5	6,876
Interest in an associate	–	–	–	–	20,974	–	–	20,974
Interests in joint ventures	3,417	–	–	–	–	152,157	–	155,574
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results:								
Income tax expenses	1,857	524	466	–	2,570	9,397	492	15,306

Note: Non-current assets exclude pledged bank deposits, deferred tax assets, interest in an associate and interests in joint ventures.

Year ended 31 March 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$'000	Consolidated HK$'000
Amounts included in the measure of segment results or segment assets:								
Depreciation	2,366	38	457	1,277	5	–	2,561	6,704
Gain on change in fair value of investment properties	–	–	–	–	(104,489)	–	–	(104,489)
Gain on change in fair value of investments held for trading	(89)	–	–	–	–	–	–	(89)
Loss on change in fair value of derivative financial instruments	–	–	427	–	–	–	–	427
Impairment loss recognised on trade debtors	–	–	3,000	–	–	–	–	3,000
Gain on disposal of property, plant and equipment	(57)	–	–	–	–	–	–	(57)
Interest income	–	–	(16)	(1)	–	–	(618)	(635)
Share of profit of an associate	–	–	–	–	(839)	–	–	(839)
Share of (profit) loss of joint ventures	(1,201)	–	–	–	–	1,747	–	546
Finance costs	–	–	2,122	6	3,420	183	–	5,731
Additions to non-current assets *(note)*	3,458	–	1,045	702	335,420	–	473	341,098
Interest in an associate	–	–	–	–	21,238	–	–	21,238
Interests in joint ventures	5,769	–	–	–	–	123,823	–	129,592
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results:								
Income tax expenses (credit)	492	193	294	(24)	427	14,741	588	16,711

Note: Non-current assets exclude pledged bank deposits, deferred tax assets, interest in an associate and interests in joint ventures.

Geographical information

The Group's turnover which is generated from customers located in Hong Kong, the Company's place of domicile, amounted to HK$1,567,292,000 (2013: HK$1,531,481,000). Accordingly, no further analysis of the Group's turnover by geographical market based on geographical location of customers has been prepared.

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

	2014	2013
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**903,245**	854,676
The PRC	**155,492**	158,609
	1,058,737	1,013,285

Note: Interest in an associate and interests in joint ventures are analysed by geographical location of their respective operations.

Non-current assets excluded pledged bank deposits and deferred tax assets.

Information about major customers

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

	2014	2013
	HK$'000	*HK$'000*
Customer A *(note)*	**327,543**	329,713
Customer B *(note)*	**269,519**	57,208
Customer C *(note)*	**15,625**	180,073
	612,687	566,994

Note: Revenue from construction contracts income within the construction segment.

5. PROFIT BEFORE TAXATION

	2014 HK$'000	2013 HK$'000
Profit before taxation has been arrived at after charging and (crediting):		
Depreciation of property, plant and equipment	**6,469**	6,704
Auditor's remuneration	**2,060**	1,910
Impairment loss recognised on trade debtors	**4,936**	3,000
Gain on disposal of property, plant and equipment	**(29,580)**	(57)
Gain on disposal of assets classified as held for sale	**(4,000)**	–
Net exchange loss (gain)	**94**	(105)
Contract costs recognised as expense in cost of sales	**1,193,102**	1,039,462
Costs of inventories recognised as an expense in cost of sales	**174,772**	240,061
Gross rental income under operating leases	**(26,583)**	(20,138)
Less: Direct operating expenses that generated rental income during the year	**2,669**	5,117
	(23,914)	(15,021)
Sub-leasing income	**(325)**	(778)
Less: Direct operating expenses that generated sub-leasing income during the year	**47**	38
	(278)	(740)
Expenses included in cost of contract work:		
Depreciation	**3,345**	5,324
Release of prepaid lease payments	**224**	218
Rentals under operating leases in respect of:		
– plant and machinery	**7,231**	8,452
– others	**1,155**	473

6. TAXATION

	2014	2013
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
Current year	**13,697**	17,128
Overprovision in prior years	**(327)**	(185)
	13,370	16,943
Deferred taxation	**1,936**	(232)
	15,306	16,711

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

Taxation arising in other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions. Profits tax arising in the PRC is calculated at 25% on the assessable profits for both years.

7. DIVIDENDS

Dividends recognised as distribution during the year:

	2014	2013
	HK$'000	*HK$'000*
Ordinary shares:		
Interim dividend for 2014 – HK1.8 cents per share (2013: HK1.8 cents per share for 2013)	**9,654**	8,777
Final dividend for 2013 – HK3.2 cents per share (2013: HK2.7 cents per share for 2012)	**17,162**	13,164
	26,816	21,941

A final dividend of HK3.2 cents per share totalling HK$17,162,000 in respect of the year ended 31 March 2014 (2013: final dividend of HK3.2 cents per share totalling HK$17,162,000 in respect of the year ended 31 March 2013) has been proposed by the directors and is subject to approval by the shareholders in general meeting.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the profit attributable to owners of the Company for the year of HK$155,698,000 (2013: HK$188,265,000) and on the 536,315,641 shares in issue for the two years ended 31 March 2014.

There were no potential ordinary share in existence for the two years ended 31 March 2014. Accordingly, no diluted earnings per share has been presented.

9. PROGRESS PAYMENTS RECEIVABLE

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

The aged analysis of progress payments receivable is as follows:

	31.3.2014	31.3.2013
	HK$'000	*HK$'000*
Within 30 days	**58,116**	72,125
31 – 60 days	**11,039**	2,130
61 – 90 days	**–**	2,267
	69,155	76,522

10. DEBTORS, DEPOSITS AND PREPAYMENTS

Proceeds from property sales are receivable pursuant to the terms of the sale and purchase agreements. Retention money receivables in respect of construction services are settled in accordance with the terms of the respective contracts. In addition to the payment of rental deposits, the Group are required to pay monthly rents in respect of leased properties in advance. For other businesses, the Group generally allows a credit period of not more than 90 days (2013: not more than 90 days) to its customers. Before accepting any new customer, the Group will internally assess the credit quality of the potential customers and define appropriate credit limit. Other receivables are unsecured, interest-free and are repayable on demand.

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

	31.3.2014	31.3.2013
	HK$'000	*HK$'000*
Within 30 days	**18,367**	5,200
31 – 60 days	**6,583**	2,727
61 – 90 days	**409**	4,050
Over 90 days	**4,110**	7,616
	29,469	19,593

11. TRADE AND OTHER PAYABLES

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

	31.3.2014	31.3.2013
	HK$'000	*HK$'000*
Within 30 days	**90,499**	79,055
31 – 60 days	**3,535**	1,708
61 – 90 days	**1,122**	3,226
Over 90 days	**5,059**	5,901
	100,215	89,890

OPERATIONS REVIEW

CONSTRUCTION DIVISION

The turnover for the Construction Division was HK$1,151.5 million for the year ended 31 March 2014 (2013: HK$1,041.5 million). During the year, the Construction Division secured several new building construction contracts.

The total amount of contracts on hand as at 31 March 2014 was HK$2,771.5 million.

Major Projects Completed

(1) Construction of proposed industrial redevelopment, The Bedford, at Nos. 91-93 Bedford Road, Tai Kok Tsui, Kowloon

(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

Major Projects in Progress

(1) Construction of proposed residential redevelopment, The Austine Place, at No. 38 Kwun Chung Street, Kowloon

(2) Construction of Composite Development at Nos. 1-21 Dundas Street, Kowloon

(3) Construction of the redevelopment at No. 23 Tong Chong Street, Quarry Bay, Hong Kong

Major Projects Awarded

(1) Construction of the proposed residential and commercial development at No. 5 Tung Yuen Street, Yau Tong, Kowloon

(2) Construction of the residential development at N.K.I.L. No 6493 Inverness Road, Kowloon Tong

(3) Construction of the proposed hotel developments at Nos. 15-16 Connaught Road West & Nos. 29-31 New Market Street and Nos. 30-32 New Market Street & Nos. 23-25 Tung Loi Lane, Sheung Wan, Hong Kong

(4) Construction of the proposed residential development at No. 11 Grampian Road, Kowloon

INTERIOR AND RENOVATION DIVISION

For the year ended 31 March 2014, the Interior and Renovation Division recorded a turnover of HK$214.5 million, as compared with HK$180.4 million last year. The Interior and Renovation Division maintained steady turnover for the year under review.

The total amount of contracts on hand as at 31 March 2014 was HK$170.1 million.

Major Projects Completed

(1) First year's 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

Major Projects Undertaken

(1) Renovation work of Ronsdale Garden at No. 25 Tai Hang Drive, Jardine's Lookout, Hong Kong

(2) Second year's alternations and additions term contract for building works for The Hong Kong Polytechnic University

(3) Alterations, additions, repairs and improvement (AA&I) 2012-13 Centennial Campus Consequentials – Reorganization of space for the Administration & Common Area at Pao Siu Loong Building of the University of Hong Kong

(4) Renovation and repartitioning works at Un Chau Shopping Centre for The Link Management Limited

For the renovation of Ronsdale Garden, the exterior renovation is expected to be completed in early July 2014 and the whole project is expected to be completed in late October 2014.

Major Projects Awarded

The following projects were awarded subsequent to the financial year ended 31 March 2014:

(1) Renovation and alteration works at Branksome Grande at No. 3 Tregunter Path, Hong Kong

(2) Alternations and additions works at TU4 of The Hong Kong Polytechnic University

(3) Renovation work of Flora Garden at No. 7 Chun Fai Road, Hong Kong

BUILDING MATERIALS DIVISION

For the year ended 31 March 2014, the turnover of the Building Materials Division was HK$257.2 million, compared with that of HK$272.2 million last year.

The implementation of various infrastructure projects and increase in building construction activities have continued to provide business opportunities for the Building Materials Division. A number of projects were undertaken during the year under review.

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

Trigon HK and Trigon Macau are two of the subsidiaries of the Group under the Building Materials Division, specialising in the supply and installation of interior products such as different types of suspended ceiling system, metal cladding system, demountable partition system, fire related protection system, decorative moulding, raised flooring and wood flooring.

Major Projects Undertaken

(1) TMTL 447, Tuen Mun Station – Supply and installation of false ceiling

(2) STTL 502 proposed residential development at Lok Wo Sha, Ma On Shan – Supply and installation of suspended ceiling system

(3) TPTL 183 proposed residential development at Fung Yuen, Tai Po – Supply and installation of suspended ceiling system for clubhouse

(4) Composite development at Nos. 1-21 Dundas Street, Kowloon – Supply and installation of drywall system and 18/F skygarden external ceiling

(5) Proposed residential development at No.1 Ede Road, Kowloon Tong, Hong Kong (NKIL 6306) – Supply and installation for external suspended ceiling at podium level

Major Projects Awarded

(1) Proposed residential development at Austin Station – Site C at K.I.L. 11126 – Supply and installation of external Suspended Ceiling System

(2) MTR XRL Project 810B – West Kowloon Terminus Station South – Supply and installation of acoustic ceiling panel and fire rated ceiling system

The total amount of contracts on hand of Trigon as at 31 March 2014 amounted to HK$73.0 million.

Tai Kee Pipes Limited ("Tai Kee")

Another subsidiary under the Building Materials Division, Tai Kee, focuses on the supply of pipes, fittings and other related accessories through project sales.

Major Projects Undertaken

(1) Science Park Phase 3 – Supply of galvanized steel pipe and related accessories

(2) Public rental housing development at Tseung Kwan O Area 65B – Supply of copper pipes and related accessories

(3) The Paragon at San Hao Ngon, Macau – Supply of copper pipes and related accessories

(4) Public housing development at Green Island Macau – Supply of copper pipes and related accessories

Major Projects Awarded

(1) Residential development at N.K.I.L. No 6493 Inverness Road, Kowloon Tong – Supply of copper pipes and related accessories

(2) Public rental housing development at Shatin Area 52 Phase 3 and Phase 4 – Supply of galvanized steel pipe and related accessories

The total amount of contracts on hand of Tai Kee as at 31 March 2014 amounted to HK$12.3 million.

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

Million Hope HK and its factory, 美興, specialise in the design, supply and installation of aluminium windows and curtain walls in Hong Kong and Mainland China. Million Hope is one of the authorised manufacturers of the renowned German brand product "Schüco".

Major Projects Undertaken

(1) FSSTL 202, Fanling, New Territories – Supply and installation of aluminium window and curtain wall

(2) 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

(3) 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

(4) Area 4-5 (Phase 1) Cheng Nam Xin Qu, Haining – Design, supply and installation of aluminium door, window and curtain wall

Major Projects Awarded

(1) Proposed residential development at No.8 Mount Nicholson Road, The Peak, Hong Kong – Design, supply and installation of aluminium window, sliding door and folding door

(2) Proposed residential development at 2 Castle Road, Mid-Levels West, Hong Kong – Design, supply and installation of curtain wall, window and louvre

(3) Proposed residential development at No. 4-14 South Lane, Sai Wan, Hong Kong – Design, supply and installation of bi-folding door

(4) Proposed detached building in I.L.9022 at No. 48 Stubbs Road, Hong Kong – Design, supply and installation of aluminium window system, glass wall, louvre, glass balustrade, sliding door and folding door

(5) Proposed residential development at No. 62 Begonia Road, Kowloon Tong, Hong Kong – Design, supply and installation of curtain wall and aluminium window

(6) Proposed residential development No. 18 Tong Chun Street, Tseung Kwan O, TKOTL119, New Territories – Design, supply and installation of aluminium window, sliding door, aluminium cladding and curtain wall

The total amount of contracts on hand of Million Hope as at 31 March 2014 amounted to HK$447.2 million.

PROPERTY DEVELOPMENT DIVISION

The Property Development Division recorded a turnover of HK$233.1 million, representing the sale of the last unit of Eight College, the Group's wholly-owned luxurious residential development in Kowloon Tong, and 9 units of The Bedford, a boutique industrial high-rise at Nos. 91-93 Bedford Road, Tai Kok Tsui, during the year under review.

Subsequent to the issuance of the occupation permit, the Group has launched the sale of The Bedford. 9 units of The Bedford were sold in this financial year.

Superstructure work of The Austine Place is in progress and construction work is expected to complete by the end of 2014. The Austine Place is a boutique residential building with retail podium, situated at a superb location of No. 38 Kwun Chung Street, Kowloon, offering luxury residences at a nexus of transportation.

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. It is expected that the offer of land premium will be issued soon.

Another proposed residential development of the Group at D.D. 129, Lau Fau Shan in Yuen Long had completed gazettal stage 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.

In February 2014, the Group acquired 25% interest in a piece of land located at Sha Tin Town Lot No. 603, Lok Lam Road, Fo Tan, New Territories for a residential development.

LUXÉAST, the Group's 49% interests in 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, pre-sale has commenced in late 2012. A total of 47 商品房買賣合同 (commodity house purchase and sale contracts) and a total of 22 認購書 (purchase letters) were signed up to the end of the reporting period.

PROPERTY INVESTMENT DIVISION

The Property Investment Division recorded a turnover of HK$28.3 million as compared with that of HK$21.9 million last year. The increase was mainly attributable to the record of rental income for the whole financial year from CentreHollywood, a commercial building at No. 151 Hollywood Road in Sheung Wan which the Group acquired in late 2012.

Leasing performance of Shatin Industrial Centre was steady, attaining an occupancy rate of 75% at 31 March 2014.

Other investment properties of the Group include No. 31 Wing Wo Street and CentreHollywood in Sheung Wan, some units at Kin Wing Industrial Building in Tuen Mun, various land lots in D.D. 76 Ping Che in Fanling, various land lots in D.D. 128 Deep Bay Road in Yuen Long and Hoi Bun Godown in Tuen Mun in which the Group has 50% interest, all contributed to satisfactory income to the Group during the year.

PROPERTY AGENCY AND MANAGEMENT DIVISION

The turnover of the Property Agency and Management Division for the year was HK$17.2 million, compared to that of HK$13.7 million last year.

During the year, 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.

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 and The Austine Place at No. 38 Kwun Chung Street 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, CentreHollywood in Sheung Wan and The Bedford in Tai Kok Tsui.

Other services of this Division included rental collection and leasing agency services to 8 Hart Avenue and The Cameron in Tsim Sha Tsui and CentreHollywood in Sheung Wan.

HEALTH PRODUCTS DIVISION

The Health Products Division of the Group has three subsidiaries: Care & Health Limited ("Care & Health"), Healthcorp Trading Limited ("Healthcorp") and Retailcorp Limited ("Retailcorp"). They are engaged in the wholesale of Chinese and Western supplements and running of retail chain stores respectively.

This year, the Health Products Division recorded a turnover of HK$55.3 million as compared to HK$56.1 million last year.

Retailcorp runs the businesses of its chain stores under the trade name of HealthPlus. As at 31 March 2014, there are 11 retail outlets (including a HealthPlus shop at St. Teresa's Hospital in Kowloon) and 1 service centre in operation. During the year, two HealthPlus shops located in Wan Chai Road and Metro City were closed due to a substantial increase in rental by the landlords. To meet the needs of our customers, 2 new shops have been opened recently: Tin Hau shop was opened in April 2014 and Yuen Long shop was opened at the end of May 2014.

During the year, the Health Products Division introduced a new product "King of Kings" which strengthens kidneys and enhances the men's function.

Healthcorp, Retailcorp and Care & Health all received the Caring Company award from the Hong Kong Council of Social Service for the 1st, 9th and 10th consecutive year respectively. HealthPlus has also been awarded with the Quality Tourism Services Scheme and the No Fakes Pledge Scheme.

As for e-Marketing and e-Commerce, we have developed a fan page on Facebook in order to interact with potential customers as well as improving customer relations. We have also implemented e-Shops for our local customers as well as overseas customers to purchase our products online, saving traveling time and making purchase in their own time.

FINANCIAL REVIEW

Group Liquidity and Financial Resources

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

For day-to-day liquidity management and to maintain flexibility in funding, the Group has access to banking facilities with an aggregate amount of HK$1,312.0 million (HK$872.0 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$699.3 million loans have been drawn down and approximately HK$215.1 million has been utilised mainly for the issuance of letters of credit and performance bonds as at 31 March 2014. The bank loans under these banking facilities bear interests at prevailing market interest rates.

The Group follows a prudent policy in managing its cash balance, and endeavours to maintain its sound cash-flow generating capability, its ability to take on investments and acquisition projects, in order to enhance shareholder wealth. The total cash and bank balances of the Group amounted to HK$323.4 million as at 31 March 2014 (2013: HK$293.3 million), and accounted for 19.6% of the current assets (2013: 19.0%).

During the year, the Group has a net cash inflow of HK$164.4 million in its operating activities (mainly due to the increase in amounts payable on contract work and trade and other payables and the decrease in amounts receivable on contract work, netting off the increase in debtors, deposits and prepayments and properties under development for sale), a net cash outflow of HK$3.4 million in its investing activities (mainly due to advance to joint ventures, capital injection to a joint venture and placement of pledged bank deposits, netting off proceeds from disposal of property, plant and equipment), and a net cash outflow of HK$130.9 million in its financing activities (mainly due to dividends paid to shareholders and repayment of bank loans, netting off the new bank loans raised and advance from a non-controlling shareholder). As a result, the cash and bank balances increased, while the bank borrowings decreased. Net bank borrowings (total bank borrowings less total cash and bank balances) amounted to HK$375.9 million at 31 March 2014 (2013: net bank borrowings of HK$517.4 million). Accordingly, the gearing ratio of the Group, calculated on the basis of the Group's net bank borrowings to shareholders' funds, was 27.9% (2013: 42.4%). The net current assets have increased by HK$75.3 million to HK$337.1 million as at the year-end date and the current ratio (current assets divided by current liabilities) was 1.26 times (2013: 1.20 times).

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

Treasury Policy

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

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

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

Shareholders' Funds

At the year-end date, shareholders' funds of the Group were HK$1,348.0 million including reserves of HK$1,294.4 million, an increase of HK$128.6 million from HK$1,165.8 million at 31 March 2013. On that basis, the consolidated net asset value of the Group as at 31 March 2014 was HK$2.51 per share, compared to the consolidated net asset value of HK$2.27 per share at 31 March 2013. Increase in shareholders' funds was mainly attributable to profits retained after the payments of dividends during the year.

Capital Structure

The Group intends to keep an appropriate mix of equity and debt to ensure an efficient capital structure over time. During the year under review, the Group has borrowed Hong Kong dollar loans amounting to HK$699.3 million from the banks (at 31 March 2013: HK$810.7 million). The borrowings have been used as general working capital for financing the properties for development and investment purposes over the years. The maturity profile of the loans spread over a period of five years with HK$621.3 million repayable within the first year, HK$5.0 million repayable within the second year, HK$73.0 million repayable within the third to fifth years. Bank loans that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause with carrying amount of HK$78.0 million have been classified as current liabilities. Interest is based on HIBOR plus a competitive margin.

Collateral

As at 31 March 2014, certain leasehold land and buildings, investment properties, properties under development for sale of the Group, at the carrying value of approximately HK$1,153.6 million (at 31 March 2013: HK$1,168.2 million), were pledged to the banks to secure the Hong Kong dollar loans of HK$446.3 million (at 31 March 2013: HK$530.7 million). In addition, bank deposits of HK$49.8 million (at 31 March 2013: HK$24.4 million) was pledged for bank loans granted to one of the Group's joint ventures in the PRC.

Contingent Liabilities

During the year ended 31 March 2004, legal actions in respect of allegations of copyright infringement and defamation have been taken against certain subsidiaries of the Company carrying on health products business. No further steps have been taken against the Group in respect of such actions after the court hearing for directions to appoint experts and exchange witness statements since 2004. At 31 March 2014, the directors are of the opinion that in view of the uncertainty, it is not practicable to assess the financial effect.

Capital Commitments

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

	31.3.2014	31.3.2013
	HK$'000	*HK$'000*
Contracted for but not provided in consolidated financial statements		
Commitments for the acquisition of property, plant and equipment	**2,030**	–

In addition, the Group had also committed with another joint venturer to contribute to the joint venture by means of shareholder's loan to finance the expenditure of property under development if called.

Authorised but not contracted for

As at the end of both reporting periods, the Group had committed with an independent third party to contribute HK$231,500,000, representing 23.63% of the anticipated project costs for the joint development of a site in So Kwun Wat, Hong Kong.

Employees and Remuneration Policy

The number of full time monthly employees of the Group, excluding its joint ventures, was around 735 (of which 153 employees were in Mainland China) as at 31 March 2014. The Group recruits and promotes individuals based on their development potential, merits and competencies, and ensures that their remuneration packages are at a reasonable market level.

FUTURE DIRECTIONS AND PROSPECTS

If US economic recovery could make further progress with smooth tapering of its quantitative easing programme causing no significant disturbance to global financial stability, while the slow Eurozone recovery would continue, it can be expected that the global economic outlook for 2014 should continue to make positive progress.

China's economy is currently faced with weak exports, over productions in various industries, high risk of bad debts and possible economic slow-down due to spillover effects of the US quantitative easing tapering. However, it also benefits from mild inflation and stable employment. With a clear determination to enforce reform strategy which is required to rebalance its economy in the long run, China has to sacrifice part of its growth to implement its reform policies, and therefore it is expected that the economic growth for 2014 will be moderated to be lower than the Gross Domestic Product growth of 7.7% in 2013.

In Hong Kong, since the HKSAR Government has progressively implemented a series of cooling measures in property market, buyer sentiments in the near-term will inevitably be affected. However, we remain confident on the long-term prospects of the Hong Kong property sector and demand for residential housing, as such measures are aimed at curbing speculative investments and ensuring sustainable growth of the property sector in the long-run.

With low interest rate, abundant liquidity and modest inflation rate, the Financial Secretary forecasted the 2014 Gross Domestic Product growth of Hong Kong to be around 3% to 4%, a bit higher than 2.9% in 2013.

The Group will continue to stay prudent, quality conscious and flexible to respond to new changes and challenges ahead. Backed by a strong order book of construction, renovation and building materials project contracts on hand, and a portfolio of land, acquired previously at relatively low costs, for development, the Group has every confidence to deliver promising financial performance and generate sustainable returns to our shareholders in the years ahead.

CORPORATE GOVERNANCE

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

Throughout the year ended 31 March 2014, 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. Details of the directors' attendance record of meetings are set out in the Corporate Governance Report of the Annual Report to be despatched shortly. 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 TRANSACTION 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 of the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry to all directors of the Company, all directors confirmed they have complied with the required standard set out in the Model Code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

REVIEW OF ANNUAL RESULTS

The consolidated financial statements for the year ended 31 March 2014 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2014 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

BOARD OF DIRECTORS

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

Non-executive chairman
Mr. Cha Mou Sing, Payson

Executive directors
Mr. Wong Sue Toa, Stewart *(Managing Director)*
Mr. Tai Sai Ho *(General Manager)*

Non-executive directors
Mr. Cha Mou Daid, Johnson
Dr. Lam Chat Yu

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, 24 June 2014