



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

(Incorporated in the Cayman Islands with limited liability)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2002

INTERIM RESULTS

The Board of Directors (the "Board") of Hanison Construction Holdings Limited (the "Company") is pleased to announce that the unaudited consolidated net profit attributable to shareholders of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2002 amounted to HK\$15.3 million, compared with HK\$12.3 million for the same period last year. The earnings per share were HK5.4 cents, compared with HK4.3 cents for the corresponding period last year.

DIVIDEND

The Board has resolved to pay an interim dividend of HK1 cent per share for the six months ended 30 September 2002 (for the six months ended 30 September 2001: Nil) to shareholders whose names appear on the Registers of Members of the Company as of the close of business on 17 December 2002 (the "Record Date"). The dividend is expected to be paid to shareholders on or around 31 December 2002.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2002

		1.4.2002 to 30.9.2002 HK\$'000 (Unaudited)	1.4.2001 to 30.9.2001 HK\$'000 (Unaudited)
Turnover	3	569,395	305,013
Cost of sales		(527,760)	(265,948)
Gross profit		41,635	39,065
Other income		4,389	2,216
Distribution costs		(990)	(728)
Administrative expenses		(26,942)	(26,749)
Other expenses		(52)	(58)
Profit from operations	4	18,040	13,746
Finance costs		(2)	(63)
Share of result of an associate		(89)	721
Share of result of a jointly controlled entity		5	—
Profit before taxation		17,954	14,404
Taxation	5	(2,621)	(2,105)
Net profit for the period		15,333	12,299
Dividend	6	2,837	2,500
Earnings per share	7	HK5.4cents	HK4.3cents

NOTES

For the six months ended 30 September 2002

1. Basis of Preparation

The interim financial report has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants ("HKSA").

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties and investment in securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group's audited financial statements for the year ended 31 March 2002 except as described below.

In the current period, the Group has adopted for the first time a number of new and revised SSAPs issued by the HKSA. The adoption of these new and revised SSAPs has resulted in a change in the presentation of the cash flow statement and the statement of changes in equity but has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment is required.

3. Turnover

Turnover represents the aggregate of the value of contract work carried out and the sales proceeds derived from supply and installation of building materials during the period.

	1.4.2002 to 30.9.2002 HK\$'000	1.4.2001 to 30.9.2001 HK\$'000
Construction	513,704	257,786
Interior and renovation	22,893	20,027
Building materials	32,798	27,200
	569,395	305,013

4. Profit from Operations

	1.4.2002 to 30.9.2002 HK\$'000	1.4.2001 to 30.9.2001 HK\$'000
Profit from operations has been arrived at after charging:		
Depreciation	1,282	1,017
Expenses capitalised in cost of contract work:		
Depreciation	1,330	1,758

5. Taxation

	1.4.2002 to 30.9.2002 HK\$'000	1.4.2001 to 30.9.2001 HK\$'000
Hong Kong Profits Tax attributable to the Company and its subsidiaries	2,621	1,997
Share of Hong Kong Profits Tax attributable to an associate	—	108
	2,621	2,105

Hong Kong Profits Tax is calculated at 16% (for the six months ended 30 September 2001: 16%) of the estimated assessable profit for the period.

6. Dividend

The board of directors has resolved to declare an interim dividend of HK1 cent per share for the six months ended 30 September 2002, which amounted to approximately HK\$2,837,000.

An interim dividend of HK\$2,500,000 was paid before the corporate reorganisation for the listing of the Company's shares on the Stock Exchange ("Corporate Reorganisation"), by the 50% associate, Hanison Concrete Limited, to a subsidiary of HKR International Limited, one of the then shareholders of the associate, on 26 July 2001.

7. Earnings Per Share

The calculation of the basic earnings per share for the period is based on the net profit for the period of HK\$15,333,000 (for the six months ended 30 September 2001: HK\$12,299,000) and on the weighted average number of 283,671,086 shares (for the six months ended 30 September 2001: 283,671,086 shares), on the assumption that the Corporate Reorganisation had been completed on 1 April 2001.

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

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed from 16 to 17 December 2002, both dates inclusive. During this period, no share transfer will be effected. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Friday 13 December 2002.

MANAGEMENT DISCUSSION AND ANALYSIS

Operations Review

The Group has continued to maintain a strong cash flow, with all business segments sustaining satisfactory growth in turnover.

Due to severe competition, the gross profit margin, in general, have dropped. However, the Group has still managed to improve its net profits after taxation, for the period under review.

Construction Division

The Construction Division has recognised a total turnover of HK\$513.7 million during the period under review (for the six months ended 30 September 2001: HK\$257.8 million), an increase of 99.3% compared with the corresponding period last year.

The main projects undertaken included the re-development of Kwai Chung Estate Phase 7, awarded from the Hong Kong Housing Authority ("HKHA"), and the construction works at Discovery Bay. The superstructure work for the site at Barker Road, and the construction work of a school extension for the English Schools Foundation at Aberdeen are progressing satisfactorily. The project work for a basement, podium and transfer plate at Tung Chung, undertaken by a joint-venture with Hip Hing Construction Company Limited is being carried out as scheduled.

During the period, this Division was awarded new project works for a residential development at Inland Lot No. 8840 Wah Fu and a foundation work for the Discovery Bay North Resident Club.

As at 30 September 2002, the outstanding values of contracts on hand for the Construction Division amounted to approximately HK\$428.7 million. Subsequent to the period end, this Division secured a new contract from HKHA for the contract work at Shek Yam Estate Phase 5.

Both subsidiaries of this Division, Hanison Construction Company Limited ("HCCL") and Hanison Contractors Limited were awarded the ISO 14001:1996 Environmental Management System certificates in June 2002. HCCL was also awarded the ISO 9001:2000 renovation and maintenance certificate in July 2002, and the Hong Kong Construction Association Safety Achievement Award in October 2002.

Building Materials Division

The Building Materials Division has sustained continuous growth, with total turnover increased by 22.6% to HK\$63.9 million (turnover to external parties was HK\$32.8 million), from last year's corresponding period of HK\$52.1 million (turnover to external parties was HK\$27.2 million).

The turnover for the period has mainly been derived from the supply and installation of Polyboard, timber flooring, suspended ceiling systems and kitchen cabinets to developers and main contractors. With the piping business, apart from continuing its retail business, this Division has commenced the supply of its piping products to contractors.

The main projects in progress have included the supply and installation of: wood floorings for Siena Two Discovery Bay, Ocean Shores Phase 2 and St. George Apartments; ceilings for Coastal Skyline Tung Chung, MTRC Mei Foo Station, and Mount Austin Road; as well as kitchen cabinets for The Victoria Tower, Ma On Shan Lot 461, and 80-90 Des Voeux Road Central.

During the period, this Division was awarded new contracts for the supply and installation of: kitchen cabinets for Sky Tower at To Kwa Wan; Polyboards for Nob Hill and Caribbean Coast; and wood floorings for 50-52 Wharf Road, Tong Yan Sun Chuen, and 35 Cloud View Road. It has also secured the sole-distributorship for Firex board (a Canadian fire rated panel).

The outstanding values of contracts on hand as at 30 September 2002 amounted to HK\$157.5 million.

Interior and Renovation Division

The Interior and Renovation Division has recorded a total turnover of HK\$45.8 million (turnover to external parties was HK\$22.9 million), representing a 37.7% increase over the corresponding period last year of HK\$33.3 million (turnover to external parties was HK\$20.0 million).

The main contracts undertaken during the period were the addition, alteration and renovation works for The CDW Building, The University of Hong Kong, The Chinese University of Hong Kong, The Hong Kong Polytechnic University, Ladies' Recreation Club, CC Wu Building and the English Schools Foundation.

During the period, the Interior and Renovation Division secured new alteration and renovation contracts from various clients, such as the Society of Boys' Centres, South Island School, Chinese Estates Holdings Ltd and Regal Rich Ltd.

As at 30 September 2002, the outstanding values of contracts on hand amounted to HK\$135.8 million.

Health Products Division

During the period, the Group negotiated successfully with Zhong Shan University for a sole distributorship for their Lingzhi spores products, and distributorships for various health products. The Group considered it a feasible opportunity to set up a Health Products Division.

Outlook

During the period under review, Hong Kong's economy has remained sluggish due to global economic and political uncertainties, local economic stagnation with high unemployment, continuing deflationary pressure, and general business contraction. The Group felt it prudent to proceed with conservatism and caution in this adverse economic climate. It is not anticipated that Hong Kong will have an economic resurgence in the immediate future.

The profit margins may become lower due to more aggressive bidding. The long-term competitiveness of our Group will come from our persistence in continuously strengthening management efficiency and cost control, improving the standards of quality and service, as well as broadening our client base.

It is a time of economic challenges. We believe we are in a good position to meet the short-term challenges, and we are optimistic about the economy in the long-term.

FINANCIAL REVIEW

Group Liquidity and Financial Resources

The financial position of the Group remains strong, and the Group had no debt, other than amounts due under normal trade payables as at 30 September 2002. Hence, there is no gearing for the Group, calculated on the basis of the total bank borrowings over shareholders' funds, for both current period end date and last year ended 31 March 2002. As at the period end date, current assets have been maintained at 1.6 times the current liabilities.

As at the close of business on 30 September 2002, the total cash and securities investment balances increased slightly by 2.6% to HK\$371.5 million, compared with those as at 31 March 2002, and accounted for 66.8% of the current assets.

For day-to-day liquidity management and the maintenance of flexibility in funding, the Group also has access to banking facilities with aggregate amount of HK\$165.8 million, of which approximately HK\$58.1 million was utilized mainly for the issuance of letters of credit and performance bonds. There are, however, no present needs for borrowings. The Group's funding requirements for the coming year are expected to be met by available cash as at balance sheet date, cash generated by operations and the available banking facilities.

Treasury Policies

In order to achieve better risk control and to minimize the cost of funds, the Group's treasury activities are centralised and scrutinised by the top management. The Group's treasury policies remain unchanged from those described in the latest annual report 2001-2002.

Capital Structure

It is the intention of the Group to maintain an appropriate mix of equity and debt to ensure an efficient capital structure over time. At this stage, however, with continuing strong cash flows there are no immediate requirements for debt finance. As noted above, the Group had no debt as at the date of this half-year end.

Collateral

As at 30 September 2002, the Group had no mortgages or charges on its assets.

Capital commitment

Subsequent to the half year-end date, the Board has approved in principle to purchase an industrial property at Shatin from an independent third party at a consideration of approximately HK\$28 million. The transaction is expected to complete in the first half of the year 2003 and the property will be held for investment purposes.

Contingent Liabilities

At 30 September 2002, the Group had given guarantee to a bank in respect of performance bond granted to the jointly controlled entity amounting to approximately HK\$4.42 million (at 31 March 2002: nil).

EMPLOYEES AND REMUNERATION POLICY

As of 30 September 2002, the Group had over 370 employees. The Group offers competitive remuneration packages, including a discretionary bonus and share option scheme to its employees, commensurate to market level and their qualifications. The Group also provides retirement schemes, medical benefits and both in-house and external training courses for staff.

REVIEW OF INTERIM RESULTS

The interim financial report of the Group for the six months ended 30 September 2002 has not been audited, but has been reviewed by the Audit Committee of the Board and the Company's auditors, Messrs. Deloitte Touche Tohmatsu.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

All information required by paragraphs 46(1) to 46(6) of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange will be published on the website of the Stock Exchange in due course.

By Order of the Board
Cha Mou Sing, Payson
Chairman

Hong Kong, 28 November 2002