Annual Report
2008/09

Chun Wo Development Holdings Limited

(Incorporated in Bermuda with limited liability)
Stock Code: 711



Contents

Company Culture

We aspire to excel in all aspects of our performance. In our business dealings, we are responsive to the needs of our clients and ensure that these needs are fully satisfied. We manage our projects with competent and experienced staff, whose clear priorities are to thoroughly plan, execute and follow through the works and to fulfil our obligations responsibly. Our staff always face up to challenges and proactively tackle problems with practicality and perseverance in a positive way.

We have followed this culture for the last four decades, and believe that it has been the key to Chun Wo's success. Chun Wo's continuing success serves to reinforce the culture which has been with us from the outset.

Corporate Information

Board of Directors

Executive Directors
Pang Kam Chun *(Chairman)*
Kwok Yuk Chiu, Clement
(Managing Director)
Li Wai Hang, Christina

Independent Non-executive Directors
Au Son Yiu
Chan Chiu Ying
Lee Shing See
Hui Chiu Chung

Audit Committee

Chan Chiu Ying *(Chairman)*
Au Son Yiu
Hui Chiu Chung

Executive Committee

Kwok Yuk Chiu, Clement *(Chairman)*
Pang Yat Ting, Dominic
Pang Yat Bond, Derrick
Kwok Man Fai

Management Committee

Pang Kam Chun *(Chairman)*
Kwok Yuk Chiu, Clement
Li Wai Hang, Christina

Nomination Committee

Lee Shing See *(Chairman)*
Au Son Yiu
Kwok Yuk Chiu, Clement

Remuneration Committee

Au Son Yiu *(Chairman)*
Chan Chiu Ying
Kwok Yuk Chiu, Clement

Secretary

Chan Sau Mui, Juanna

Auditors

Deloitte Touche Tohmatsu

Legal Advisors

Conyers Dill & Pearman
JSM

Principal Bankers

DBS Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Bank of China (Hong Kong) Limited
Fubon Bank (Hong Kong) Limited

Head Office and Principal Place of Business

C2, 5th Floor
Hong Kong Spinners Industrial Building
601 — 603 Tai Nan West Street
Cheung Sha Wan
Kowloon
Hong Kong

Registered Office

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Principal Share Registrar

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

Hong Kong Branch Share Registrar

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Website

http://www.chunwo.com

Stock Code

The Stock Exchange of Hong Kong Limited — 711

Professional

Construction of Upper Wong Tai Sin Phase 3

Design and Construction of Tseung Kwan O Hospital Expansion

Redevelopment of the Hong Kong Sports Institute Contract 1 Works and Temporary Velodrome in Whitehead

Carcass Works (Podium) for the Proposed Residential Development — Package 2 (Phase 3 at TKOTL 70, Area 86, Site AB, Tseung Kwan O)

Chairman's Statement

On behalf of the board of directors (the "Board") or the "Directors"), I am pleased to present the results of Chun Wo Development Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2009.

Results

The Group reported a turnover of approximately HK$2,010.3 million for the year ended 31 March 2009 (2008: HK$2,953.7 million), a decrease of 32% over last year. Loss attributable to shareholders was about HK$119.9 million, compared to profit of HK$80.5 million over last year. Loss per share were HK14 cents, compared to earnings per share of HK9.8 cents last year.

Final Dividend

The Board did not recommend the payment of a final dividend for the year ended 31 March 2009 to shareholders (2008: HK1.75 cents per share).

Business Review

The substantial decrease in turnover and loss incurred was due to a reduction in work in the construction business and slow down in property sales with reduced selling prices. This financial year has been difficult as the Group faced for the first half of the year a continued downturn due to sustaining competition in its construction business in 2008, compounded by a decrease in demand for property. For the second half of the year after the October global financial tsunami, management has taken a conservative approach due to the uncertainties in the global economy and financial markets. Increasing economic adversities caused by the worldwide recession and the margin reduction caused by the highly fluctuating material prices have been the two major risks to our operation.

For the first half and early second half of the financial year, the Group was highly selective in taking on new construction projects and property development opportunities. As material prices stabilized in the later part of the financial year, the Group became active in tendering new projects. However, economic conditions continued to be challenging, and the Group had not seen significant improvement in construction market. Nevertheless, the Group was able to win a number of new and high-profile projects.

Business Review (continued)

Construction

As at 31 March 2009, the Group has approximately HK$8.3 billion contracts in hand with about HK$5.5 billion outstanding.

In this financial year the Group incurred a loss in its construction business due to reduced turnover, increased cost of materials and high overhead cost. During the year under review, some private development projects in Hong Kong were put on hold or were scaled down due to the uncertain economic environment. The construction market in Macau has also slowed down significantly with major gaming operators suspending construction works. The Group had two foundation projects canceled in Macau. This has adversely affected both our revenue and profit due to undischarged overhead. In anticipation of the upcoming 10 "mega" projects in Hong Kong, the Group maintained its core staff and had high overhead cost for the year.

In addition, the drastically changing economic environment has prompted some clients to delay payment and settle outstanding accounts less readily, inevitably impacting on our financial results.

The Group's construction of civil and building projects is showing signs of recovery. The revenue from the maintenance of existing infrastructure has increased and the Group will continue to expand its specialized construction activities.

Projects

The maintenance and minor works division had 7 contracts with the Water Supplies Department ("WSD"), part of their major program to maintain Hong Kong's essential water infrastructure at world class level. These projects included 2 maintenance term contracts and 5 pipeline rehabilitation contracts. It also serviced a minor works contract for the Architectural Services Department ("ASD") and a building maintenance contract for a private developer.

The building division's works at Upper Wong Tai Sin Phase 3 for the Hong Kong Housing Authority and the construction of a private development above the MTR station in Huangsha, Guangzhou have been progressing satisfactorily. The division was awarded 4 new contracts worth nearly HK$2.4 billion (HK$1.7 billion excluding joint venture amounts); a design and build contract for Tseung Kwan O Hospital Expansion, construction of the podium structure of a private development in Tseung Kwan O, a hostel with 1,800 units for the University of Hong Kong, and a contract for redevelopment of the Hong Kong Sports Institute and temporary velodrome in Whitehead.

Commitment

Architectural Services Department Minor Improvement Works — Site Establishment, Preparation & Modification of Existing Male & Female Toilets and the Associated Works, Inspiration Lake at Penny's Bay

Term Contract for Waterworks, District H (Hong Kong Island and Ap Lei Chau)

Water Supplies Department Contract No. 28/WSD/06 — Replacement and Rehabilitation of Water Mains, Stage 2 (Mains on Hong Kong Island North and South West)

Road and Master Utility Works for the Proposed Residential Development (Package 3) at TKOTL No. 70, Area 86, Site E, Tseung Kwan O

Foundation Works for the Proposed Commercial Development at No. 3 Connaught Road Central (Former site of The Ritz-Carlton Hong Kong)

Business Review (continued)

Construction (continued)

Projects (continued)

The civil division worked on a new contract for road and master utility works at TKOTL 70 in Tseung Kwan O.

The Group's foundation subsidiary completed projects for a private development at No. 55 Conduit Road in Hong Kong. Projects at TKOTL 70, Area 86, Site E, Tsueng Kwan O; TPTL No. 188, Pak Shek Kok, Tai Po; No. 3 Connaught Road and Tseung Kwan O Hospital were on schedule.

The railway division won a joint venture contract worth HK$2 billion from the State Railway of Thailand for "The Red Line" in Thailand with approximately HK$240 million for track work. It completed the Kowloon Southern Link tracklaying contract during the financial year and has started to construct noise barriers for MTR Corporation at Olympic Station.

The Group's electrical and mechanical ("E&M") subsidiary completed works at Lok Fu Shopping Centre, water mains at Deepwater Bay Road, Sandy Bay DSD PV system, and Lok Fu Dry Market. It has also assisted the maintenance and minor works division on ASD's minor work contract. The subsidiary has worked on 3 contracts for The Link Management Limited and a major project at Windsor House. Work on installing a photovoltaic solar panel and wind turbine was ongoing at Sunny Bay for WSD.

With the increasing awareness of protecting our environment, the Group has set up a new subsidiary to focus on providing products and services to assist corporations to reduce energy consumption. Other products include bio toilets and organic bio-decomposer that effectively remove unpleasant odor from surroundings.

The Group's fitting-out subsidiary has ongoing work for the fitting out and renovation works of Lok Fu complex for The Link Management Limited, an interior decoration contract for Harbour Plaza 8 Degrees in To Kwa Wan and the renovation works of Windsor House in Causeway Bay. A new contract was awarded for fitting out works for residential towers at TKOTL 70, Area 86, Site AB, Tseung Kwan O.

The "Trenchless" subsidiary provides services for the inspection, repair, rehabilitation and replacement of underground pipes, undertook trunk sewer inspection for the Singapore Public Utilities Board and continued its marketing and sales in the Hong Kong market.

Business Review (continued)

Property Development & Property Investment

The Mainland Property Sector

The property development market in China slowed down considerably during the year because of austerity measures imposed by the local government and the impact of the financial crisis. The Group acquired a 38% stake in a residential and commercial project of about 70,000 square metres in Shanwei, Guangdong Province in May 2008 and parts of a distressed property in Shenyang, Liaoning Province, which are expected to be converted to clear land for development in the near future.

"Arc de Royal" in Shijiazhuang, Hebei Province is a residential/commercial office mixed development project with a total gross floor area ("GFA") of approximately 400,000 square meters being developed in three phases. During this financial year, the Company sold, completed and delivered almost all the units in Phase 1. Due to the financial tsunami and the lack of market activity in 2008, the Group postponed the start of construction of Phase 2 to June 2009, and the completion date of the entire development is expected to be 2011/2012.

During the financial year, the Group adopted a cautious approach to further investment until the depth and duration of the recession becomes clearer and the opportunities for investment are better.

Overseas Property Sector

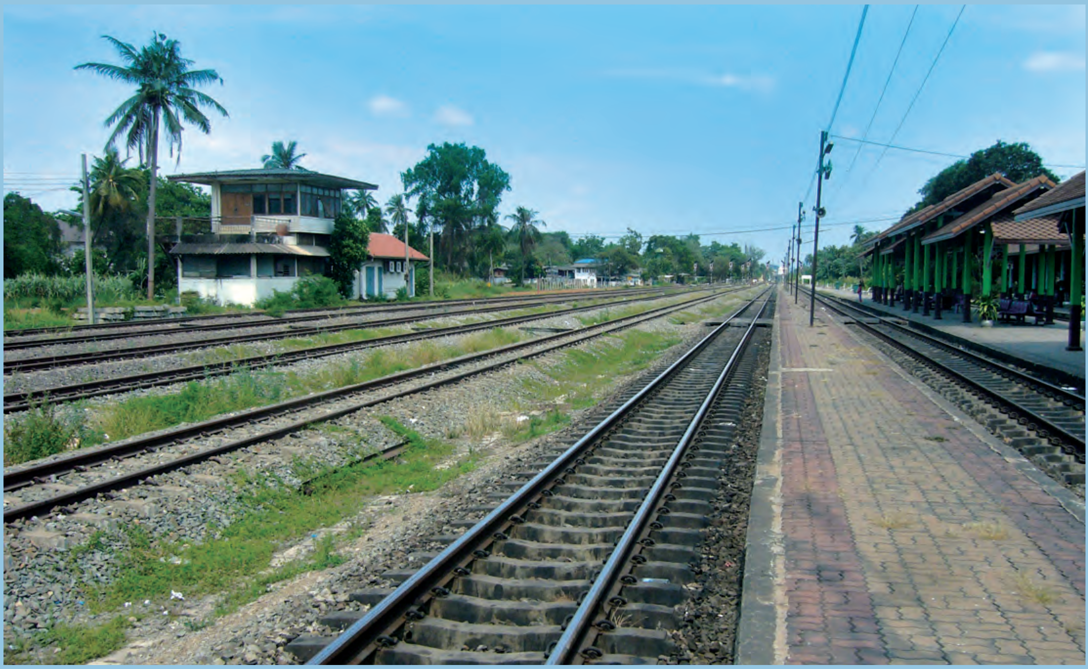
The Group's holds two residential projects with a total GFA of approximately 28,000 square meters in Abu Dhabi, United Arab Emirates. There has been no significant progress due to the overall poor economic conditions in the United Arab Emirates in the second half of the financial year.

Property Investment

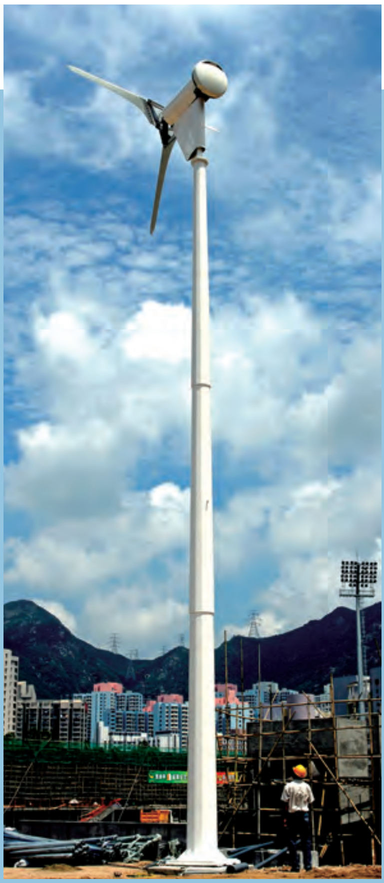
The Group's investment property at "Grandeur Terrace" in Tin Shui Wai and "Infinity 8" in Choi Hung brought in stable income for the Group during the financial year. In April 2009, the Group entered into a provisional agreement for the disposal of "Grandeur Terrace" at a consideration of HK$303 million. The disposal is subject to the approval of the shareholders of the Company.

Progressive

Kowloon Southern Link, Permanent Way



State Railway of Thailand Commuter Train Project — Red Line (Bang Sue — Taling Chan)



Construction of District Open Space at Po Kong Village Road, Wong Tai Sin — Electrical Installation

E & M Installation for Renovation Works at Dry Market of Lok Fu Shopping Centre

Bio-toilet system at Hang Mei Tsuen Public Toilet, Fanling

Bio-toilet system at Sha Kiu Tsuen Sheung Wan Public Toilet, Yuen Long

Business Review (continued)

Professional Services

The Group's subsidiaries in property related services (security and property management) have clients including MTR Corporation, Swire Properties Limited, Sun Hung Kai Properties Limited, and HKR International Limited and also provides services to the Group in Hong Kong and China. In August 2008, the subsidiary provided services for the Olympic Equestrian events held in Hong Kong.

Awards and Recognition

The Group continued to win environmental, quality and safety awards in the year under review, including the "Outstanding Green Project Award of HSBC Living Business Award 2008", two awards in the Hong Kong Housing Authority's "Quality Public Housing Construction & Maintenance Awards 2008", eight awards from the "Hong Kong Occupational Safety and Health Awards 2008" and seven awards from the "Construction Industry Safety Awards 2009".

Corporate Social Responsibility

The Group has a strong belief in caring for the community and has put its resources, experience and expertise to good use in helping the needy as way of taking up its corporate social responsibilities. Despite the adverse effects of the economic crisis, Chun Wo is committed to making continuous contributions to the community. The Group has actively participated in a wide array of philanthropic and community programs led by non-profit making organizations through financial and other support, to help sustain their growth and uphold their values.

Sichuan Earthquake Relief

Immediately following the devastating Sichuan Earthquake in May 2008, the Group and its subsidiaries initiated and rendered support to a myriad of fundraising and related activities with an aim to provide timely relief to survivors of the disaster. Chun Wo donated RMB500,000 to Hebei Province Disaster Relief Centre and contributed another HK$310,000 to various engineering institutions to support disaster relief work. Together with corporate and staff donations, the total amount reached HK$1.17 million.

Serving the Community

The Tung Wah Group of Hospitals ("TWGHs"), one of the largest charity organizations in Hong Kong, has been our long-term beneficiary and partner. During the year, Chun Wo was recognized with an "Outstanding Corporate Partnership Awards — Build to Serve" for the significant contribution in providing volunteer maintenance services for the elderly at their home.

Business Review (continued)

Corporate Social Responsibility (continued)

Caring Company

Having been nominated again by the TWGHs, Chun Wo is proud to have been named a Caring Company 2008/2009. This has been the fourth consecutive year that the Group received this recognition. The Group was vetted in such areas as Volunteering, being Employee-Friendly, Mentoring, Caring for the Environment and Giving, and met the Caring Company Scheme criteria in these areas.

Support for Education

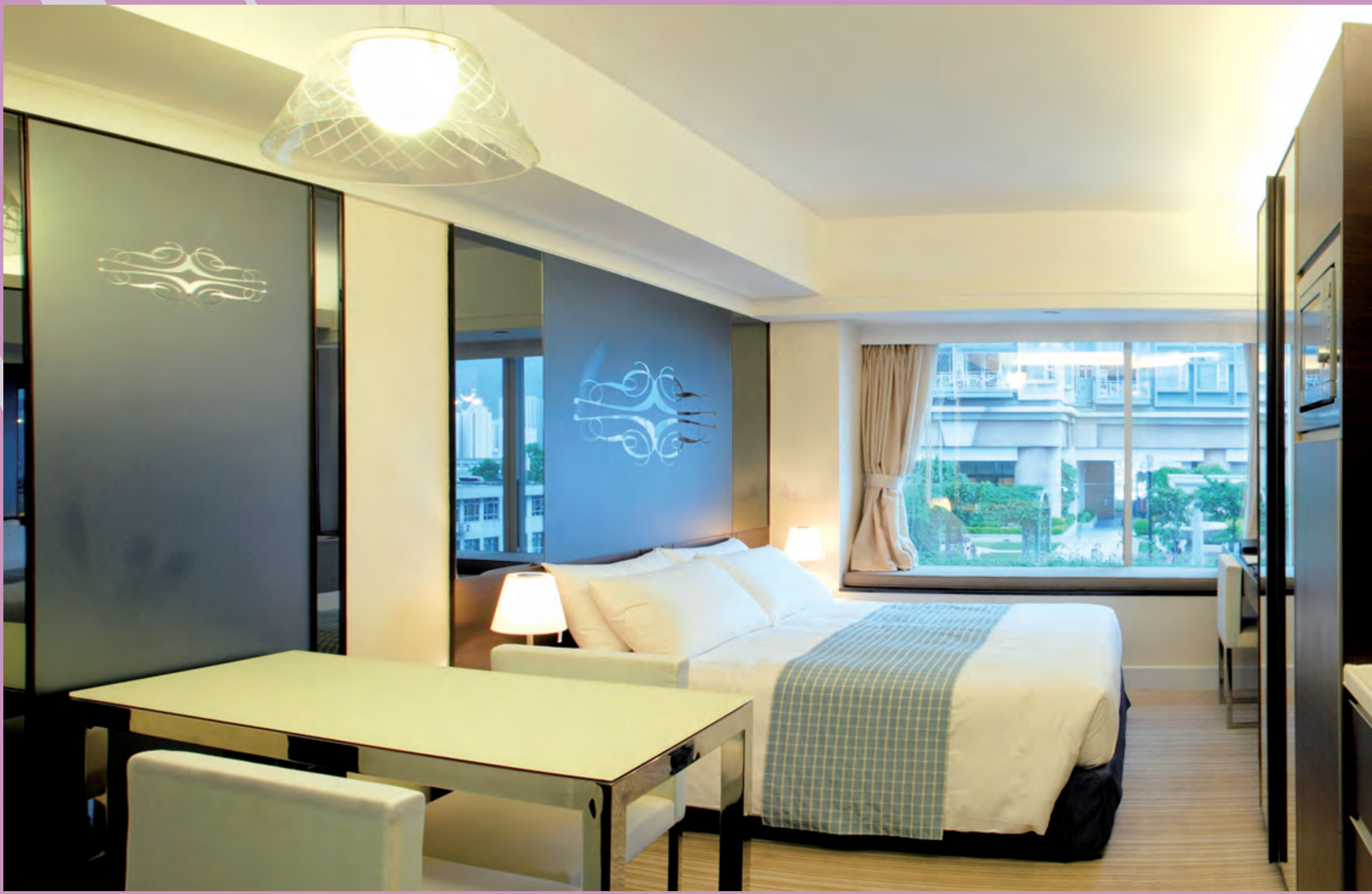
Chun Wo actively supports education and cultivation of young minds, especially in the construction industry. In addition to supporting a wide spectrum of youth development programs, the Group has set up a scholarship in University of Hong Kong and the Hong Kong University of Science and Technology since 2005. In 2008, a total of 3 students from engineering disciplines have been awarded the scholarship.

Outlook and Prospects

Macro Economic Factors

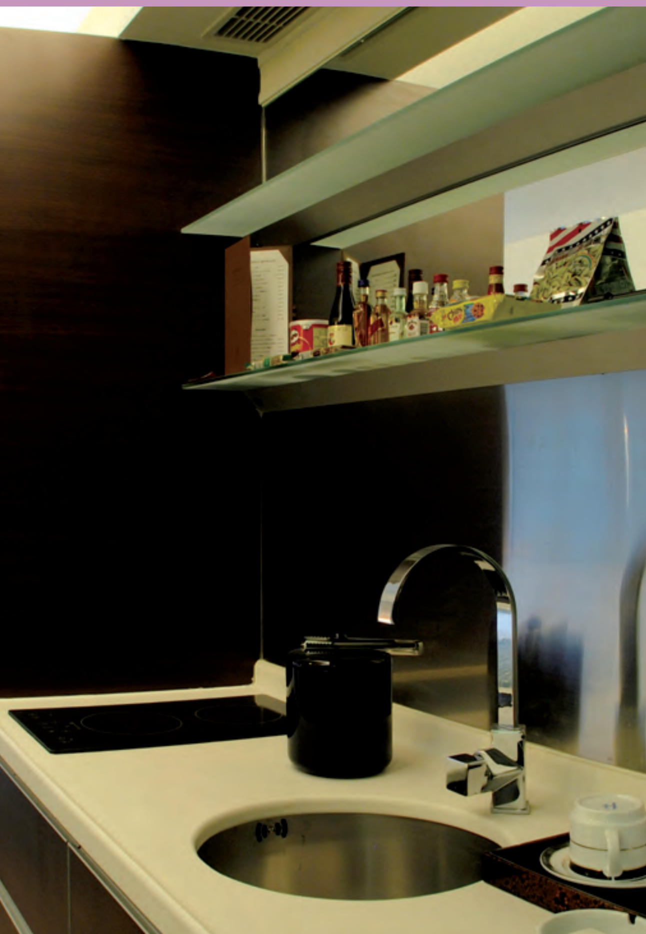
The outlook for the global economy is uncertain following the economic crisis. The recession in the United States of America in the fourth quarter of 2008 is the worst since 1982 as consumption and imports have plunged. Asia's recession is deepening — exports from China and Hong Kong for example declined over 20% in January and February of 2009 compared to last year. Economic activity has slowed and leading economic indicators of global trade suggest that there is further weakness ahead. This will put pressure on corporate and banking sectors with likely falls in employment. Many governments have cut interest rates, used fiscal measures, and increased spending to stimulate domestic demand. Due to increased government spending, construction projects in infrastructure in both emerging and developed economies are likely to increase in the next few years. For the real estate market, the fundamentals of the market in China and Hong Kong are strong; however, in the short term, demand will be driven by sentiment.

Elegant



Fitting-out Works for Habour Plaza 8 Degrees, To Kwa Wan

Renovation Works at Lok Fu Shopping Centre (Phase 2)



Alteration and Addition Works at Windsor House, Causeway Bay

Outlook and Prospects (continued)

Construction

In the short term, we believe that 2009 will continue to be difficult as the market is still highly competitive, and the construction sector will not begin its turnaround until 2010 as the Hong Kong SAR government accelerates public sector investment. Capital works expenditure for Hong Kong in 2009/2010 will be nearly HK$40 billion, almost double the 2008/2009 figure. As well as the 10 "mega" infrastructure projects which have already been announced, measures have also been taken to accelerate minor works programs with considerable benefit to the industry. However, there were fewer private building and construction works in the fourth quarter of 2008 as developers weighed the consequences of the economic fallout. We believe commencement of projects in the private sector will continue to be slow due to economic uncertainty. Nevertheless, we believe the construction sector will resume its growth in year 2010.

The Group was able to secure several major building and maintenance projects towards the end of the financial year, and construction turnover should increase for the upcoming year. However, the industry continues to be competitive; and margin will only begin to increase with more civil projects coming out in late 2009 to 2010. Major projects coming up in the next few years include the West Island Line, the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the South Island Line, the Kwun Tong Line extension, the Shatin to Central Link, Kai Tak Redevelopment, including the new cruise terminal development, the development of the West Kowloon Cultural District, the Central-Wan Chai Bypass, the Hong Kong-Zhuhai-Macau Bridge, the Tuen Mun Western Bypass and Tuen Muen-Chek Lap Kok Link. The Group is in a good position to benefit from the eventual increase of civil projects with its strong track record in infrastructure projects, and we believe the construction business is likely to bottom out in 2009 and improve in 2010.

Arc de Royal at Shijiazhuang, Hebei Province

Property Development

We believe in the long term prospects of the property market in China, based on the underlying demand due to the rise in living standards, are good. However, we will maintain our cautious approach of seeking low cost development opportunities in second tier cities.

The Middle East has been affected by the events of late 2008 and 2009. The Group has elected to target Abu Dhabi which commands significant oil reserves and has recently published its long term plan (to the Year 2030) which is aimed at transforming the Emirates. The outlook for property will depend on investor sentiment and recovery in other property markets. The Group will keep these under review before determining its long term and short term strategies in Abu Dhabi.

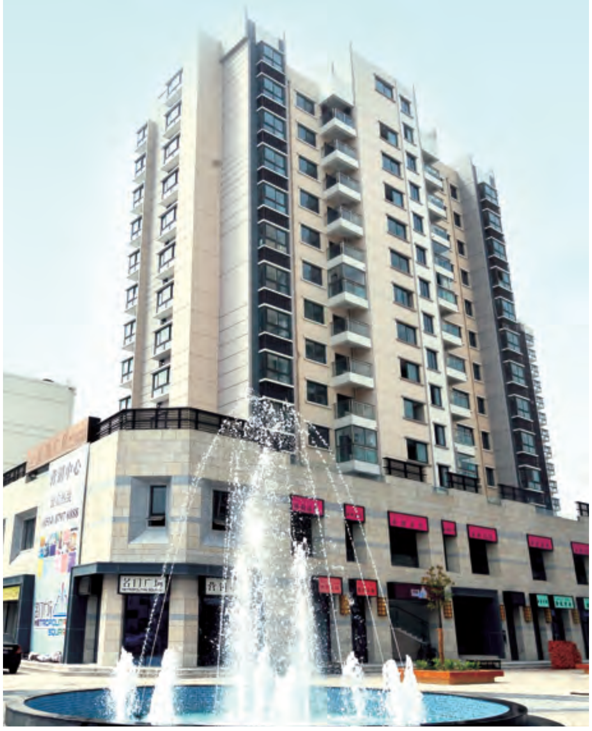
Other Sectors

The Group has its roots in construction and property and in 2009 it will review construction, property, the environment, and infrastructure investment to develop along profitable but prudent avenues.

Acknowledgement

In 2009, I am confident that they will take up the challenge of building the Company with the support of their fellow directors, management and employees. On behalf of the Board, I want to thank our customers, bankers, business partners and shareholders, for their support to the Group over many years. Lastly thank you to all our employees for their loyalty, dedication and hard work.

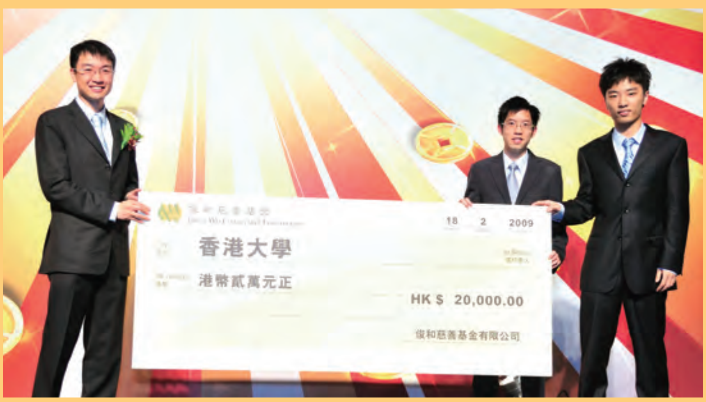
Pang Kam Chun
Chairman
Hong Kong, 20 July 2009



The Metropolis at Yangzhou, Jiangsu Province

Caring

MTR Hong Kong Race Walking 2009



Cheque Presentation Ceremony of Chun Wo Foundation Scholarships — HKU

Cheque Presentation Ceremony of Chun Wo Foundation Scholarships — HKUST

TWGHs Outstanding Corporate Partnership Awards
— Build to Serve


Construction Safety Forum & Award Presentation 2009

Outstanding Green Project Award of
HSBC Living Business Award 2008

Hong Kong Occupational Safety & Health Award 2008

Quality Public Housing Construction &
Maintenance Awards 2008

Biographical Details of Directors and Senior Management

Executive Directors

Pang Kam Chun *Chairman*
Aged 65. Founder of the Group. Mr. Pang is a Fellow of the Institution of Engineers and a Founder Member of the Hong Kong Institution of Highways and Transportation. He has over 41 years' experience in civil engineering and building construction including construction management, supervision, planning and progress monitoring. Appointed as the Chairman of the Company in July 1992. Spouse of Madam Li Wai Hang, Christina.

Kwok Yuk Chiu, Clement *BSc(CEng), MICE, MHKIE, RSE, RPE Managing Director*
Aged 56. Graduated from the University of Hong Kong in 1974 with a Bachelor of Science degree in Civil Engineering. A member of the Hong Kong Institution of Engineers and is a Registered Structural Engineer. Joined the Group in 1981 and has over 35 years' experience in the construction industry. Appointed as an Executive Director of the Company in July 1992 and the Managing Director in February 1999.

Li Wai Hang, Christina
Aged 58. Joined the Group in 1975 and has over 30 years' experience in the construction industry. Appointed as an Executive Director of the Company in July 1992. Spouse of Mr. Pang Kam Chun.

Independent Non-Executive Directors

Au Son Yiu
Aged 63. Has extensive experience in the securities industry. A director of The Association of Former Council Members of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and The Institute of Securities Dealers Limited, a consultant to Dao Heng Securities Limited and a member of the Election Committee for the financial services subsector election for the 1998 Legislative Council. He is also an independent non-executive director of Texwinca Holdings Limited and CEC International Holdings Limited, all of which are companies listed on the Stock Exchange. In addition, he is the Ex-Deputy Chairman of the Hong Kong Securities Clearing Company Limited (1992–1994) and Ex-Council member of the Stock Exchange (1988–1994). Appointed as an Independent Non-executive Director of the Company in July 1992, the Chairman of the Remuneration Committee in April 2005, a member of the Audit Committee and Nomination Committee in December 1998 and August 2005 respectively.

Independent Non-Executive Directors (continued)

Chan Chiu Ying *MBA, FCPA, ACMA, MHKSI*
Aged 50. Has over 20 years' experience in the fields of accounting, securities and corporate finance spanning from regulatory to investment advisory and management of listed companies in Hong Kong. Holds a Master degree in Business Administration from the University of Bradford, the United Kingdom and is an advisor providing corporate and strategic advisory services in Hong Kong and China. He is a fellow of the Hong Kong Institute of Certified Public Accountants, an associate of the Chartered Institute of Management Accountants, the United Kingdom and an associate of the Hong Kong Securities Institute. Appointed as an Independent Non-executive Director of the Company in September 2004, a member of the Remuneration Committee in August 2005 and the Chairman of the Audit Committee in January 2006.

Hui Chiu Chung *JP*
Aged 62. Currently the Chief Executive Officer of OSK Holdings Hong Kong Limited. Has 38 years of experience in the securities and investment industry. He had for years been serving as a Council Member and Vice Chairman of The Stock Exchange of Hong Kong, member of the Advisory Committee of the Hong Kong Securities and Futures Commission, Director of the Hong Kong Securities Clearing Company Limited, a member of the Listing Committee of the Hong Kong Exchanges and Clearing Limited and was also an appointed member of the Securities and Futures Appeal Tribunal. Mr. Hui was appointed by the Government of the HKSAR a Justice of the Peace in 2004 and was also appointed a member of the Zhuhai Municipal Committee of the Chinese People's Political Consultative Conference in 2006. He is at present a member of the Committee on Real Estate Investment Trusts of the Hong Kong Securities and Futures Commission. Mr. Hui is also a member of the Standing Committee on Company Law Reform, an appointed member of the Hong Kong Institute of Certified Public Accountants Investigation Panel A and member of Government "Appointees" (independent member) of Appeal Panel of the Travel Industry Council of Hong Kong. Mr. Hui also serves as independent non-executive director of Hong Kong Exchanges and Clearing Limited, Luk Fook Holdings (International) Limited, Jiuzhou Development Company Limited, Lifestyle International Holdings Limited and Frasers Property (China) Limited whose shares are listed on the Stock Exchange. Appointed as an Independent Non-executive Director and a member of the Audit Committee of the Company in January 2006

Lee Shing See *GBS, OBE, JP*
Aged 67. Graduated from the University of Hong Kong in 1964. A Fellow of both The Hong Kong Institution of Engineers and the Institution of Civil Engineers (UK). He joined The Hong Kong Government since he graduated from the University. He was the Director of Territory Development from the period of August 1994 to August 1999 and the Secretary for Works from the period of August 1999 to August 2002 (including two months as a Permanent Secretary). He was appointed by the HKSAR Government as a Director of the Hong Kong Science and Technology Parks Corporation from July 2005, a Director of the Hong Kong Cyberport Management Company Limited from May 2008, a Member of the Development Committee of the West Kowloon Cultural District Authority from January 2009 and a Member of the Construction Industry Council and Environmental Impact Assessment Appeal Board Panel. Mr. Lee has over 42 years' experience in engineering and construction. He is also an independent non-executive director of China State Construction International Holdings Limited, a company listed on the main board of the Stock Exchange. Mr. Lee is appointed as an Independent Non-executive Director and the Chairman of the Nomination Committee of the Company in January 2006.

Senior Management

Chan Sing Cho *PhD, MSc, DIC, BSc(Eng), MIStructE, MHKIE, RPE(Struct), PEng*
Aged 58. Graduated from the University of Hong Kong in 1973 with a BSc degree in Civil Engineering. Possesses a PhD degree in Systems Design Engineering of the University of Waterloo, Canada and a MSc degree in Management Science of the Imperial College, United Kingdom. A Registered Professional Engineer (Structural) with memberships of the Hong Kong Institution of Engineers, the Institution of Structural Engineers and Professional Engineers Ontario. Has 28 years of experience in civil engineering and building construction and 8 years of experience in operations research, pattern analysis and machine intelligence. He was previously an Executive Director of the Company. Re-joined the Group as a director of Chun Wo Construction and Engineering Company Limited since September 2008.

Choy Hon Ping *MHKIE, MCIOB, MAIB, MHKICM, MHKIPM*
Aged 53. Has over 33 years experience in construction and project management of large scale building construction projects in Hong Kong, Macau and Dubai. A member of Chartered Institute of Building, United Kingdom and the Hong Kong Institute of Engineer, and an appointed Building Expert of Hong Kong Council for Accreditation of Academic and Vocational Qualifications. Joined the Group in November 2008 as a director of Chun Wo Building Construction Limited.

Edward Peter Slack *F.CHKPWS*
Aged 66. Graduated from Sheffield College of Technology in 1961. A fellow of the China Hong Kong Permanent Way Society. Has more than 48 years in the construction industry covering many large industrial projects. He came to Hong Kong in 1977 to work on the Modified Initial System of the Mass Transit Railway Corporation. He has since worked on many schemes for the Mass Transit Railway Corporation and Kowloon-Canton Railway Corporation but has kept his hand in civil engineering working on the Island Eastern Corridor, Kowloon Reclamation, Terminal Eight and the Lotus Bridge in Macau amongst others. Having first worked with Chun Wo as Joint Venture Project Manager in 2000 on West Rail, he has since completed a total of four such joint ventures. Joined the Group as a director of Chun Wo Railway Engineering Limited, Chun Wo Holdings (Thailand) Co. Ltd. and Chun Wo (Thailand) Co., Ltd. since March 2009.

Senior Management (continued)

Kwan Chuen Kin *BSc(Hons), FCIOB, MHKIE, FHKICM, RPE*
Aged 57. Graduated from the South Bank Polytechnic, United Kingdom in 1980 with a Bachelor of Science degree (Honors) in Building. A Chartered Builder and Registered Professional Engineer, a fellow member of the Chartered Institute of Building, United Kingdom, a member of the Hong Kong Institution of Engineer, a fellow member of Hong Kong Institute of Construction Managers and Accredited Mediator. Joined the Group in 1998 and has over 31 years' experience in project management of large scale building construction projects in Hong Kong. Appointed as the managing director of Chun Wo Elegant Decoration Engineering Company Limited in April 2006.

Kwok Man Fai
Aged 48. Graduated from Macquarie University in 1984 with a Bachelor degree in Economics and obtained a Master of Commerce degree in Information Systems in 1991 from University of New South Wales. A member of CPA Australia and Hong Kong Institute of Certified Public Accountants. He has over 24 years of experience in accounting, finance and management. Joined the Group during 1994-2008 and rejoined the Group in 2009 as a finance director.

Lai Kam Hung, Joseph
Aged 51. Graduated from the Hong Kong Polytechnic University in 1980. An associate member of the Hong Kong Institution of Engineers. He has over 33 years' experience in the building and civil engineering works including construction supervision, project management and subletting. Joined the Group during 1984-1987 and re-joined the Group in 1989. Appointed as a director of Chun Long Construction Limited in April 2003 and a director of Chun Wo Construction and Engineering Company Limited in April 2006.

Lam Chi Wing *BscCivil, MICE, CEng, MHKIE, RPE(civil)*
Aged 54. Graduated from University of Calgary, Canada in 1980 with a Bachelor degree in Civil Engineering. A member of the Institute of Civil Engineers and Hong Kong Institution of Engineers. Has more than 28 years of experience in construction industry including project and construction management and tendering of different types of large-scale civil engineering projects. Joined the Group in 2005 and appointed as a director of Chun Wo Construction and Engineering Company Limited in September 2007.

Malcolm Iain McGregor *B.Eng(Hons), C.Eng., M.I.C.E.*
Aged 63. Graduated from Sheffield University, United Kingdom with a Bachelor of Engineering (Hons.) degree in Civil Engineering and a member of the Institute of Civil Engineers United Kingdom. Rejoined the Group as Director (Projects) in early 2009. Has 40 years' working experience in the construction industry for international clients and contractors in Southeast Asia, Europe, and Africa in the fields of civil, building and foundations with positions in senior corporate and project management.

Senior Management (continued)

Pang Yat Bond, Derrick *BSc, MEng, MICE, PE(US)*
Aged 34. Graduated from the University of California, Berkeley in 1997 with a Bachelor of Science degree in Civil and Environmental Engineering and obtained a Master of Engineering degree in Geotechnical Engineering in 1998 from Massachusetts Institute of Technology. A member of the Institution of Civil Engineers, United Kingdom. Registered Professional Engineer for the state of California, U.S.A. He has over 3 years of geotechnical design experience in the United States and 8 years of construction experience in Hong Kong. Joined the Group in 2001 and was appointed as a director of certain subsidiaries of the Group. He has been Deputy Chairman of the Company since April 2009. Son of Mr. Pang Kam Chun and Madam Li Wai Hang, Christina.

Pang Yat Ting, Dominic *BA, JD*
Aged 36. Graduated from the University of Columbia, New York in 1995 with a Bachelor of Arts degree in Economics, Political Science and Mathematics and received Juris Doctorate from the New York University School of Law in 1998. After working at a law firm for two years in New York, he moved on to set up different companies specializing in IT systems and solutions, electronic health products and outdoor advertising. He joined the Group in 2003 and was appointed as Assistant to Chairman and a director of certain subsidiaries of the Group in charge of evaluating new business opportunities, and management of the Group's property development ventures local and abroad. He has been Deputy Chairman of the Company since April 2009. Son of Mr. Pang Kam Chun and Madam Li Wai Hang, Christina.

Poon Chi Choi *BA(AS), B.Arch, HKIA, Registered Architect HK, Authorized Person — Architect, PRC Class 1 Registered Architect Qualification*
Aged 47. Graduated from the University of Hong Kong in 1986 with degree in Bachelor of Arts (Architectural Studies) and Bachelor of Architecture. An Architect and Authorized Person with PRC Class 1 Registered Architect Qualification. Has more than 23 years of working experience in architectural and interior design, project management and property development aspects for many projects of various sizes and complexity in Hong Kong and China. Prior to joining the Group in 2008, he had worked as a director in two big architectural practices and also served a public listed property development company in Hong Kong responsible for the design and project management of projects in China. He is a director of Chun Wo (China) Limited and certain subsidiaries companies of the Group responsible for the property development projects in China, Hong Kong and UAE.

To Kai Yin *MCIOB, MAIB*
Aged 48. Graduated from the Hong Kong Polytechnic University in 1983. Obtained an associateship in building technology and management from the Hong Kong Polytechnic University in 1987. He has over 25 years' experience in the construction industry including construction supervision, management, quantity surveying and tendering. Joined the Group in 1991 and was appointed as a director of Chun Wo Building Construction Limited in March 1999.

Tsang Wing Ho, Francis *BSc, MBA, MICE, MHKIE*
Aged 51. Graduated from The City University, United Kingdom in 1981 with a Bachelor of Science degree in Civil Engineering and obtained a Master degree in General Business Administration from The University of Hull, United Kingdom in 1994. A member of the Institution of Civil Engineers and the Hong Kong Institution of Engineers. Has over 28 years experience in the construction industry including construction supervision, design and project management. Joined the Group as the general manager of Chun Wo Construction and Engineering Company Limited since 2006 to take charge of the building division.

Senior Management (continued)

Wong Chi Kwong *BEng(Hons), MIET, MHKIE, MCIBSE, MAPM, CEng, RPE(EL,BS)*
Aged 49. Graduated from Brighton Polytechnic University of United Kingdom in 1990 with a Bachelor degree in Electrical & Electronic Engineering. A member of each of the Institution of Engineering & Technology, Chartered Institution of Building Services Engineers, Hong Kong Institution of Engineers and Association for Project Management and also a Chartered Engineer and Registered Professional Engineer in both electrical and building services disciplines. He has over 27 years of experience in the building services industry including tendering, project administration, organizational management, sales and marketing and business development. Joined the Group in August 2004 as a director of Chun Wo E & M Engineering Limited and was appointed as the managing director of Chun Wo E & M Engineering Limited in February 2006.

Wong Hin Ming *BSc, MICE, Ceng, MCIArb, MHIE, RPE(Civil)*
Aged 54. Graduated from the Hong Kong Polytechnic University in 1978 and continue the study in Brighton Polytechnic, United Kingdom with a Bachelor degree (First Class Honors) in Civil Engineering. A member of the Institution of Civil Engineers, Chartered Institute of Arbitrators and Hong Kong Institution of Engineers. Has over 28 years of experience in construction industry. Joined the Group in 2004 and appointed as the general manager (construction) of Chun Wo Construction and Engineering Company Limited in February 2009 to take charge of the maintenance and minor works division.

Wong Wing Tong *MISM, MIPSA*
Age 53. Has more than 12 years' experience in the executive level of security industry. A member of International Professional Security Association. He was the Chief Training Instructor of the Hong Kong Military Service Corp in the former British Garrison with various professional military qualifications and skills. Joined the Group in 1997. Appointed as the managing director of City Security Company Limited and City Professional Management Limited in June 2006 and June 2007 respectively.

Yeung Shiu Kin, Eddie *BSc(Eng.), ACGI, MSc, DIC, PhD, MICE, MHKIE, MINZPE, MIEAust, MASCE, CEng, RPE*
Aged 50. Graduated from Imperial College of Science & Technology, University of London in 1981 with a Bachelor of Science degree in Civil Engineering, and in 1982 with a Master degree in Soil Mechanics. Obtained his Doctoral degree in Geotechnical Engineering from University of Sydney in 1989. A member of each of the Institution of Civil Engineers, United Kingdom, the Hong Kong Institution of Engineers, the Institution of Professional Engineers, New Zealand, the Institution of Engineers of Australia and also the American Society of Civil Engineers. Registered Professional Engineer in Civil & Geotechnical discipline in Hong Kong. Joined the Group in 2002 and has more than 27 years of experience in the construction industry including design and project management of civil and foundation engineering projects in Australia and Hong Kong. Appointed as a director of Chun Wo Foundations Limited in January 2003 and the managing director of Chun Wo Foundations Limited in February 2006.

Yiu Chi Sang, Andy *Dip(Eng), LLB(Hons), MA(ArbDR), MSc(C.Mgt), MRICS, MICE, MHKIE, MASCE, FCIArb, FHKIArb, CEng*
Aged 53. Graduated from the Hong Kong Baptist University in 1981 with a Diploma in Civil Engineering, obtained a Master of Arts degree in dispute resolution and arbitration in 1995 and a Master of Science degree in Construction Management in 1998 both from the City University of Hong Kong, a Bachelor of Laws degree in 2004 from the University of Wolverhampton of United Kingdom. A member each of the Royal Institution of Chartered Surveyors, the Institution of Civil Engineers, United Kingdom, Hong Kong Institution of Engineers, the American Society of Civil Engineers, a fellow member each of the Chartered Institute of Arbitrators, United Kingdom and the Hong Kong Institute of Arbitrators. Re-joined the Group in 2008 with over 28 years of experience in the construction industry including civil, building, foundation and marine engineering projects in Hong Kong, Macau, Vietnam, and PRC. Appointed as a director of Chun Wo Construction and Engineering Company Limited to take charge of the civil division and to oversee Chun Wo Foundations Limited.

Corporate Governance Report

The Company has made continued efforts to incorporate the key elements of sound corporate governance in its management structures and internal control procedures. The Company is committed to high standards of ethics and integrity in all aspects of its business, and to ensuring its affairs are conducted in accordance with applicable laws and regulations.

Corporate Governance Practices

With a view to monitoring and continuously improving its performance, the Company reviewed its corporate governance practices in March 2009 in order to improve its corporate governance practices in line with local and international practices. The Company has complied with the code provisions in effect and certain recommended best practices set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year under review except for the deviations from the provision A.4.2 of the Code.

Pursuant to provision A.4.2 of the Code, every Director should be subject to retirement by rotation at least once every three years. Relevant amendment to the Bye-laws of the Company had been proposed and was approved by Shareholders at the annual general meeting of the Company held on 21 September 2006 in order to comply with provision A.4.2 of the Code, save as the Chairman and the Managing Director shall not be subject to retirement by rotation. The Board considers that the Chairman and the Managing Director are not subject to retirement by rotation in order to maintain the stability and continuity.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix 10 (the "Model Code") to the Listing Rules regarding securities transactions by Directors. All Directors, after specific enquiry by the Company, confirmed they have complied with the required standard set out in the Model Code during the year.

Board of Directors

The Board is responsible for the management of the Company on behalf of the Shareholders. Key responsibilities include formulation of the Group's overall strategies, the setting of management targets and supervision of management performance. The Board confines itself to making broad policy decisions and also exercising a number of reserved powers as mentioned below, while delegating responsibility for more detailed considerations to the Management Committee under the leadership of the Chairman:

- those functions and matters as set out in the terms of reference of various committees (as amended from time to time), in which Board approval must be sought from time to time;

Board of Directors (continued)

- those functions and matters in which Board approval must be sought in accordance with the Group's internal policy as amended from time to time;

- consideration and approval of financial statements in interim reports and annual reports, announcements and press releases of interim and final results;

- focus its attention on matters affecting the Company's overall strategic policies, finances and Shareholders;

- consideration of dividend policy and dividend amount; and

- monitoring the corporate governance of the Group in compliance with the relevant rules and regulations.

As at the date of this report, the Board comprises a total of seven Directors including three Executive Directors, namely, Mr. Pang Kam Chun (Chairman), Mr. Kwok Yuk Chiu, Clement (Managing Director) and Madam Li Wai Hang, Christina; and four Independent Non-executive Directors, namely, Mr. Au Son Yiu, Mr. Chan Chiu Ying, Mr. Hui Chiu Chung and Mr. Lee Shing See. Mr. Chan Chiu Ying has appropriate professional qualifications, accounting and financial management expertise. Madam Li Wai Hang, Christina is the spouse of Mr. Pang Kam Chun.

Over half of the Board are Independent Non-executive Directors which exceeds the minimum number required under the Listing Rules. The Company has received an annual written confirmation from each Independent Non-executive Director to confirm his independence under the Listing Rules to the Company and accordingly, the Company considers all of the Independent Non-executive Directors to be independent under the Listing Rules.

Each of the Independent Non-executive Directors has a service agreement for a term of one year. The agreement is renewable subject to consent given by the Company and the respective Directors. The Independent Non-executive Directors are also subject to retirement by rotation in accordance with the Bye-laws.

All Directors have full and timely access to all relevant information, including regular reports from the Board Committees and briefings on significant legal, regulatory or accounting issues affecting the Group. Directors may take independent professional advice, which will be paid for by the Company.

Board of Directors (continued)

During the year under review, five board meetings were held by the Board. The attendance of individual members of the Board and other Board Committees meetings during the year under review is set out in the following table:

	Meetings attended/Eligible to attend			
Directors	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**
Executive Directors				
Mr. Pang Kam Chun *(Chairman)*	4/5	—	—	—
Mr. Kwok Yuk Chiu, Clement *(Managing Director)*	5/5	—	0/0	1/1
Madam Li Wai Hang, Christina	4/5	—	—	—
Independent Non-Executive Directors				
Mr. Au Son Yiu	5/5	2/2	0/0	1/1
Mr. Chan Chiu Ying	4/5	2/2	—	1/1
Mr. Hui Chiu Chung	5/5	2/2	—	—
Mr. Lee Shing See	5/5	—	0/0	—

Chairman and Managing Director

The Chairman of the Board is Mr. Pang Kam Chun and the Managing Director is Mr. Kwok Yuk Chiu, Clement. The role of the Chairman is separated from that of the Managing Director. The Chairman is responsible for overseeing the functioning of the Board while the Managing Director is responsible for managing the Group's business.

Board Committees

The Board has established several committees. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are of no less exacting terms than those set out in the Code. All committees are provided with sufficient resources to discharge their duties.

Management Committee

The Management Committee operates as a general management committee with overall delegated authority from the Board. The Management Committee manages the daily operation of the Company and reports through the chairman to the Board.

Members of the Management Committee are:

Mr. Pang Kam Chun *(Chairman)*
Mr. Kwok Yuk Chiu, Clement *(Managing Director)*
Madam Li Wai Hang, Christina

Executive Committee

In March 2007, in a review of the company's structure, the Management Committee has been assisted by the Executive Committee in the running of the day to day business of the Company.

Members of the Executive Committee are:

Mr. Kwok Yuk Chiu, Clement *(Chairman)*
Mr. Pang Yat Ting, Dominic
Mr. Pang Yat Bond, Derrick
Mr. Kwok Man Fai

The Executive Committee meets regularly and is responsible for the development and implementation of the business plans for corporate and business units.

The Executive Committee is supported by the Executive Directors Management Meeting, a forum for the development of the Company's subsidiaries which meets on a quarterly basis. This has resulted in greater focus on strategic and operational excellence. The Executive Committee is also supported by the Project Management Meeting which cascades performance management down to project level.

Remuneration Committee

The Remuneration Committee was formed on 6 April 2005. The primary responsibilities of the Remuneration Committee are, inter alia, the recommendations on the Company's policies and structure for the remuneration of all Executive Directors and the proposal of the specific remuneration packages of all Executive Directors for the Board's approval. When the remuneration package of an individual Director is under review, such Director will abstain from voting.

The Remuneration Committee comprises three members, a majority of whom are Independent Non-executive Directors.

Members of the Remuneration Committee are:

Mr. Au Son Yiu *(Chairman)*
Mr. Chan Chiu Ying
Mr. Kwok Yuk Chiu, Clement

During the year under review, the Remuneration Committee convened one meeting to review the remuneration packages of Executive Directors. The attendance of individual Directors at the committee meeting is set out in the table on page 30.

Nomination Committee

The Nomination Committee was formed on 6 April 2005 to make recommendations to the Board on the appointment or re-appointment of Directors, to review the structure, size and composition of the Board and to ensure fair and transparent procedures for the appointment or re-appointment of Directors. The Nomination Committee will propose the appointment of such candidates to the Board for consideration and the Board will review the qualifications of the relevant candidates for determining the suitability to the Group on the basis of his/her qualifications, experience and background. The decision of appointing a director must be approved by the Board.

The Nomination Committee comprises three members, a majority of whom are Independent Non-executive Directors.

Members of the Nomination Committee are:

Mr. Lee Shing See *(Chairman)*
Mr. Au Son Yiu
Mr. Kwok Yuk Chiu, Clement

During the year under review, no meeting was held by the Nomination Committee.

Audit Committee

The Company established an audit committee on 17 December 1998 with written terms of reference in compliance with the Code. The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group's audit. The primary duties of the Audit Committee are to review and supervise the financial reporting process of the Group. It also reviews the effectiveness of both the external audit and of internal controls and risk evaluation.

The Audit Committee comprises three Independent Non-executive Directors, one of whom possesses appropriate professional qualification, accounting or related financial management expertise as required under the Listing Rules.

Members of the Audit Committee are:

Mr. Chan Chiu Ying *(Chairman)*
Mr. Au Son Yiu
Mr. Hui Chiu Chung

During the year under review, two meetings were held by the Audit Committee. The attendance of individual Directors at the Committee meetings is set out in the table on page 30.

Audit Committee (continued)

The following is a summary of work performed by the Audit Committee during the year under review:

(i) review of the annual report and final results announcement for the year ended 31 March 2008, with a recommendation to the Board for approval;

(ii) review of the external auditors' independence and report, with recommendation to the Board for the re-appointment of the external auditors at the 2008 annual general meeting of the Company; and

(iii) review of the interim report and the interim results announcement for the six months ended 30 September 2008, with a recommendation to the Board for approval.

Auditors' Remuneration

During the year, Messrs. Deloitte Touche Tohmatsu provided statutory audit services amounted to approximately HK$2,526,000 and tax and consulting services amounted approximately to HK$322,000.

Directors' and Auditors' Responsibilities for Accounts

Statements of the Directors' responsibilities for preparing the financial statements and the auditors of the Company about their reporting responsibilities are set out in the Auditors' Report of this annual report.

Internal Control

The Directors have reviewed and are satisfied with the order and effectiveness of internal controls of the Group, including, in particular, financial, operational and compliance controls and risk management functions.

Investor Relations and Communication with Shareholders

The Group uses several formal channels to ensure fair disclosure and comprehensive and transparent reporting of its performance and activities. Annual and interim reports of the Company are printed and sent to all Shareholders. Moreover, announcements, circulars, publications and press releases of the Company are posted on the Company's corporate website www.chunwo.com. The Company's website provides email address, postal address, fax number and telephone number by which enquiries may be put to the Company's Board. As a channel to further promote effective communication, the Company has launched a newly designed corporate website in 2007 with a fresh look. The website continues to disseminate shareholder information and other relevant financial and non-financial information electronically on a timely basis. The Company acknowledges that general meetings are good communication channel that members of the Board and committees are encouraged to attend the meetings.

Directors' Report

The Directors present the annual report and the audited financial statements of the Group for the year ended 31 March 2009.

Principal Activities

The Company is an investment holding company. Its subsidiaries are principally engaged in civil engineering, electrical and mechanical engineering, foundation and building construction work, property development, property investment, professional services (including security and property management services) and other activities.

Results and Appropriations

The results of the Group for the year ended 31 March 2009 are set out in the consolidated income statement on page 47.

The Directors did not recommend the payment of a final dividend for the year ended 31 March 2009.

Financial Summary

A financial summary of the Group is set out on page 118.

Investment Properties

The investment properties of the Group were revalued as at 31 March 2009 as set out in note 16 to the consolidated financial statements.

Property, Plant and Equipment

During the year under review, the Group acquired property, plant and equipment at a cost of approximately HK$51.9 million for the purpose of expanding the Group's business.

Details of these and other movements during the year under review in the property, plant and equipment of the Group are set out in Note 14 to the consolidated financial statements.

Share Capital and Warrants

Details of movement during the year under review in the share capital and outstanding warrants of the Company are set out in Notes 32 and 33 to the consolidated financial statements.

Borrowings and Interest Capitalised

Details of the Group's borrowings are set out in Notes 28, 29 and 30 to the consolidated financial statements.

Interest capitalised by the Group during the year under review is set out in Note 8 to the consolidated financial statements.

Subsidiaries, Associates and Jointly Controlled Entities

Particulars of the Company's principal subsidiaries and the Group's principal associates and jointly controlled entities as at 31 March 2009 are set out in Notes 43, 44 and 45 to the consolidated financial statements respectively.

Distributable Reserves of the Company

The Company's reserves available for distribution to shareholders as at 31 March 2009 were as follows:

	HK$'000
Contributed surplus	52,552
Retained earnings	130,984
	183,536

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Liquidity and Financial Resources

The Group mainly relies upon internally generated funds as well as bank and other borrowings to finance its operations and expansion, which is supplemented by equity funding when it is required.

At 31 March 2009, the total net debts of the Group amounted to approximately HK$913.5 million, representing total debts of approximately HK$1,371.8 million less bank balances and cash of approximately HK$458.3 million. The debt maturity profile of the Group at 31 March 2009 is analysed as follows:

	As at 31 March 2009 HK$ million	As at 31 March 2008 HK$ million
Borrowings repayable:		
Within one year or on demand	**1,011.4**	420.7
After one year, but within two years	**8.7**	368.5
After two years, but within five years	**26.0**	26.0
Over five years	**66.4**	75.1
	1,112.5	890.3
Convertible bonds due 2012	**259.3**	212.8
Total borrowings	**1,371.8**	1,103.1

At 31 March 2009, the gearing ratio of the Group, being the proportion of net interest bearing debts to shareholders' equity was 0.71 (2008: 0.34).

To minimise exposure on foreign exchange fluctuations, the Group's borrowings and cash balances are primarily denominated in Hong Kong dollars or Renminbi which are the same as the functional currency of the relevant group entity. The Group has no significant exposure to foreign exchange rate fluctuations and does not use any derivative contracts to hedge against its exposure to currency risk. Furthermore, the Group's borrowings have not been hedged by any interest rate financial instruments.

Subsequent to 31 March 2009, the Company repurchased all convertible bonds due 2012.

The Group's financial position is sound and strong. With available bank balances and cash at 31 March 2009 and available bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

Employee and Remuneration Policies

The Group has approximately 2,340 employees at 31 March 2009. Total remuneration of employees for the year ended 31 March 2009 amounted to approximately HK$448.2 million. Employees are remunerated according to nature of the job and market trend, with built-in merit component incorporated in the annual increment to reward and motivate individual performance. Employee bonus is distributable based on the performance of the respective companies and the employees concerned. The Group also provides in-house and external training programmes which are complementary to certain job functions.

Share Option Schemes

Particulars of the share option schemes and the details of the movements in share options which were granted under the share option scheme of the Company ("Chun Wo Scheme") are set out in Note 34 to the consolidated financial statements.

Biographical Details of Directors and Senior Management

A brief biographical details of Directors and senior management are set out on pages 22 to 27.

Directors and Service Contracts

The Directors during the year and up to the date of this report were:

Executive Directors:

Mr. Pang Kam Chun
Mr. Kwok Yuk Chiu, Clement
Madam Li Wai Hang, Christina

Independent Non-executive Directors:

Mr. Au Son Yiu
Mr. Chan Chiu Ying
Mr. Hui Chiu Chung *JP*
Mr. Lee Shing See *GBS, OBE, JP*

In accordance with the Company's bye-laws ("Bye-laws") 87 and 169(2), Mr. Lee Shing See will retire at the forthcoming annual general meeting and, being eligible, will offer himself for re-election. The remaining Directors will continue in office.

Save as disclosed above, none of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Emoluments of Directors and the Five Highest Paid Individuals

Details of the Directors' emoluments and the five highest paid individuals in the Group are set out in Note 11 to the consolidated financial statements.

Emolument Policy for Directors

The Directors are paid fees in line with market practice. The Group adopted the following main principles of determining the Directors' remuneration:

- No individual should determine his or her own remuneration;
- Remuneration should be broadly aligned with companies with whom the Group competes for human resources; and
- Remuneration should reflect performance and responsibility with a view to motivating and retaining high performing individuals and enhancing of the value of the Company to its shareholders.

In addition to the basic salaries, a share option scheme is adopted for rewarding and retaining Directors for the continual operation and development of the Group.

Directors' Interests in Contracts of Significance

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year under review.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2009, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(a) Interests of the Directors in the ordinary shares of the Company (Long Positions)

Name of Director	Personal interest	Family interest	Corporate interest	Total Interests	Total interests as % of the Company's issued share capital
Mr. Pang Kam Chun	291,788,340	10,148,875 (Note 1)	129,348,294 (Note 2)	431,285,509	50.22%
Madam Li Wai Hang, Christina	10,148,875	421,136,634 (Note 1)	—	431,285,509	50.22%
Mr. Kwok Yuk Chiu, Clement	1,000,000	600,000 (Note 3)	—	1,600,000	0.19%
Mr. Au Son Yiu	501,816	—	—	501,816	0.06%

Notes:

1. Madam Li Wai Hang, Christina is the spouse of Mr. Pang Kam Chun and is deemed to have interest in those shares of the Company held by him. Similarly, Mr. Pang Kam Chun is also deemed to have interest in those shares of the Company held by Madam Li Wai Hang, Christina.

2. GT Winners Limited is wholly owned by Mr. Pang Kam Chun who is deemed to have interest in the shares of the Company held by GT Winners Limited.

3. These shares are beneficially owned by the spouse of Mr. Kwok Yuk Chiu, Clement.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures (continued)

(b) Interests of the Directors in the underlying shares of the Company (Long Positions)

Name of Director	Personal interest	Family interest	Total Interests	Total interests as % of the Company's issued share capital
Mr. Pang Kam Chun	1,479,000 (Note 1)	747,000 (Note 2)	2,226,000	0.26%
Madam Li Wai Hang, Christina	747,000 (Note 1)	1,479,000 (Note 2)	2,226,000	0.26%
Mr. Kwok Yuk Chiu, Clement	3,326,000 (Note 1)	—	3,326,000	0.39%

Notes:

1. These represent interests in share options granted by the Company, details of which are stated under the heading "Directors' and Chief Executive's Rights to Acquire Shares or Debentures" below.

2. Madam Li Wai Hang, Christina is deemed to have interest in the underlying shares of the Company held by Mr. Pang Kam Chun. Similarly, Mr. Pang Kam Chun is also deemed to have interest in the underlying shares of the Company held by Madam Li Wai Hang, Christina.

In addition, Mr. Pang Kam Chun and Madam Li Wai Hang, Christina hold 8,347,500 and 90,000 non-voting deferred shares respectively in Chun Wo Construction and Engineering Company Limited, which are subject to an option granted to Chun Wo Hong Kong Limited, a wholly-owned subsidiary of the Company, to purchase the said non-voting deferred shares.

Save as disclosed above and other than certain nominee shares in the subsidiaries held by Directors in trust for the Group, as at 31 March 2009, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Directors' and Chief Executive's Rights to Acquire Shares or Debentures

Details of the movements in share options granted under the Chun Wo Scheme to Directors and chief executive of the Company during the year ended 31 March 2009 are as follows:

				Number of share options				
Name of Director	**Date of grant**	**Exercise price per option** HK$	**Exercise period**	**Outstanding at 1/4/2008**	**Granted during the year**	**Exercised during the year**	**Cancelled/ Lapsed during the year**	**Outstanding at 31/3/2009**
Mr. Pang Kam Chun	13/8/2004	0.904	21/8/2004 to 12/8/2014	732,000	–	–	–	732,000
	2/4/2007	1.010	10/4/2007 to 1/4/2017	747,000	–	–	–	747,000
Madam Li Wai Hang, Christina	2/4/2007	1.010	10/4/2007 to 1/4/2017	747,000	–	–	–	747,000
Mr. Kwok Yuk Chiu, Clement	13/8/2004	0.904	21/8/2004 to 12/8/2014	3,326,000	–	–	–	3,326,000
Others (Note)	13/8/2004	0.904	21/8/2004 to 12/8/2014	732,000	–	–	–	732,000
				6,284,000	–	–	–	6,284,000

Note:

These outstanding share options were held by a former Independent Non-executive Director. The Board has approved that these outstanding share options can be exercised on or before 12 August 2014.

Save as disclosed above and other than the Foundations Scheme as set out in Note 34, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors and chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. In addition, none of the Directors and chief executive of the Company or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the year under review.

Interests and Short Positions of Substantial Shareholders Discloseable Under the SFO

So far as are known to the Directors, as at 31 March 2009, the following parties (other than Directors' and chief executive of the Company) were recorded in the register kept by the Company under Section 336 of the SFO ("Register of Substantial Shareholders") as being interested in or deemed to be interested in 5% or more of the issued share capital of the Company:

Interests in the shares and underlying shares of the Company (Long Position):

Name of Shareholder	Capacity	Interest in shares	Interest in underlying shares of equity derivatives of the Company pursuant to the convertible bonds	Total interests as % of the Company's issued share capital
GT Winners Limited	Beneficial Owner	129,348,294	—	15.06% (Note 1)
DKR SoundShore Oasis Holding Fund Limited	Beneficial Owner	—	101,896,551	11.86% (Note 2)
DKR Oasis Management Co. LP	Interest of a controlled corporation	—	101,896,551	11.86% (Note 2)
DKR Capital Partners LP	Interest of a controlled corporation	—	101,896,551	11.86% (Note 2)
Oasis Management Holdings LLC	Interest of a controlled corporation	—	101,896,551	11.86% (Note 2)
DKR Management Co. Inc.	Interest of a controlled corporation	—	101,896,551	11.86% (Note 2)
DKR Capital Inc.	Interest of a controlled corporation	—	101,896,551	11.86% (Note 2)
HSBC Bank plc	Beneficial Owner	—	80,459,770	9.37% (Note 3)
HSBC Holdings plc	Interest of a controlled corporation	—	80,459,770	9.37% (Note 3)
Stark Investments (Hong Kong) Limited	Investment manager	—	80,459,770	9.37% (Note 3)

Interests and Short Positions of Substantial Shareholders Discloseable Under the SFO (continued)

Notes:

1. GT Winners Limited is wholly owned by Mr. Pang Kam Chun who is deemed to have interest in the shares of the Company held by GT Winners Limited.

2. The interest in the convertible bonds in the aggregate principal sum of HK$177.3 million being convertible into shares at the conversion price of HK$1.74 per share which was in turn held by DKR SoundShore Oasis Holding Fund Limited ("DKR SoundShore") as beneficial owner. DKR SoundShore is wholly owned by DKR Oasis Management Co. LP, which in turn 51% owned by DKR Capital Partners LP and 49% owned by Oasis Management Holdings LLC respectively. DKR Capital Partners LP is 50% owned by DKR Management Co. Inc., a wholly-owned subsidiary of DKR Capital Inc. which also holds 50% of DKR Capital Partners LP. These companies were deemed to have interests in the shares of the Company held by DKR SoundShore.

3. The interest in the convertible bonds in the aggregate principal sum of HK$140 million being convertible into shares at the conversion price of HK$1.74 per share which was in turn held by HSBC Bank plc as beneficial owner. HSBC Bank plc is wholly owned by HSBC Holdings plc which was deemed to have interest in the shares of the Company. Stark Investments (Hong Kong) Limited, being the investment manager, was also deemed to have interest in the convertible bonds in the aggregate principal sum of HK$140 million held by HSBC Bank plc.

Save as disclosed above, as at 31 March 2009, the Register of Substantial Shareholders disclosed no other party (other than Directors or chief executive of the Company) as being interested or deemed to be interested in 5% or more of the issued share capital of the Company.

Connected Transaction

On 20 May 2008, Chun Wo China Construction Limited, a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Pacific Group Limited, a company wholly owned by Mr. Pang Kam Chun, a director and a shareholder of the Company, to acquire 38% of the total issued share capital of Mandarin Group Limited and 38% of the shareholder's loans due and owing by Mandarin Group Limited as at 20 May 2008 to Pacific Group Limited, at a total consideration of HK$23 million. Mandarin Group Limited holds 100% equity interest in 汕尾市紅海大酒店有限公司 (Shanwei City Hong Hai Hotel Limited), the principal asset of which is a property development site located in Shanwei, Guangdong Province, the PRC with an expected total GFA of approximately 70,000 square meters. The property is currently under construction and has been granted land-use rights for commercial use and residential use until August 2045 and August 2075 respectively.

Convertible Securities, Options, Warrants or Similar Rights

Other than the outstanding convertible bonds, warrants and share options as set out in Notes 30, 33 and 34 to the consolidated financial statements respectively, the Company had no outstanding convertible securities, options, warrants or other similar rights as at 31 March 2009.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year under review.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Bye-laws of the Company and there is no restriction against such right under the laws of Bermuda.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained sufficient public float throughout the year ended 31 March 2009 as required under the Listing Rules.

Major Customers and Suppliers

For the year ended 31 March 2009, the aggregate amount of turnover attributable to the Group's five largest customers accounted for approximately 43% of the Group's total turnover and the turnover attributable to the Group's largest customer accounted for approximately 20% of the Group's total turnover. The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for less than 30% of the Group's total purchases.

None of the Directors, their associates or any shareholders (which to the knowledge the Directors own more than 5% of the Company's share capital) has any interest in any of the Group's five largest customers or suppliers.

Donations

During the year under review, the Group made charitable and other donations totalling approximately HK$2.8 million.

Auditors

A resolution will be submitted to the forthcoming Annual General Meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Pang Kam Chun
Chairman

Hong Kong, 20 July 2009

Deloitte.
德勤

TO THE SHAREHOLDERS OF
CHUN WO DEVELOPMENT HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Chun Wo Development Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 47 to 117, which comprise the consolidated balance sheet as at 31 March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

Auditor's Responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

20 July 2009

Consolidated Income Statement

For the year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Revenue	7	**2,010,338**	2,952,736
Cost of sales		**(1,863,665)**	(2,669,125)
Gross profit		**146,673**	283,611
Other income		**20,497**	28,211
Fair value changes on investment properties		**(1,429)**	22,275
Selling expenses		**(11,866)**	(29,108)
General and administrative expenses		**(209,475)**	(176,818)
Fair value changes on embedded derivatives of convertible bonds		**22,000**	57,000
Share of results of associates		**3,099**	—
Share of results of jointly controlled entities		**3,840**	904
Finance costs	8	**(73,614)**	(62,978)
(Loss) profit before tax		**(100,275)**	123,097
Income tax expense	9	**(19,602)**	(42,542)
(Loss) profit for the year	10	**(119,877)**	80,555
Attributable to:			
Equity holders of the parent		**(119,877)**	80,548
Minority interests		**—**	7
		(119,877)	80,555
Dividends	12	**15,030**	59,827
(Loss) earnings per share			
— Basic	13	**(14.0) cents**	9.8 cents
— Diluted		**N/A**	4.0 cents

Consolidated Balance Sheet

At 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	14	**159,423**	132,879
Prepaid lease payments	15	**24,936**	27,277
Investment properties	16	**617,051**	618,480
Interests in associates	17	**62,629**	42,783
Interests in jointly controlled entities	18	**39,884**	48,892
Amounts due from associates	19	**106,498**	103,232
		1,010,421	973,543
Current assets			
Amounts due from customers for contract work	20	**534,293**	506,762
Debtors, deposits and prepayments	21	**397,626**	396,450
Prepaid lease payments	15	**644**	683
Properties under development	22	**676,613**	890,456
Deposits paid for properties under development		**238,465**	78,678
Properties held for sale		**174,136**	23,861
Deposits paid for properties held for sale		**53,999**	—
Investments held for trading	23	**2,474**	16,488
Amounts due from associates	24	**1,233**	1,222
Amounts due from jointly controlled entities	24	**25,242**	37,482
Tax recoverable		**28,618**	30,630
Pledged bank deposits	25	**22,454**	10,171
Bank balances and cash	25	**435,882**	611,324
		2,591,679	2,604,207
Current liabilities			
Amounts due to customers for contract work	20	**53,830**	36,999
Creditors, deposits and accrued charges	26	**600,801**	334,803
Deposits received from pre-sales of properties under development		**72,323**	437,522
Amount due to an associate	27	**12,436**	9,338
Amounts due to jointly controlled entities	27	**36,886**	48,864
Tax payable		**14,712**	17,757
Obligations under finance leases	28	**546**	1,073
Borrowings	29	**1,010,835**	419,639
Derivative financial instruments	30	**88,000**	110,000
		1,890,369	1,415,995
Net current assets		**701,310**	1,188,212
Total assets less current liabilities		**1,711,731**	2,161,755

	Notes	2009 HK$'000	2008 HK$'000
Non-current liabilities			
Obligations under finance leases	28	**–**	555
Borrowings	29	**101,111**	469,006
Convertible bonds	30	**259,270**	212,820
Deferred tax liabilities	31	**64,445**	66,413
		424,826	748,794
Net assets		**1,286,905**	1,412,961
Capital and reserves			
Share capital	32	**85,884**	85,882
Reserves		**1,200,671**	1,326,729
Equity attributable to equity holders of the parent		**1,286,555**	1,412,611
Minority interests		**350**	350
Total equity		**1,286,905**	1,412,961

The consolidated financial statements on pages 47 to 117 were approved and authorised for issue by the Board of Directors on 20 July 2009 and are signed on its behalf by:

Kwok Yuk Chiu, Clement
DIRECTOR

Li Wai Hang, Christina
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

	Attributable to equity holders of the parent								Minority interests	Total
	Share capital	Share premium	Special reserve	Share option reserve	Capital reserve	Translation reserve	Retained profits	Total		
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2007	74,705	252,056	(7,340)	—	8,531	23,572	899,521	1,251,045	343	1,251,388
Exchange differences arising on translation of foreign operations recognised directly in equity	—	—	—	—	—	40,113	—	40,113	—	40,113
Profit for the year	—	—	—	—	—	—	80,548	80,548	7	80,555
Total recognised income for the year	—	—	—	—	—	40,113	80,548	120,661	7	120,668
Issue of shares	11,177	85,072	—	—	—	—	—	96,249	—	96,249
Recognition of equity-settled share-based payments	—	—	—	4,483	—	—	—	4,483	—	4,483
Dividends	—	—	—	—	—	—	(59,827)	(59,827)	—	(59,827)
At 31 March 2008	85,882	337,128	(7,340)	4,483	8,531	63,685	920,242	1,412,611	350	1,412,961
Exchange differences arising on translation of foreign operations recognised directly in equity	—	—	—	—	—	8,725	—	8,725	—	8,725
Loss for the year	—	—	—	—	—	—	(119,877)	(119,877)	—	(119,877)
Total recognised income and expense for the year	—	—	—	—	—	8,725	(119,877)	(111,152)	—	(111,152)
Issue of shares	2	15	—	—	—	—	—	17	—	17
Recognition of equity-settled share-based payments	—	—	—	109	—	—	—	109	—	109
Dividends	—	—	—	—	—	—	(15,030)	(15,030)	—	(15,030)
At 31 March 2009	85,884	337,143	(7,340)	4,592	8,531	72,410	785,335	1,286,555	350	1,286,905

The special reserve represents the aggregate amounts of the non-voting deferred share capital of Chun Wo Construction and Engineering Company Limited and the difference between the nominal amount of the share capital issued by the Company and the aggregate nominal amount of the share capital of the subsidiaries acquired pursuant to the group reorganisation in 1993.

The capital reserve mainly represents the amount of profit capitalisation upon allotment of share capital of Chun Wo Foundations Limited during the year ended 31 March 1997.

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	2009 HK$'000	2008 HK$'000
Operating activities		
(Loss) profit before tax	**(100,275)**	123,097
Adjustments for:		
Finance costs	**73,614**	62,978
Interest income	**(4,607)**	(2,825)
Share of results of associates	**(3,099)**	—
Share of results of jointly controlled entities	**(3,840)**	(904)
Depreciation and amortisation	**4,448**	3,597
Release of prepaid lease payments	**683**	683
Fair value changes on investment properties	**1,429**	(22,275)
Share-based payment expense	**109**	4,483
Fair value changes on investments held for trading	**6,752**	289
Fair value changes on embedded derivatives of convertible bonds	**(22,000)**	(57,000)
Gain on disposal of prepaid lease payments	**(2,090)**	—
Gain on disposal of property, plant and equipment	**(189)**	(7,132)
Gain on disposal of an associate	**—**	(912)
Transaction costs in respect of embedded derivatives of convertible bonds	**—**	5,500
Operating cash flows before movements in working capital	**(49,065)**	109,579
Decrease in amounts due from (to) customers for contract work	**8,425**	169,342
(Increase) decrease in debtors, deposits and prepayments	**(144)**	176,894
Decrease (increase) in properties under development	**239,669**	(272,855)
Increase in deposits paid for properties under development	**(159,787)**	(78,678)
(Increase) decrease in properties held for sale	**(150,309)**	157,972
Increase in deposits paid for properties held for sale	**(53,999)**	—
Decrease (increase) in investments held for trading	**7,262**	(804)
Decrease (increase) in amounts due from jointly controlled entities	**12,240**	(4,166)
Increase (decrease) in creditors, deposits and accrued charges	**260,289**	(158,995)
(Decrease) increase in deposits received from pre-sales of properties under development	**(375,578)**	199,335
Decrease in amounts due to jointly controlled entities	**(11,396)**	(21,648)
Cash (used in) generated from operations	**(272,393)**	275,976
Income taxes paid	**(22,302)**	(85,365)
Net cash (used in) from operating activities	**(294,695)**	190,611

	2009 HK$'000	2008 HK$'000
Investing activities		
Purchase of property, plant and equipment	**(51,905)**	(8,843)
Acquisition of an associate	**(19,846)**	—
(Increase) decrease in pledged bank deposits	**(12,067)**	24,496
Capital injection to a jointly controlled entity	**(4,252)**	—
Amounts (advanced to) repaid from associates	**(3,266)**	24,876
Increase in amounts due from associates	**(11)**	(15)
Dividends received from jointly controlled entities	**17,100**	31,501
Interest received	**4,607**	2,825
Proceeds from disposal of property, plant and equipment	**3,949**	10,574
Proceeds from disposal of prepaid lease payments	**3,787**	—
Dividend received from an associate	**3,099**	—
Proceeds from disposal of investment properties	**—**	23,978
Proceeds from disposal of an associate	**—**	912
Net cash (used in) from investing activities	**(58,805)**	110,304
Financing activities		
New bank loans raised	**338,177**	295,926
Increase (decrease) in trust receipt loans	**62,017**	(122,667)
Increase in amount due to an associate	**3,098**	9,338
Proceeds from issue of shares	**17**	96,249
Repayment of bank loans	**(181,120)**	(506,363)
Interest paid	**(38,636)**	(69,187)
Dividends paid	**(15,030)**	(59,827)
Repayment of principal portion of obligations under finance leases	**(1,082)**	(1,578)
Repayment of mortgage loans	**(613)**	(1,468)
Net proceeds received on issue of convertible bonds	**—**	360,800
Net cash from financing activities	**166,828**	1,223
Net (decrease) increase in cash and cash equivalents	**(186,672)**	302,138
Cash and cash equivalents at beginning of the year	**611,324**	300,457
Effect of foreign exchange rate changes	**11,230**	8,729
Cash and cash equivalents at end of the year, represented by bank balances and cash	**435,882**	611,324

1. General

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the section of corporate information of the annual report.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company is an investment holding company. Its subsidiaries are principally engaged in civil engineering, electrical and mechanical engineering, foundation and building construction work, property development, property investment and provision of security and property management services. Details of the principal subsidiaries are set out in note 43.

2. Application of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied the following amendments to Hong Kong Accounting Standards ("HKAS") and interpretations ("HK(IFRIC)-Int") (new "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the current accounting period.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 — The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction

The application of the new HKFRSs has had no material effect on how the results and financial position of the Group for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

2. Application of New and Revised Hong Kong Financial Reporting Standards (continued)

The Group has not early adopted the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[6]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[7]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[4]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[8]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2009
4 Effective for annual periods beginning on or after 1 July 2009
5 Effective for annual periods ending on or after 30 June 2009
6 Effective for annual periods beginning on or after 1 July 2008
7 Effective for annual periods beginning on or after 1 October 2008
8 Effective for transfers on or after 1 July 2009

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

2. Application of New and Revised Hong Kong Financial Reporting Standards (continued)

The application of the amendment to HKAS 40 "Investment Property" included in improvements to HKFRS will affect the accounting for property under construction or development for future use as an investment property of the Group. The amendment to HKAS 40 brings such property within the scope of HKAS 40 which, therefore, shall be accounted for under the fair value model in accordance with the Group's accounting policy. Such property is currently accounted for at cost less impairment in accordance with HKAS 16 "Property, Plant and Equipment". The amendment is to be applied prospectively and is effective for the Group's financial year beginning 1 April 2009.

The Directors of the Company anticipate the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Significant Accounting Policies

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

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

Basis of consolidation

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

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

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

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

3. Significant Accounting Policies (continued)

Basis of consolidation (continued)

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

When the outcome of a construction contract can be estimated reliably, revenue from a fixed price construction contract is recognised on the percentage of completion method, measured by reference to the value of work carried out during the period. Variations in contract work, claims, and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

Revenue from sale of properties in the ordinary course of business is recognised when the properties have been delivered to the purchasers and it is probable that the economic benefits associated with the transaction will flow to the Group. Payments received from the purchasers prior to completion of the developments are recorded as customer's deposits received on sale of properties and presented as current liabilities.

Service income is recognised when services are provided.

Rental income, including rentals invoiced in advance from properties let under operating leases, is recognised on a straight line basis over the terms of the relevant lease.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

3. Significant Accounting Policies (continued)

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which the venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

3. Significant Accounting Policies (continued)

Jointly controlled assets

Where a group company undertakes its activities under joint venture arrangements directly, constituted as jointly controlled assets, the Group's share of jointly controlled assets and share of any liabilities incurred jointly with other venturers are recognised in the consolidated financial statements and classified according to their nature. Liabilities and expenses incurred directly in respect of interest in jointly controlled assets are accounted for on accrual basis.

Income from the sale or use of the Group's share of the output of jointly controlled assets, together with its share of joint venture expenses are recognised when it is probable that the economic benefits associated with the transaction will flow to/from the Group.

Construction contracts

When the outcome of a construction contract can be estimated reliably, contract costs are recognised in the consolidated income statement by reference to the stage of completion of the contract activity at the balance sheet date on the same basis as contract revenue is recognised.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated balance sheet under debtors, deposits and prepayments.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

3. Significant Accounting Policies (continued)

Investment properties (continued)

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

The leasehold land and buildings are depreciated over their terms of the relevant leases.

Depreciation is provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives and after taking into account of their estimated residual value, using the reducing balance method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3. Significant Accounting Policies (continued)

Leasing (continued)

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

The land and building elements of a lease of land and building held for use in the production or supply of goods or for administrative purposes are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases except for an investment property which is accounted for as if it were a finance lease and measured under the fair value model.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. Significant Accounting Policies (continued)

Properties under development held for sale

Properties under development which are developed for sale are classified under current assets and stated at the lower of cost and estimated net realisable value. Cost comprises the cost of land, development expenditure, other attributable costs and borrowing costs capitalised.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss are financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at fair value through profit or loss *(continued)*

At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including debtors, amounts due from associates and jointly controlled entities, pledged bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss , are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as debtors, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets *(continued)*

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of debtors, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When debtors are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Convertible bonds

Convertible bonds issued by the Group that contain liability component, redemption and conversion options (collectively "derivative component") are classified separately into respective components on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue of the convertible bonds, the liability and the derivative components are recognised at fair value.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Convertible bonds *(continued)*

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The derivative component are measured at fair value with changes in fair value recognised in the income statement and presented as current liabilities in the balance sheet.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and derivative components in proportion to the allocation of the proceeds. Transaction costs relating to the derivative component are charged to the income statement immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Other financial liabilities

Other financial liabilities including creditors, accrued charges, amounts due to jointly controlled entities and an associate, obligations under finance leases and borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Warrants

The bonus issue of warrants will be settled by the exchange of fixed amount of cash for a fixed number of the Company's own equity instruments. When the warrants are subscribed, the portion of subscription money with the nominal value of the ordinary shares is recognised to the share capital account while any excess of the subscription money over the nominal value of the ordinary shares is taken into the share premium account.

Embedded derivatives and derivatives

Derivatives embedded in non-derivative host contracts are separated from the relevant host contracts and deemed as held-for-trading when the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contracts, and the combined contracts are not measured at fair value through profit or loss.

Derivatives (including embedded derivatives which are separated from non-derivatives host contracts) that do not qualify for hedge accounting are deemed as financial assets/financial liabilities held for trading and are measured at fair value except for derivative instruments which are linked to and must be settled by delivery of unquoted equity instruments whose fair value cannot be reliably measured and such derivative instruments are stated at cost less impairment, if applicable.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses on tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

3. Significant Accounting Policies (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3. Significant Accounting Policies (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of group entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rates of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Retirement benefit costs

Payments to the Group's state-managed retirement plans and other retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Equity-settled share-based payment transactions

The Group has applied HKFRS 2 "Share-based Payments" to share options granted on or after 1 April, 2005. The policy below is applied to all equity-settled share-based payments that were granted after 7 November 2002 and vested after 1 April 2005. In relation to share options granted before 1 April 2005, the Group chooses not to apply HKFRS 2 with respect to share options granted after 7 November 2002 and vested before 1 April 2005, the financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in the consolidated income statement in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

3. Significant Accounting Policies (continued)

Equity-settled share-based payment transactions (continued)

The fair value of services received from employees and others providing similar services (consultants) determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

4. Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Key Sources of Estimation Uncertainty (continued)

Construction contracts

Management estimates the amount of foreseeable losses of construction works based on the latest available budgets of the construction contracts with reference to the overall performance of each construction contract and management's best estimates and judgements. The Group also shares the results of its jointly controlled entities which were principally derived from the construction contracts carrying out by the jointly controlled entities. These figures were also derived from the latest available budgets of the construction contracts which were prepared by the management of the respective jointly controlled entities. Estimated construction income is determined in accordance with the terms set out in the relevant contracts. Construction costs which mainly comprise sub-contracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and the experience of the management. Because of the nature of the construction industry, management regularly reviews the progress of the contracts and the estimated construction income and costs.

Fair value of investment properties

Investment properties are carried in the consolidated balance sheet at 31 March 2009 at their fair value of approximately HK$617 million. The fair value was based on a valuation on these properties conducted by the independent qualified professional valuers using property valuation techniques which adopt the direct comparison approach by making reference to comparable sales transactions as available in the relevant markets or capitalise the net rental income derived from the existing tenancies. Favourable or unfavourable changes to the assumptions such as rental yield and market price would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated income statement.

Income tax

As at 31 March 2009, deferred tax assets in relation to unused tax losses of HK$41,920,000 (2008: HK$26,504,000) has not been recognised in the consolidated balance sheet. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less or more than expected, a material reversal or further recognition of the deferred tax asset may arise, which would be recognised in the income statement for the period in which such a reversal or recognition takes place.

4. Key Sources of Estimation Uncertainty (continued)

Land appreciation tax ("LAT")

The People's Republic of China ("PRC") LAT is levied on the appreciation of land value, being the proceeds from the sales of properties less deductible expenditure including the amortisation of land use rights, borrowing costs and all property development expenditure.

The subsidiaries of the Group engaging in property development business in the PRC are subject to LAT, which have been included in the income tax expenses. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its LAT returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the tax expense and provisions for LAT in the period in which such determination is made.

Measurement of convertible bonds and estimation of fair value of derivative component

On issuance of the convertible bonds, the fair value of the derivative component was determined and accounted for as a derivative financial liability. The fair value of the derivative financial liability is reassessed at each balance sheet date with movement to the income statement. In estimating the fair value of the derivative financial liability, the Group uses its judgement and engage independent professional valuers in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. When applying the valuation techniques, assumptions including volatility and dividend yield are made. The carrying value of the derivative component at 31 March 2009 was HK$88,000,000 (2008: HK$110,000,000).

5. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 29, convertible bonds disclosed in note 30, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings.

The Directors of the Company review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

6. Financial Instruments

(a) Categories of financial instruments

	2009 **HK$'000**	2008 HK$'000
Financial assets		
Fair value through profit or loss		
— Held for trading	**2,474**	16,488
Loans and receivables (including cash and cash equivalents)	**946,411**	1,101,144
Financial liabilities		
Derivative financial instruments	**88,000**	110,000
Amortised cost	**2,005,473**	1,478,203
Obligations under finance leases	**546**	1,628

(b) Financial risk management objectives and policies

The Group's major financial instruments include debtors, investments held for trading, amounts due from associates and jointly controlled entities, creditors, accrued charges, amounts due to jointly controlled entities and an associate, obligations under finance leases, borrowings and convertible bonds. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

6. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk

(i) Currency risk

Most of the Group's assets and liabilities are denominated in Hong Kong dollars or Renminbi, which are the same as the functional currency of the relevant group entity. The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group does not expect any significant exposure to foreign exchange fluctuations and does not use any derivative contracts to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

The carrying amounts of the Group's foreign currency denominated monetary assets at the reporting date are as follows:

	2009 **HK$'000**	2008 HK$'000
United States Dollars	**14,513**	14,979

The Directors of the Company are of the opinion that the Group's sensitivity to the change in United States dollars relative to Hong Kong dollars is low due to the pegged between the two currencies.

(ii) Fair value and cash flow interest rate risk

The Group has significant bank borrowings (see note 29 for details), convertible bonds (see note 30 for details) and bank deposits with floating interest rate which bear cash flow interest-rate risk. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Convertible bonds issued at fixed rates expose the Group to fair value interest-rate risk. During the year, the Group has not hedged its cash flow and fair value interest rate risk. The Directors consider the Group's exposure of the bank deposits are not significant as most deposits bear variable interest rates.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

6. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Fair value and cash flow interest rate risk (continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank borrowings at the balance sheet date. The analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 March 2009 would increase/decrease by approximately HK$9,285,000 (2008: profit for the year would decrease/increase by HK$7,331,000).

(iii) Other price risk

The Group is required to estimate the fair value of the embedded derivatives of the convertible bonds issued by the Company at each balance sheet date, which therefore exposed the Group to equity price risk. Details of the convertible bonds issued by the Company are set out in note 30.

The Group is also exposed to equity price risk through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks on listed equity securities and the convertible bonds of the Company at the balance sheet date.

If the equity price of the shares of the Company had been 10% higher/lower while all other input variables of the valuation model of the embedded derivatives of the convertible bonds issued by the Company were held constant, loss for the year ended 31 March 2009 would increase/decrease by approximately HK$1,934,000/HK$8,000 (2008: profit for the year would decrease/increase by HK$13,000,000/HK$6,000,000) as a result of the changes in fair value of the derivative component.

In management's opinion, the sensitivity analysis is unrepresentative due to interdependencies of certain variables of the option pricing model.

6. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

***(iii) Other price risk** (continued)*

Sensitivity analysis (continued)

If the prices of the respective listed equity instruments invested by the Group had been 5% higher/lower, loss for the year ended 31 March 2009 would decrease/increase by HK$123,000 (2008: profit for the year would increase/decrease by HK$824,000) as a result of the changes in fair value of held-for-trading investments.

Credit risk

The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset including receivables and the guarantees provided for a property development project for the Group's pre-sale properties and the guarantee provided for an associate as disclosed in Note 38. The Group's credit risk is primarily attributable to its debtors. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than the amounts due from associates and jointly controlled entities and bank balances, the Group does not have any significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as significant sources of liquidity. Details of which are set out in note 29.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

6. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables

	Weighted average effective interest rate %	Repayable on demand or within 1 year HK$'000	1–5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2009 HK$'000
2009						
Creditors and accrued charges	**–**	**489,127**	**95,808**	**–**	**584,935**	**584,935**
Amounts due to jointly controlled entities	**–**	**36,886**	**–**	**–**	**36,886**	**36,886**
Amount due to an associate	**–**	**12,436**	**–**	**–**	**12,436**	**12,436**
Borrowings	**4.70**	**1,062,770**	**35,631**	**68,292**	**1,166,693**	**1,111,946**
Convertible bonds (Note)	**19.00**	**–**	**534,600**	**–**	**534,600**	**347,270**
Obligations under finance leases	**3.40**	**550**	**–**	**–**	**550**	**546**
		1,601,769	**666,039**	**68,292**	**2,336,100**	**2,094,019**

	Weighted average effective interest rate %	Repayable on demand or within 1 year HK$'000	1–5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2008 HK$'000
2008						
Creditors and accrued charges	–	211,846	106,690	–	318,536	318,536
Amounts due to jointly controlled entities	–	48,864	–	–	48,864	48,864
Amount due to an associate	–	9,338	–	–	9,338	9,338
Borrowings	6.23	444,785	447,365	78,641	970,791	888,645
Convertible bonds (Note)	19.00	–	534,600	–	534,600	322,820
Obligations under finance leases	6.20	1,110	560	–	1,670	1,628
		715,943	1,089,215	78,641	1,883,799	1,589,831

Note: The carrying amounts of convertible bonds include the derivative component of HK$88,000,000 (2008: HK$110,000,000) of the convertible bonds.

6. Financial Instruments (continued)

(c) Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices;
- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions as inputs;
- the fair values of derivative instruments are determined in accordance with option pricing models based on data obtained in current market (see note 30); and
- the fair value of financial guarantee contracts is determined using option pricing models where the main assumptions are the probability of default by the specific counterparty extrapolated from market based credit information and the amount of loss, given the default.

Other than the liability component of the convertible bonds as stated in note 30, the Directors consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. Business and Geographical Segments

Business segments

For management purposes, the Group is currently organised into construction work, property development, property investment, professional services (including provision of security and property management services) and other activities. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

For the year ended 31 March 2009

INCOME STATEMENT

	Construction work HK$'000	Property development HK$'000	Property investment HK$'000	Professional services HK$'000	Other activities HK$'000	Consolidated HK$'000
REVENUE						
External sales	1,275,382	594,364	27,752	112,840	–	2,010,338
RESULT						
Segment result	(64,137)	2,498	19,893	6,812	(6,123)	(41,057)
Unallocated corporate expenses						(19,150)
Interest income						4,607
Fair value changes on embedded derivatives of convertible bonds						22,000
Share of results of associates	–	3,099	–	–	–	3,099
Share of results of jointly controlled entities	3,840	–	–	–	–	3,840
Finance costs						(73,614)
Loss before tax						(100,275)
Income tax expense						(19,602)
Loss for the year						(119,877)

7. Business and Geographical Segments (continued)

Business segments (continued)

At 31 March 2009

BALANCE SHEET

	Construction work HK$'000	Property development HK$'000	Property investment HK$'000	Professional services HK$'000	Other activities HK$'000	Consolidated HK$'000
ASSETS						
Segment assets	989,956	1,200,383	631,392	19,934	5,409	2,847,074
Interests in associates	–	62,629	–	–	–	62,629
Interests in jointly controlled entities	39,884	–	–	–	–	39,884
Amounts due from associates	–	31,796	75,935	–	–	107,731
Amounts due from jointly controlled entities	25,242	–	–	–	–	25,242
Unallocated corporate assets						519,540
Consolidated total assets						3,602,100
LIABILITIES						
Segment liabilities	354,843	350,187	9,814	10,313	33	725,190
Amount due to an associate	–	12,436	–	–	–	12,436
Amounts due to jointly controlled entities	36,886	–	–	–	–	36,886
Unallocated corporate liabilities						1,540,683
Consolidated total liabilities						2,315,195

OTHER INFORMATION

	Construction work HK$'000	Property development HK$'000	Property investment HK$'000	Professional services HK$'000	Other activities HK$'000	Consolidated HK$'000
Capital expenditure	26,449	24,746	–	710	–	51,905
Depreciation and amortisation	19,402	1,842	–	423	–	21,667
Impairment losses on loans and receivables recognised in the consolidated income statement	–	–	25	–	–	25

7. Business and Geographical Segments (continued)

Business segments (continued)

For the year ended 31 March 2008

INCOME STATEMENT

	Construction work HK$'000	Property development HK$'000	Property investment HK$'000	Professional services HK$'000	Other activities HK$'000	Consolidated HK$'000
REVENUE						
External sales	2,312,762	515,441	28,535	95,998	–	2,952,736
RESULT						
Segment result	(35,495)	138,980	45,296	3,648	(816)	151,613
Unallocated corporate expenses						(27,179)
Interest income						2,825
Gain on disposal of an associate						912
Fair value changes on embedded derivatives of convertible bonds						57,000
Share of results of jointly controlled entities	904	–	–	–	–	904
Finance costs						(62,978)
Profit before tax						123,097
Income tax expense						(42,542)
Profit for the year						80,555

7. Business and Geographical Segments (continued)

Business segments (continued)

At 31 March 2008

BALANCE SHEET

	Construction work HK$'000	Property development HK$'000	Property investment HK$'000	Professional services HK$'000	Other activities HK$'000	Consolidated HK$'000
ASSETS						
Segment assets	908,301	1,066,895	638,125	16,209	28,539	2,658,069
Interests in associates	–	42,783	–	–	–	42,783
Interests in jointly controlled entities	48,892	–	–	–	–	48,892
Amounts due from associates	–	27,457	76,997	–	–	104,454
Amounts due from jointly controlled entities	37,482	–	–	–	–	37,482
Unallocated corporate assets						686,070
Consolidated total assets						3,577,750
LIABILITIES						
Segment liabilities	335,257	448,600	16,026	7,965	83	807,931
Amount due to an associate	–	9,338	–	–	–	9,338
Amounts due to jointly controlled entities	48,864	–	–	–	–	48,864
Unallocated corporate liabilities						1,298,656
Consolidated total liabilities						2,164,789

OTHER INFORMATION

	Construction work HK$'000	Property development HK$'000	Property investment HK$'000	Professional services HK$'000	Other activities HK$'000	Consolidated HK$'000
Capital expenditure	6,733	1,575	535	–	–	8,843
Depreciation and amortisation	22,314	503	–	430	540	23,787
Impairment losses on loans and receivables recognised in the consolidated income statement	–	–	96	–	–	96

7. Business and Geographical Segments (continued)

Geographical segments

The Group's operations are mainly located in Hong Kong, Macau, elsewhere in the PRC and United Arab Emirates ("UAE").

The following table is an analysis of the Group's revenue by location of customers:

	2009 **HK$'000**	2008 HK$'000
Hong Kong	**1,209,695**	1,922,518
Macau	**37,003**	433,822
Elsewhere in the PRC	**730,609**	596,396
UAE	**10,527**	—
Others	**22,504**	—
	2,010,338	2,952,736

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment, analysed by the geographical area in which the assets are located.

	Carrying amount of segment assets		**Additions to property, plant and equipment**	
	2009 **HK$'000**	2008 HK$'000	**2009** **HK$'000**	2008 HK$'000
Hong Kong	**1,372,840**	1,400,333	**10,027**	6,637
Macau	**103,551**	106,664	**—**	1,280
Elsewhere in the PRC	**933,299**	985,566	**352**	926
UAE	**418,540**	165,506	**24,394**	—
Others	**18,844**	—	**17,132**	—
	2,847,074	2,658,069	**51,905**	8,843

8. Finance Costs

	2009 HK$'000	2008 HK$'000
Interest on:		
Bank loans wholly repayable within five years	**35,772**	63,054
Bank loans not wholly repayable within five years	**2,825**	5,987
Effective interest expense on convertible bonds (note 30)	**46,450**	13,520
Finance leases	**39**	146
Total borrowing costs	**85,086**	82,707
Less: Amount attributable to contract work	**(1,906)**	(8,420)
Amount attributable to properties under development	**(9,566)**	(11,309)
	73,614	62,978

9. Income Tax Expense

	2009 HK$'000	2008 HK$'000
Current tax		
— Hong Kong Profits Tax		
— current year	**2,835**	8,557
— overprovision in prior years	**(670)**	(2,380)
	2,165	6,177
— Other jurisdictions	**1,297**	2,750
— PRC Enterprise Income Tax ("EIT")	**12,501**	19,547
— PRC LAT	**5,607**	4,435
	21,570	32,909
Deferred tax liabilities (note 31)		
— current year	**1,436**	9,633
— attributable to a change in tax rate	**(3,404)**	—
	(1,968)	9,633
	19,602	42,542

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

9. Income Tax Expense (continued)

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

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions including land costs, borrowing costs and the relevant property development expenditures.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law. Under the New Law and Implementation Regulation, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC was reduced from 33% to 25% from 1 January 2008 onwards. The relevant tax rate for the Company's subsidiaries in the PRC is 25%.

According to the New Law, the Implementation Regulation of the New Law, and a joint circular of Ministry of Finance and State Administration of Taxation, Cai Shui [2008] No.1, starting from 1 January 2008, withholding income tax at 10% will be imposed on dividends relating to profits earned in the calendar year 2008 or onwards and being distributed by enterprises established in the PRC to their foreign shareholders, if there is no applicable tax treaty. Deferred tax liability of HK$1,434,000 (2008: nil) on the undistributed earnings of subsidiaries has been charged to the consolidated income statement for the year.

Details of deferred taxation are set out in note 31.

The tax charge for the year can be reconciled to the (loss) profit before tax per the consolidated income statement as follows:

	2009 HK$'000	2008 HK$'000
(Loss) profit before tax	**(100,275)**	123,097
Tax at the Hong Kong Profits Tax rate of 16.5% (2008: 17.5%)	**(16,545)**	21,542
Tax effect of share of results of jointly controlled entities	**(634)**	(158)
Tax effect of expenses not deductible for tax purposes	**19,804**	14,515
Tax effect of income not taxable for tax purposes	**(6,446)**	(13,875)
Overprovision in prior years	**(670)**	(2,380)
Tax effect of tax losses and other deductible temporary differences for current year not recognised	**17,379**	15,198
Utilisation of tax losses and other deductible temporary differences for prior years previously not recognised	**(450)**	(263)
Effect of different tax rates of operations in other jurisdictions	**3,986**	4,266
PRC LAT	**5,607**	4,435
Tax effect of LAT	**(1,402)**	(1,109)
Deferred taxation on undistributed earnings of PRC subsidiaries (note 31)	**1,434**	—
Tax effect of change in tax rate	**(3,404)**	—
Others	**943**	371
Tax charge for the year	**19,602**	42,542

10. (Loss) Profit for the Year

	2009 HK$'000	2008 HK$'000
(Loss) profit for the year has been arrived at after charging:		
Auditor's remuneration		
Current year	**2,526**	2,355
Underprovision in prior year	**365**	359
	2,891	2,714
Depreciation and amortisation	**21,667**	23,787
Less: Amount attributable to contract work	**(17,219)**	(20,190)
	4,448	3,597
Fair value changes on investments held for trading	**6,752**	289
Impairment losses on debtors	**25**	96
Net foreign exchange losses	**2,089**	396
Operating lease rentals for:		
Rental properties	**8,209**	7,480
Plant and machinery	**15,211**	21,765
	23,420	29,245
Less: Amount attributable to contract work	**(18,233)**	(24,699)
	5,187	4,546
Release of prepaid lease payments	**683**	683
Share-based payment expense	**109**	4,483
Staff costs, including directors' emoluments	**448,202**	455,726
Less: Amount attributable to contract work	**(199,869)**	(255,778)
Amount attributable to properties under development	**(29,627)**	(13,098)
	218,706	186,850
Share of tax of jointly controlled entities (included in share of results of jointly controlled entities)	**1,500**	263
and after crediting:		
Dividend income from investments held for trading	**760**	328
Gain on disposal of an associate	**—**	912
Gain on disposal of prepaid lease payments	**2,090**	—
Gain on disposal of property, plant and equipment	**189**	7,132
Interest income	**4,607**	2,825
Rental income from investment properties, net of direct operating expenses from investment properties that generated rental income during the year of HK$3,013,000 (2008: HK$3,971,000)	**24,739**	24,564

11. Directors' and Employees' Emoluments

(a) Directors' emoluments

The emoluments paid or payable to each of the seven (2008: seven) directors were as follows:

2009

		Other emoluments		
	Fees HK$'000	**Salaries and other benefits HK$'000**	**Retirement benefit scheme contribution HK$'000**	**Total HK$'000**
Pang Kam Chun	**—**	**6,025**	**139**	**6,164**
Kwok Yuk Chiu, Clement	**—**	**2,832**	**113**	**2,945**
Li Wai Hang, Christina	**—**	**1,740**	**63**	**1,803**
Au Son Yiu	**200**	**—**	**—**	**200**
Chan Chiu Ying	**175**	**—**	**—**	**175**
Hui Chiu Chung	**162**	**—**	**—**	**162**
Lee Shing See	**162**	**—**	**—**	**162**
	699	**10,597**	**315**	**11,611**

2008

		Other emoluments		
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefit scheme contribution HK$'000	Total HK$'000
Pang Kam Chun	—	6,012	135	6,147
Kwok Yuk Chiu, Clement	—	2,660	113	2,773
Li Wai Hang, Christina	—	2,051	63	2,114
Au Son Yiu	200	—	—	200
Chan Chiu Ying	150	—	—	150
Hui Chiu Chung	150	—	—	150
Lee Shing See	150	—	—	150
	650	10,723	311	11,684

11. Directors' and Employees' Emoluments (continued)

(a) Directors' emoluments (continued)

The above emoluments do not include the fair value of share options, at the date of granting, awarded to directors whose entitlements are as follows:

Pang Kam Chun and Li Wai Hang, Christina were each granted options in respect of 747,000 shares on 2 April 2007, and the respective fair value of the share-based payments recognised for the year ended 31 March 2008 was HK$255,000 for each.

(b) Employees' emoluments

During the year, the five highest paid individuals included three (2008: three) directors, details of whose emoluments are included above. The emoluments of the remaining two (2008: two) individuals are as follows:

	2009 **HK$'000**	2008 HK$'000
Salaries and other benefits	**7,220**	5,021
Retirement benefit scheme contributions	**149**	68
	7,369	5,089

For the year ended 31 March 2008, the above emoluments did not include the fair value of share options, as estimated at the date of granting, awarded to the two individuals. The options in respect of 4,536,000 shares were granted and the fair value of the share-based payments recognised for the year ended 31 March 2008 was HK$831,000.

The employees' emoluments were within the following bands:

	Number of employees	
	2009	2008
HK$1,500,001 to HK$2,000,000	**1**	—
HK$2,000,001 to HK$2,500,000	**—**	1
HK$2,500,001 to HK$3,000,000	**—**	1
HK$5,000,001 to HK$5,500,000	**1**	—

During both years, no remuneration was paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. No directors has waived any remuneration during both years.

12. Dividends

	2009 HK$'000	2008 HK$'000
Final dividend paid in respect of 2008 of HK1.75 cents (2007: HK2.75 cents) per share	**15,030**	23,485
Interim dividend paid in respect of 2008 of HK1.00 cent per share	**–**	8,588
Special final dividend in respect of 2007 of HK3.25 cents per share	**–**	27,754
	15,030	59,827

The Directors did not recommend the payment of a final dividend for the year ended 31 March 2009.

13. (Loss) Earnings per Share

The calculation of the basic and diluted (loss) earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2009 HK$'000	2008 HK$'000
(Loss) earnings		
(Loss) earnings for the purposes of basic (loss) earnings per share — (Loss) profit attributable to equity holders of the parent	**(119,877)**	80,548
Effect of dilutive potential ordinary shares from convertible bonds:		
— Imputed interest expense	**–**	13,520
— Fair value changes on embedded derivatives	**–**	(57,000)
(Loss) earnings for the purposes of diluted (loss) earnings per share	**(119,877)**	37,068

13. (Loss) Earnings per Share (continued)

	2009	2008
Number of shares		
Weighted average number of shares for the purposes of basic (loss) earnings per share	**858,835,111**	820,240,959
Effect of dilutive potential shares in respect of		
— Share options	**–**	9,900,474
— Warrants	**–**	41,196,620
— Convertible bonds	**–**	54,593,548
Weighted average number of shares for the purposes of diluted (loss) earnings per share	**858,835,111**	925,931,601

No diluted loss per share for the year ended 31 March 2009 is presented as the conversion of convertible bonds would result in a reduction in loss per share and the exercise prices of the Company's share options and warrants were higher than the average market price for shares for the year ended 31 March 2009.

14. Property, Plant and Equipment

	Leasehold land and buildings HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Construction in progress HK$'000	Total HK$'000
COST						
At 1 April 2007	33,595	447,548	49,903	35,314	—	566,360
Exchange adjustment	—	—	189	303	—	492
Additions	—	1,450	1,812	5,581	—	8,843
Disposals	—	(23,730)	(4,926)	(121)	—	(28,777)
At 31 March 2008	33,595	425,268	46,978	41,077	—	546,918
Exchange adjustment	—	—	52	96	—	148
Additions	—	20,283	3,009	1,613	27,000	51,905
Disposals	—	(15,827)	(2,117)	(744)	—	(18,688)
At 31 March 2009	33,595	429,724	47,922	42,042	27,000	580,283
DEPRECIATION AND AMORTISATION						
At 1 April 2007	11,177	344,277	35,918	24,009	—	415,381
Exchange adjustment	—	—	64	142	—	206
Provided for the year	992	16,685	3,568	2,542	—	23,787
Eliminated on disposals	—	(21,154)	(4,181)	—	—	(25,335)
At 31 March 2008	12,169	339,808	35,369	26,693	—	414,039
Exchange adjustment	—	—	24	58	—	82
Provided for the year	992	14,341	3,373	2,961	—	21,667
Eliminated on disposals	—	(12,971)	(1,552)	(405)	—	(14,928)
At 31 March 2009	13,161	341,178	37,214	29,307	—	420,860
CARRYING VALUES						
At 31 March 2009	20,434	88,546	10,708	12,735	27,000	159,423
At 31 March 2008	21,426	85,460	11,609	14,384	—	132,879

Owner-occupied leasehold land is included in property, plant and equipment as the allocations between the land and buildings elements cannot be made reliably.

The leasehold land and buildings are depreciated over their terms of the relevant leases.

The other items of property, plant and equipment, other than construction in progress, are depreciated, using the reducing balance method, at the following rates per annum:

Plant and machinery	15%–25%
Motor vehicles	25%
Furniture, fixtures and equipment	15%

14. Property, Plant and Equipment (continued)

The carrying value of leasehold land and buildings under medium-term leases held by the Group at the balance sheet date comprises:

	2009 HK$'000	2008 HK$'000
Properties in Hong Kong	**16,054**	16,885
Properties located elsewhere in the PRC	**4,380**	4,541
	20,434	21,426

The carrying value of the Group's property, plant and equipment includes an amount of HK$1,355,000 (2008: HK$2,075,000) in respect of motor vehicles held under finance leases.

15. Prepaid Lease Payments

	2009 HK$'000	2008 HK$'000
The Group's prepaid lease payments held under medium-term lease in Hong Kong:		
Non-current asset	**24,936**	27,277
Current asset	**644**	683
	25,580	27,960

16. Investment Properties

	2009 HK$'000	2008 HK$'000
FAIR VALUE		
At beginning of the year	**618,480**	620,183
Disposals	**–**	(23,978)
Net (decrease) increase in fair value recognised in the consolidated income statement	**(1,429)**	22,275
At end of the year	**617,051**	618,480

16. Investment Properties (continued)

The fair value of the Group's investment properties at 31 March 2009 has been arrived at on the basis of valuations carried out on that date by Centaline Surveyors Limited, Savills Valuation and Professional Services Limited and RHL Appraisal Limited, independent qualified professional valuers not connected with the Group. All of these valuers are members of the Hong Kong Institute of Surveyors and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuations were arrived at with adoption of the direct comparison approach by making reference to comparable sales transactions as available in the relevant markets or, by capitalising the net rental income derived from the existing tenancies with due allowance for reversionary incoming potential of the respective properties.

All the investment properties of the Group held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The investment properties are held under medium-term leases and are situated in the following locations:

	2009 **HK$'000**	2008 HK$'000
Hong Kong	**608,000**	608,000
Elsewhere in the PRC	**9,051**	10,480
	617,051	618,480

Included in investment properties in Hong Kong with a total carrying value of HK$40,000,000 (2008: HK$40,000,000) are co-owned with a venturer. The carrying value represents the Group's proportionate share in the valuation of the relevant properties. Details of which are set out in note 18.

17. Interests in Associates

	2009 **HK$'000**	2008 HK$'000
Cost of unlisted investments in associates	**62,629**	42,783

Particulars of the Group's principal associates as at 31 March 2009 are set out in note 44.

17. Interests in Associates (continued)

The summarised financial information in respect of the Group's associates is set out below:

	2009 HK$'000	2008 HK$'000
Total assets	**708,695**	646,758
Total liabilities	**(473,386)**	(450,165)
	235,309	196,593
Group's share of net assets of associates	**62,629**	42,783

	2009 HK$'000	2008 HK$'000
Revenue	**17,525**	9,998
Profit for the year	**14,654**	149
Group's share of results of associates for the year	**3,099**	—

18. Interests in Jointly Controlled Entities

Jointly controlled entities

	2009 HK$'000	2008 HK$'000
Cost of unlisted investment in jointly controlled entities	**8,907**	4,655
Share of post-acquisition profits, net of dividend received	**30,977**	44,237
	39,884	48,892

Particulars of the Group's principal jointly controlled entities as at 31 March 2009 are set out in note 45.

18. Interests in Jointly Controlled Entities (continued)

The summarised financial information in respect of the Group's jointly controlled entities which are accounted for using the equity method is set out below:

	2009 HK$'000	2008 HK$'000
Non-current assets	**6,412**	2,880
Current assets	**87,920**	99,490
Current liabilities	**(54,202)**	(53,087)
Non-current liabilities	**(246)**	(391)
	39,884	48,892
Income	**35,205**	80,034
Expenses	**29,865**	78,867

Jointly controlled assets

Investment properties include the Group's share of interest in jointly controlled assets with a carrying value of HK$40,000,000 (2008: HK$40,000,000). The Group's share of net income in relation to the jointly controlled assets amounted to HK$1,282,000 (2008 HK$1,527,000).

19. Amounts due from Associates

The amounts due from associates are unsecured, interest-free and will not be repayable within the next twelve months.

20. Amounts due from (to) Customers for Contract Work

	2009 HK$'000	2008 HK$'000
Contracts in progress at the balance sheet date		
Costs incurred to date plus recognised profits, less recognised losses	**12,752,136**	11,827,329
Less: progress billings	**(12,271,673)**	(11,357,566)
	480,463	469,763
Analysed for reporting purpose as		
Amounts due from customers for contract work	**534,293**	506,762
Amounts due to customers for contract work	**(53,830)**	(36,999)
	480,463	469,763

21. Debtors, Deposits and Prepayments

	2009 HK$'000	2008 HK$'000
Debtors	**189,755**	127,860
Less: allowance for doubtful debts	**(534)**	(509)
	189,221	127,351
Retention receivables	**135,760**	139,043
Prepayments, deposits and other receivables	**72,645**	130,056
	397,626	396,450

Except for the rental income from lease of properties which are payable in accordance with the terms of the relevant agreements, the Group generally allows a credit period of not exceeding 60 days to its customers.

Interim applications for progress payments on construction contracts are normally submitted on a monthly basis and are settled within one month. The ageing analysis of debtors of HK$189,221,000 (2008: HK$127,351,000), which are included in the Group's debtors, deposits and prepayments, are as follows:

	2009 HK$'000	2008 HK$'000
Not yet due	**168,969**	114,198
0–30 days	**10,496**	8,940
31–90 days	**2,115**	597
91–180 days	**2,707**	172
Over 180 days	**4,934**	3,444
	189,221	127,351

Included in the Group's debtors balance are debtors with a carrying amount of HK$20,252,000 (2008: HK$13,153,000) which are past due at the balance sheet date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

21. Debtors, Deposits and Prepayments (continued)

Movement in the allowance for doubtful debts:

	2009 HK$'000	2008 HK$'000
Balance at beginning of the year	**509**	413
Amounts recognised during the year	**25**	96
Balance at end of the year	**534**	509

In determining the recoverability of a debtor, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the balance sheet date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

22. Properties under Development

Included in the amount are properties under development of HK$105,755,000 (2008: HK$737,005,000) expected to be completed after the next twelve months from the balance sheet date.

23. Investments Held for Trading

	2009 HK$'000	2008 HK$'000
Investment held for trading:		
Equity securities listing in Hong Kong stated at fair values	**–**	16,488
Equity securities listing in elsewhere stated at fair values	**2,474**	—
	2,474	16,488

24. Amounts due from Associates/Jointly Controlled Entities

The amounts are unsecured, interest-free and repayable on demand.

25. Pledged Bank Deposits and Bank Balances

The pledged deposits have been placed in designated banks as part of the security provided for general banking facilities granted to the Group. The bank deposits carry interest at an average rate of 0.6% (2008: 1.9%) per annum.

Bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Bank balances carry interest at an average rate of 0.8% (2008: 1.9%) per annum.

26. Creditors, Deposits and Accrued Charges

The ageing analysis of trade payables of HK$176,866,000 (2008: HK$99,343,000), which are included in the Group's creditors, deposits and accrued charges, are as follows:

	2009 HK$'000	2008 HK$'000
Not yet due	**118,160**	58,715
0–30 days	**35,242**	16,240
31–90 days	**11,799**	10,657
91–180 days	**1,689**	4,587
Over 180 days	**9,976**	9,144
	176,866	99,343

Included in the amount of creditors, deposits and accrued charges are retention payables to sub-contractors of HK$95,808,000 (2008: HK$106,690,000).

27. Amounts due to Jointly Controlled Entities/an Associate

The amounts are unsecured, interest-free and repayable on demand.

28. Obligations under Finance Leases

	Minimum lease payments		**Present value of minimum lease payments**	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Amounts payable under finance leases				
Within one year	**550**	1,110	**546**	1,073
More than one year, but not exceeding two years	**–**	560	**–**	555
	550	1,670	**546**	1,628
Less: Future finance charges	**(4)**	(42)	**–**	—
Present value of lease obligations	**546**	1,628	**546**	1,628
Less: Amount due within 12 months (shown under current liabilities)			**(546)**	(1,073)
Amount due after 12 months			**–**	555

28. Obligations under Finance Leases (continued)

The Group's obligations under finance leases are secured by the lessors' charge over the leased assets.

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease terms range from two to three years. For the year ended 31 March 2009, the effective borrowing rates range from 3.1% to 3.7% (2008: 6.0% to 6.4%) per annum. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments.

29. Borrowings

	2009 **HK$'000**	2008 HK$'000
Borrowings comprise:		
Trust receipt loans (note a)	**124,417**	62,400
Bank loans (note b)	**987,529**	825,632
Mortgage loans (note c)	**–**	613
	1,111,946	888,645
Analysed as:		
Secured	**446,828**	603,984
Unsecured	**665,118**	284,661
	1,111,946	888,645
The borrowings are repayable as follows:		
On demand or within one year	**1,010,835**	419,639
More than one year, but not exceeding two years	**8,667**	367,895
More than two years, but not exceeding five years	**26,000**	26,000
Over five years	**66,444**	75,111
	1,111,946	888,645
Less: Amount due within one year shown under current liabilities	**(1,010,835)**	(419,639)
Amount due after one year	**101,111**	469,006

All the Group's borrowings are denominated in the functional currencies of the relevant group companies.

29. Borrowings (continued)

Notes:

(a) The trust receipt loans are unsecured and carry interest at floating rates ranging from Hong Kong Interbank Offered Rates ("HIBOR") plus 1.5% to HIBOR plus 2% (2008: HIBOR plus 1.5% to HIBOR plus 2%).

(b) Bank loans of HK$888,778,000 (2008: HK$621,618,000) are denominated in Hong Kong Dollars carry interest at floating rates with average effective interest rates ranging from HIBOR plus 0.85% to HIBOR plus 2.6% (2008: HIBOR plus 0.9% to HIBOR plus 2.0%). The remaining borrowings are denominated in Renminbi and carrying interest at floating rates with average effective interest rates ranging from benchmark interest rate from the People's Bank of China ("Benchmark Rate") to Benchmark Rate with 15% mark-up (2008: Benchmark Rate to Benchmark Rate with 10% mark-up). The balance comprised secured bank loans and unsecured bank loans of HK$446,828,000 (2008: HK$603,371,000) and HK$540,701,000 (2008: HK$222,261,000), respectively.

(c) Mortgage loans were secured and carried interest at floating rates Hong Kong Dollars Prime Rate ("Prime") minus 1.0% to Prime minus 0.3%.

30. Convertible Bonds

On 6 December 2007, the Company issued HK$372.3 million zero coupon convertible bonds due on 6 December 2012. Holders of the convertible bonds will have the right at any time on or after 6 June 2008 up to, and including, the close of business on the maturity date, 6 December 2012, to convert the convertible bonds into ordinary shares of the Company at the initial conversion price of HK$2.18, subject to adjustment and reset as set out in the subscription agreement dated 26 November 2007.

The conversion price will be subject to adjustment for subdivision, consolidation or reclassification of shares of the Company, capitalisation of profits or reserves, capital distribution, bonus issues, rights issues, other issues at less than current market price, modification of rights of conversion, other offers to shareholders of the Company and other dilutive events.

If the Volume Weighted Average Price (note a) for each day during the 30 consecutive trading days ending on the 30th day prior to before 6 December 2008, 6 June 2009 or 6 December 2009 is less than the conversion price in effect on such date, the conversion price will automatically be adjusted downwards to the arithmetic average of the Volume Weighted Average Price during such 30 trading day period, save that the adjusted conversion price shall not be lower than the Reset Price Floor (note b).

Pursuant to the terms and conditions of the convertible bonds, the conversion price has been adjusted from HK$2.18 to HK$1.74 with effect from 6 December 2008. Details of the adjustment of the conversion price are set out in the Company's announcement dated 5 December 2008.

Subsequent to 31 March 2009, the conversion price has been further adjusted from HK$1.74 to HK$1.63 with effect from 6 June 2009. Details of the adjustment of the conversion price are set out in the Company's announcement dated 5 June 2009.

30. Convertible Bonds (continued)

At any time the Company may redeem the convertible bonds, in whole but not in part, at a redemption price equal to the Early Redemption Amount (note c) if (i) on or at any time after 6 December 2010 but not less than 14 business days prior to the maturity date, if the Volume Weighted Average Price of the ordinary shares of the Company for any 20 trading days out of the 30 consecutive trading days prior to the date upon which notice of such redemption is given was at least 130% of the applicable Early Redemption Amount divided by the Conversion Ratio (note d) in effect on such trading day or (ii) less than 10% of aggregate principal amount of the convertible bonds originally issued is outstanding or (iii) as a result of regulatory change impacting on the payment obligations of the Company under the convertible bonds.

In addition, on 6 December 2010, the Company will, at the option of the holders of the convertible bonds, redeem their convertible bonds in whole or in part at 124.3% of the principal amount of the convertible bonds.

Unless previously redeemed, converted or purchased and cancelled, the convertible bonds will be redeemed at 143.6% of their principal amount in Hong Kong dollars on the maturity date, which is expected to give a yield to maturity of 7.375% per annum, calculated on a semi-annual basis, from 6 December 2007 to 6 December 2012.

The convertible bonds contain the liability component, the redemption options derivative and conversion option derivative. The fair values of the conversion option derivatives and the redemption option derivatives of the convertible bonds were determined, upon issuance, and are carried as financial liabilities which are measured at fair value with movement dealt with in the income statement.

The effective interest rate of the liability component is 19%.

The fair value of the liability component as at 31 March 2009 is HK$182,000,000 (2008: HK$185,000,000).

30. Convertible Bonds (continued)

The movement of the liability component and the embedded derivatives of the convertible bonds for the year is set out as below:

	2009		2008	
	Liability HK$'000	**Embedded derivatives HK$'000**	Liability HK$'000	Embedded derivatives HK$'000
At beginning of the year	**212,820**	**110,000**	—	—
Arising during the year	**—**	**—**	199,300	167,000
Interest charge (note 8)	**46,450**	**—**	13,520	—
Gain arising on changes of fair value	**—**	**(22,000)**	—	(57,000)
At end of the year	**259,270**	**88,000**	212,820	110,000

The fair values of the redemption option and the conversion option derivatives of the convertible bonds at balance sheet dates were calculated using Binomial model. The inputs into the model were as follows:

	2009	2008
Share price	**HK$0.34**	HK$1.10
Volatility	**53.86%**	58.28%
Risk free rate	**1.48%**	2.08%
Dividend yield	**5.15%**	3.71%

Since the Binomial option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

Notes:

(a) "Volume Weighted Average Price" is in respect of the daily volume weighted average sale price (rounded to the nearest cent) of ordinary shares of the Company sold on the Stock Exchange.

(b) "Reset Price Floor" is (i) in respect of the first reset date on 6 December 2008, 80% of the initial conversion price of HK$2.18; (ii) in respect of the second reset date on 6 June 2009, 75% of the initial conversion price and (iii) in respect of the third reset date on 6 December 2009, 70% of the initial conversion price.

(c) "Early Redemption Amount" is the principal amount of the convertible bonds plus a gross yield of 7.375% per annum, calculated on semi-annual basis.

(d) "Conversion Ratio" is the principal amount of the convertible bonds divided by the then conversion price.

31. Deferred Tax Liabilities

The following are the major deferred tax (liabilities) assets recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK$'000	**Tax losses** HK$'000	**Other temporary differences** HK$'000 (Note)	**Fair value gain of investment properties** HK$'000	**Undistributed earnings of subsidiaries** HK$'000	**Total** HK$'000
At 1 April 2007	(25,714)	153	13,758	(44,977)	—	(56,780)
Credit (charge) to consolidated income statement for the year	615	(32)	(7,379)	(2,837)	—	(9,633)
At 31 March 2008	(25,099)	121	6,379	(47,814)	—	(66,413)
Credit (charge) to consolidated income statement for the year	(500)	1,952	(1,805)	351	(1,434)	(1,436)
Effect of change in tax rate	1,435	(7)	(15)	1,991	—	3,404
At 31 March 2009	(24,164)	2,066	4,559	(45,472)	(1,434)	(64,445)

Note: The amount represents temporary differences arising from the unrealised profits on the Group's construction contracts.

At 31 March 2009, the Group has unused tax losses of HK$266,583,000 (2008: HK$152,138,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK$12,522,000 (2008: HK$688,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$254,061,000 (2008: HK$151,450,000) losses due to the unpredictability of future profit streams. Tax losses may be carried forward indefinity.

32. Share Capital of the Company

	Number of shares		**Amount**	
	2009	2008	**2009 HK$'000**	2008 HK$'000
Ordinary shares of HK$0.1 each				
Authorised:				
At beginning and at end of the year	**1,500,000,000**	1,500,000,000	**150,000**	150,000
Issued and fully paid:				
At beginning of the year	**858,821,018**	747,052,546	**85,882**	74,705
Exercise of warrants	**19,310**	98,536,472	**2**	9,854
Exercise of share options	**—**	13,232,000	**—**	1,323
At end of the year	**858,840,328**	858,821,018	**85,884**	85,882

32. Share Capital of the Company (continued)

Details of the exercise of warrants and share options during the year are set out in notes 33 and 34, respectively.

All the shares issued during the year rank pari passu with the then existing shares in all respects.

33. Warrants

Pursuant to an ordinary resolution passed at a board of directors meeting of the Company held on 14 February 2007, a bonus issue of warrants (the "Warrants") on the basis of one warrant for every five shares of HK$0.1 each held by shareholders on the register of members of the Company as at 30 January 2007 was approved. A total of 148,913,179 units of the Warrants with an aggregate subscription amount of HK$126,576,202 were issued on 1 March 2007. Each of the Warrants confers rights to the registered holder to subscribe for one new share of the Company in cash at an initial subscription price of HK$0.85 per share, subject to anti-dilutive adjustment, at any time from the date of issue up to and including 28 February 2009.

During the year, 19,310 (2008: 98,536,472) new shares of the Company of HK$0.1 each were issued upon the exercise of the Warrants.

All the outstanding warrants were lapsed on 28 February 2009.

34. Share Option Schemes

(a) Chun Wo Scheme

On 28 August 2002, a share option scheme was adopted by the Company (the "Chun Wo Scheme") for the primary purpose of providing the Directors and employees of, as well as technical, financial or corporate managerial advisers and consultants to, the Company and its subsidiaries (the "Eligible Personnel") with the opportunity to acquire proprietary interests in the Company, which will encourage the grantees of such options to work towards enhancing the value of the Company and its shares for the benefit of the Company and the Shareholders as a whole. The Board will set out in the offer the terms on which the option is to be granted. Such terms may include (i) minimum performance targets that must be reached before the option can be exercised in whole or in part; and/or (ii) such other terms (including the vesting period) as may be imposed at the discretion of the Board either on a case-by-case basis or generally.

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Chun Wo Scheme and other share option schemes of the Company must not exceed 30% of the shares in issue from time to time (the "Scheme Limit"). No options will be granted under the Chun Wo Scheme at any time if such grant will result in the Scheme Limit being exceeded.

34. Share Option Schemes (continued)

(a) Chun Wo Scheme (continued)

The total number of shares which may be issued upon exercise of all options to be granted under the Chun Wo Scheme and all other share option schemes of the Company shall not exceed 10% of the shares in issue on the adoption date (the "Scheme Mandate Limit"), subject to the refreshment of the Scheme Mandate Limit. Options lapsed in accordance with the terms of the Chun Wo Scheme or any other share option schemes of the Company shall not be counted for the purpose of calculating the Scheme Mandate Limit.

The total number of shares issued and to be issued upon exercise of the options granted to any Eligible Personnel (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue without prior approval from the Shareholders. An offer of the options shall be deemed to have accepted by way of consideration of HK$1 payable by the Eligible Personnel within 30 days from the date of offer.

Where any grant of options to a substantial Shareholder or an Independent Non-executive Director, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of grant:

(a) representing in aggregate over 0.1% of the shares in issue; and

(b) having an aggregate value, based on the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the relevant date of grant, in excess of HK$5 million, such further grant of options must be approved (voting by way of poll) by the Shareholders.

The subscription price shall be such price determined by the Board in its absolute discretion and will be notified to the Eligible Personnel in the offer and shall be no less than the highest of:

(i) the closing price of a share as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant;

(ii) the average closing price of a share as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of grant; and

(iii) the nominal value of a share on the date of grant.

The Chun Wo Scheme is valid and effective for a period of 10 years commencing on the adoption date, i.e. 28 August 2002.

34. Share Option Schemes (continued)

(a) Chun Wo Scheme (continued)

Details of the movements in share options are as follows:

For the year ended 31 March 2009

Eligible participants	Date of grant	Exercise price per option HK$	Exercisable period	Number of share options: Outstanding at 1/4/2008	Granted during the year	Cancelled during the year	Lapsed during the year	Outstanding at 31/3/2009
Directors	13/8/2004	0.904	21/8/2004 to 12/8/2014	4,058,000	–	–	–	4,058,000
	2/4/2007	1.010	10/4/2007 to 1/4/2017	1,494,000	–	–	–	1,494,000
Employees	13/8/2004	0.904	21/8/2004 to 12/8/2014	6,326,000	–	–	–	6,326,000
	3/9/2004	0.950	4/10/2004 to 30/9/2009	1,298,000	–	–	(600,000)	698,000
	2/5/2007	1.010	2/5/2007 to 1/5/2010	5,104,000	–	–	–	5,104,000
	9/8/2007	1.950	9/8/2007 to 8/8/2010	800,000	–	–	(800,000)	–
Consultants	3/9/2004	0.950	4/10/2004 to 30/9/2009	400,000	–	–	–	400,000
	2/5/2007	1.010	2/5/2007 to 1/5/2010	1,868,000	–	–	–	1,868,000
	25/5/2007	1.420	25/5/2007 to 24/5/2010	3,737,000	–	–	–	3,737,000
	31/7/2007	2.396	31/1/2008 to 30/7/2010	62,604	–	–	–	62,604
	8/8/2007	2.010	25/9/2007 to 24/5/2010	3,737,000	–	–	–	3,737,000
	31/1/2008	0.968	31/7/2008 to 30/1/2011	154,956	–	–	–	154,956
	31/7/2008	0.684	31/1/2009 to 30/7/2011	–	219,294	–	–	219,294
	2/2/2009	0.318	2/8/2009 to 1/2/2012	–	471,696	–	–	471,696
Other (Note 1)	13/8/2004	0.904	21/8/2004 to 12/8/2014	732,000	–	–	–	732,000
				29,771,560	690,990	–	(1,400,000)	29,062,550

34. Share Option Schemes (continued)

(a) Chun Wo Scheme (continued)

For the year ended 31 March 2008

Eligible participants	Date of grant	Exercise price per option HK$	Exercisable period	Number of share options: Outstanding at 1/4/2007	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding at 31/3/2008
Directors	13/8/2004	0.904	21/8/2004 to 12/8/2014	8,790,000	–	(4,732,000)	–	–	4,058,000
	2/4/2007	1.010	10/4/2007 to 1/4/2017	–	1,494,000	–	–	–	1,494,000
Employees	13/8/2004	0.904	21/8/2004 to 12/8/2014	7,326,000	–	(1,000,000)	–	–	6,326,000
	3/9/2004	0.950	4/10/2004 to 30/9/2009	3,678,000	–	(1,800,000)	–	(580,000)	1,298,000
	2/5/2007	1.010	2/5/2007 to 1/5/2010	–	9,340,000	(4,236,000)	–	–	5,104,000
	9/8/2007	1.950	9/8/2007 to 8/8/2010	–	800,000	–	–	–	800,000
Consultants	3/9/2004	0.950	4/10/2004 to 30/9/2009	400,000	–	–	–	–	400,000
	2/5/2007	1.010	2/5/2007 to 1/5/2010	–	1,868,000	–	–	–	1,868,000
	25/5/2007	1.420	25/5/2007 to 24/5/2010	–	3,737,000	–	–	–	3,737,000
	31/7/2007	2.396	31/1/2008 to 30/7/2010	–	62,604	–	–	–	62,604
	8/8/2007	2.010	25/9/2007 to 24/5/2010	–	3,737,000	–	–	–	3,737,000
	31/1/2008	0.968	31/7/2008 to 30/1/2011	–	154,956	–	–	–	154,956
Other (Note 1)	13/8/2004	0.904	21/8/2004 to 12/8/2014	2,196,000	–	(1,464,000)	–	–	732,000
				22,390,000	21,193,560	(13,232,000)	–	(580,000)	29,771,560

Notes:

1. These outstanding share options were held by a former Independent Non-executive Director. The Board has approved that these outstanding share options can be exercised on or before 12 August 2014.

2. All options referred to in the above table are not subject to any vesting period save as the options granted on 31 July 2007, 8 August 2007, 31 January 2008, 31 July 2008 and 2 February 2009, the vesting dates are 31 January 2008, 25 September 2007, 31 July 2008, 31 January 2009 and 2 August 2009 respectively.

3. The closing price of the shares of the Company immediately before the options granted on 31 July 2008 and 2 February 2009 were HK$0.66 and HK$0.325 respectively.

4. In respect of the share options exercised during the year ended 31 March 2008, the weighted average share price at the dates of exercise was HK$1.548.

5. No share options were exercised under the scheme during the year 31 March 2009.

34. Share Option Schemes (continued)

(a) Chun Wo Scheme (continued)

During the year, 690,990 (2008: 21,193,560) share options were granted under the Chun Wo Scheme to the eligible directors and employees of the Group and consultants. The fair value of the options determined at the date of grant using the Black-Scholes option pricing model ranged from HK$0.139 to HK$0.389. The fair value of share options granted amounting to HK$109,000 (2008: HK$4,483,000) was recognised for the year ended 31 March 2009.

The following assumptions were used to calculate the fair values of share options granted during the year:

Date of grant of the share option	Expected life of share option	Expected volatility of share prices	Expected dividend yield
31/7/2008	1.75 years	57.31%	4.23%
2/2/2009	1.75 years	71.81%	8.73%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 2-5 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioral considerations.

The Black-Scholes option pricing model has been used to estimate the fair values of the options. The variables and assumptions used in computing the fair values of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

As at 31 March 2009, the total number of shares in respect of which share options had been granted and remained outstanding under the Chun Wo Scheme was 29,062,550 (2008: 29,771,560) representing 3.4% (2008: 3.5%) of the shares of the Company in issue as at the balance sheet date.

34. Share Option Schemes (continued)

(b) Foundations Scheme

On 28 August 2002, a share option scheme of Chun Wo Foundations Limited ("CWF"), an indirect wholly-owned subsidiary of the Company, (the "Foundations Scheme") was approved by the Company for the primary purpose of providing the Directors and employees of, as well as technical, financial or corporate managerial advisers and consultants (the "Eligible Participants") to, CWF, the Company and their respective subsidiaries with the opportunity to acquire proprietary interests in CWF, which will encourage the grantees of such options to work towards enhancing the value of CWF and its shares for the benefit of CWF and its shareholders as a whole. The directors of CWF (the "Board of CWF") will set out in the offer the terms on which the option is to be granted. Such terms may include (i) minimum performance targets that must be reached before the option can be exercised in whole or in part; and/or (ii) such other terms (including the vesting period) as may be imposed at the discretion of the Board of CWF either on a case-by-case basis or generally.

The overall limit on the number of shares in CWF which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Foundations Scheme and other share option schemes of CWF must not exceed 30% of the shares of CWF in issue from time to time ("Chun Wo Foundations Scheme Limit"). No options will be granted under the Foundations Scheme at any time if such grant will result in the Chun Wo Foundations Scheme Limit being exceeded.

The total number of shares in CWF which may be issued upon exercise of all options to be granted under the Foundations Scheme and all other share option schemes of CWF shall not exceed 10% of the shares in CWF in issue on the adoption date (the "Chun Wo Foundations Scheme Mandate Limit"), subject to the refreshment of the Chun Wo Foundations Scheme Mandate Limit. Options lapsed in accordance with the terms of the Foundations Scheme or any other share option schemes of CWF shall not be counted for the purpose of calculating the Chun Wo Foundations Scheme Mandate Limit.

The total number of shares in CWF issued and to be issued upon exercise of the options granted to any Eligible Participants (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in CWF in issue without prior approval from the shareholders of CWF and for so long as CWF remains a subsidiary of the Company, the prior approval by the shareholders of the Company in general meeting (voting by way of poll). An offer of the options shall be deemed to have accepted by way of consideration of HK$1 payable by the Eligible Participants within 30 days from the date of offer.

34. Share Option Schemes (continued)

(b) Foundations Scheme (continued)

Where any grant of options to a substantial shareholder or an independent non-executive director of CWF or the Company, or any of their respective associates, would result in the shares in CWF issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of grant:

(a) representing in aggregate over 0.1% of the shares in CWF in issue; and

(b) having an aggregate value, assuming such options were exercised and based on the net asset value per share by reference to the latest audited accounts of CWF, in excess of HK$5 million,

such further grant of options must be approved by the shareholders of CWF and for so long as CWF remains a subsidiary of the Company, the prior approval by the shareholders of the Company in general meeting (voting by way of poll).

The Foundations Scheme subscription price shall be such price determined by the Board of CWF in its absolute discretion and notified to the Eligible Participant in the offer and shall be no less than the higher of:

(a) the net asset value per share of CWF as calculated by dividing (a) the audited net asset value of CWF as set out in the audited financial statements immediately preceding the offer date by (b) the number of shares of CWF in issue and credited as fully paid as at the offer date; and

(b) the nominal value of a share of CWF on the offer date.

The Foundations Scheme is valid and effective for a period for 10 years commencing on the adoption date, i.e. 28 August 2002.

No option has been granted under the Foundations Scheme since its adoption.

35. Retirement Benefit Schemes

Hong Kong

The Group has joined a Mandatory Provident Fund Scheme ("MPF Scheme") for its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme.

The retirement benefit schemes contributions arising from the MPF Scheme charged to the consolidated income statement represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

During the year, the Group made retirement benefit schemes contributions of HK$18,804,000 (2008: HK$17,613,000) after forfeited contributions utilised of HK$102,000 (2008: HK$1,919,000).

At the balance sheet date, the Group did not have any significant forfeited contributions which arose upon employees leaving the scheme and which are available to reduce the contributions payable by the Group in the future years.

PRC

According to the relevant laws and regulations in the PRC, certain subsidiaries established in the PRC are required to contribute a specified percentage of the payroll of their employees to the retirement benefits schemes to fund the retirement benefits of their employees. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the respective schemes.

36. Capital Commitments

	2009 HK$'000	2008 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**7,986**	—

37. Operating Lease Arrangements

The Group as lessee:

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2009	2008
	HK$'000	HK$'000
Within one year	**5,723**	6,091
In the second to fifth year inclusive	**1,856**	6,032
	7,579	12,123

Operating leases are negotiated for an average term of two years and rentals are fixed for an average of two years.

The Group as lessor:

Property rental income earned during the year was HK$27,752,000 (HK$28,535,000). The properties held have committed tenants for an average term of two years.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2009	2008
	HK$'000	HK$'000
Within one year	**19,303**	25,436
In the second to fifth year inclusive	**17,270**	16,395
	36,573	41,831

38. Contingent Liabilities and Performance Guarantee

	2009 **HK$'000**	2008 HK$'000
Indemnities issued to financial institutions for performance bonds in respect of construction contracts undertaken by:		
— subsidiaries	**224,248**	221,639
— an associate	**4,400**	4,400
— jointly controlled entities	**5,850**	5,850
	234,498	231,889
Extent of guarantee issued to a financial institution to secure a credit facility granted to an associate	**48,000**	48,000
Extent of a guarantee issued to a customer to indemnify contract work of a subsidiary	**115,900**	115,900
Extent of guarantee provided for a property development project to banks which granted facilities to purchasers of the Group's properties held for sale and pre-sale properties	**221,530**	129,013

The Directors considered that the fair values of these financial guarantee contracts at their initial recognition are insignificant on the basis of low applicable default rates.

39. Pledge of Assets

At the balance sheet date, the following assets were pledged by the Group to secure banking facilities granted to the Group:

	2009 **HK$'000**	2008 HK$'000
Investment properties	**608,000**	608,000
Leasehold buildings and related prepaid lease payments	**—**	9,547
Properties under development	**416,420**	371,565
Properties held for sale	**172,888**	16,723
Bank deposits	**22,454**	10,171
	1,219,762	1,016,006

40. Related Party Transactions

(i) During the year, the Group had the following related party transactions:

	Associates		Jointly controlled entities	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Transactions during the year:				
Contract revenue recognised	**–**	–	**8,988**	42,777
Project management fee received	**–**	–	**240**	531
Security guard services income received	**–**	–	**677**	1,139
Indemnities issued to financial institutions for performance bonds in respect of construction contracts undertaken by related parties	**4,400**	4,400	**5,850**	5,850
Extent of guarantee issued to a financial institution to secure a credit facility granted to an associate	**48,000**	48,000	**–**	–

(ii) On 20 May 2008, Chun Wo China Construction Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Pacific Group Limited, a company wholly owned by Mr. Pang Kam Chun, a director and shareholder of the Company, to acquire 38% of the issued share capital of Mandarin Group Limited and its subsidiary; and 38% of shareholders' loans due and owning by Mandarin Group Limited to Pacific Group Limited at a total consideration of HK$23 million. Details of the transaction are set out in the Company's announcement dated 20 May 2008.

(iii) The Group's key management personnel are all directors, details of their remuneration are disclosed in note 11.

(iv) Details of the balances with related parties at the balance sheet date are disclosed in the consolidated balance sheet and respective notes.

41. Post Balance Sheet Events

(i) On 20 April 2009, the Group entered into a provisional agreement with an independent third party to dispose of certain investment properties for a total cash consideration of HK$303 million. This disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and requires the approval of the shareholders at the special general meeting to be convened for such purpose. The transaction has not yet completed up to the date of this report. Details of the disposal are set out in the Company's announcement dated 23 April 2009.

(ii) Subsequent to 31 March 2009, the Company entered into agreements with bondholders to repurchase all convertible bonds at approximately HK$346 million. The Directors consider that the financial impact of the repurchase is not significant.

42. Company's Balance Sheet

	2009 **HK$'000**	2008 HK$'000
ASSETS AND LIABILITIES		
Total assets	**1,308,446**	1,171,233
Total liabilities	**697,291**	597,919
	611,155	573,314
CAPITAL AND RESERVES		
Share capital	**85,884**	85,882
Reserves	**525,271**	487,432
	611,155	573,314

43. Particulars of Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 31 March 2009 and 2008 are as follows:

Name of subsidiary	Place of Incorporation/ registration and operations	Nominal value of issued share capital/ registered capital	Percentage of issued share capital/registered capital held by the Company/ subsidiaries		Percentage of issued share capital/registered capital attributable to the Group		Principal activities
			2009 %	2008 %	**2009 %**	2008 %	
Caine Developments Limited	Hong Kong	HK$2 ordinary shares	**100**	100	**100**	100	Investment holding
Chun Wo Building Construction Limited	Hong Kong	HK$200,000 ordinary shares	**100**	100	**100**	100	Construction
Chun Wo (China) Limited	Hong Kong	HK$2 ordinary shares	**100**	100	**100**	100	Investment holding and construction
Chun Wo Civil Engineering Limited	Hong Kong	HK$18,000,000 ordinary shares	**100**	100	**100**	100	Construction
Chun Wo Construction and Engineering Company Limited ("CWCE")	Hong Kong	2009: HK$41,000,000 ordinary shares (2008: HK$4,100,000 ordinary shares)	**100**	100	**100**	100	Construction
		HK$9,000,000 non-voting deferred shares	(note a)				
Chun Wo Contractors Limited	Hong Kong	HK$2 ordinary shares	**100**	100	**100**	100	Construction
Chun Wo E & M Engineering Limited	Hong Kong	HK$5,000,000 ordinary shares	**100**	100	**100**	100	Electrical and mechanical contract works
Chun Wo Elegant Decoration Engineering Company Limited	Hong Kong	HK$2 ordinary shares	**100**	100	**100**	100	Interior design and decoration
Chun Wo Foundations Limited	Hong Kong	HK$19,000,000 ordinary shares	**100**	100	**100**	100	Construction
City Security Company Limited	Hong Kong	HK$1,000,000 ordinary shares	**100**	100	**100**	100	Security guard services
Rich Resource Development Limited	Hong Kong	HK$2 ordinary shares	**100**	100	**100**	100	Property development and property investment

43. Particulars of Principal Subsidiaries (continued)

Name of subsidiary	Place of Incorporation/ registration and operations	Nominal value of issued share capital/ registered capital	Percentage of issued share capital/registered capital held by the Company/ subsidiaries		Percentage of issued share capital/registered capital attributable to the Group		Principal activities
			2009 %	2008 %	**2009 %**	2008 %	
Rich Score Development Limited	Hong Kong	HK$2 ordinary shares	**100**	100	**100**	100	Property investment
Shanghai Jinchun Wo Construction Engineering Co., Ltd. (note b)	PRC	US$3,000,000 registered capital	**100**	100	**100**	100	Construction
Smart Rise Investment Limited	Hong Kong	HK$2 ordinary shares	**100**	100	**100**	100	Security investment
Smartwill Asia Limited	Hong Kong	HK$1 ordinary share	**100**	100	**100**	100	Property development
Wing Cheong Electrical Engineering & Contracting Company Limited	Hong Kong	2009: HK$15,000,000 ordinary shares (2008: HK$8,240,000 ordinary shares)	**100**	100	**100**	100	Electrical Engineering
石家莊俊景房地產開發有限公司 (note c)	PRC	HK$150,000,000 registered capital	**100**	100	**100**	100	Property development
揚州俊杰房地產開發有限公司 (note c)	PRC	2009: HK$55,000,000 registered capital (2008: HK$45,000,000 registered capital)	**100**	100	**100**	100	Property development
宜興龍譽房地產開發有限公司 (note c)	PRC	2009: US$5,000,000 registered capital (2008: US$20,000,000 registered capital)	**100**	100	**100**	100	Property development
沈陽盛隆房地產開發有限公司 (note c)	PRC	US$30,000,000 registered capital	**100**	100	**100**	100	Property development

43. Particulars of Principal Subsidiaries (continued)

Notes:

(a) The non-voting deferred shares, which are not held by the Group, practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of CWCE or to participate in any distribution on winding up. Chun Wo Hong Kong Limited, a subsidiary of the Company, has been granted an option by the holders of the non-voting deferred shares to acquire these shares at a nominal amount.

(b) The subsidiary is registered as a sino-foreign equity joint venture company.

(c) The subsidiaries are wholly foreign owned enterprise.

(d) All the above principal subsidiaries are indirectly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results of the year or formed a substantial portion of the assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at 31 March 2009 or at any time during the year.

44. Particulars of Principal Associates

Particulars of the Group's principal associates as at 31 March 2009 and 2008 are as follows:

Name of associate	Form of business structure	Place of incorporation and operations	Nominal value of issued capital	Percentage of issued capital held by the Group		Principal activities
				2009 %	2008 %	
Grand View Properties Limited	Incorporated	Hong Kong	HK$10 ordinary shares	**40**	40	Property investment
Mandarin Group Limited	Incorporated	BVI	HK$26,000,000 ordinary shares	**38**	—	Investment holding
Vietnam Land (HK) Limited	Incorporated	BVI	US$25,000,000 ordinary shares	**20**	20	Investment holding

The above table lists the associates of the Group which, in the opinion of the Directors, principally affected the results of the year or formed a substantial portion of the share of net assets of the associates of the Group. To give details of other associates would, in the opinion of the Directors, result in particulars of excessive length.

45. Particulars of Principal Jointly Controlled Entities

Particulars of the Group's principal jointly controlled entities as at 31 March 2009 and 2008 are as follows:

Name of jointly controlled entity	Form of business structure	Place of registration/ operation	Attributable interest to the Group		Principal activities
			2009 %	2008 %	
Bin Khaled & Chun Wo Foundation LLC	Incorporated	UAE	**49**	—	Construction
Chun Wo-Henryvicy-China Railway Construction Corporation Joint Venture	Unincorporated	Hong Kong	**50**	50	Construction
Chun Wo-Henryvicy-China Railway Construction Corporation-Queensland Rail Joint Venture	Unincorporated	Hong Kong	**45**	45	Construction
Hip Hing-Chun Wo Joint Venture	Unincorporated	Hong Kong	**51**	—	Construction

The above table lists the jointly controlled entities of the Group which, in the opinion of the Directors, principally affect the results of the year or constitute a substantial portion of the net assets of the Group. To give details of other jointly controlled entities would, in the opinion of the Directors, result in particulars of excessive length.

The Group is entitled to share the operating results of these jointly-controlled entities based on the Group's ownership interest/profit sharing ratio under the respective joint venture agreement.

Financial Summary

	Year ended 31 March				
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
RESULTS					
Revenue	2,564,083	2,600,638	4,034,066	2,952,736	**2,010,338**
Profit (loss) before tax	59,801	62,237	578,303	123,097	**(100,275)**
Income tax expense	(8,321)	(6,967)	(98,748)	(42,542)	**(19,602)**
Profit (loss) for the year	51,480	55,270	479,555	80,555	**(119,877)**
Attributable to:					
Equity holders of the parent	51,630	56,525	480,376	80,548	**(119,877)**
Minority interests	(150)	(1,255)	(821)	7	**–**
	51,480	55,270	479,555	80,555	**(119,877)**

	At 31 March				
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
ASSETS AND LIABILITIES					
Total assets	2,737,830	3,351,549	3,441,968	3,577,750	**3,602,100**
Total liabilities	(1,985,977)	(2,555,807)	(2,190,580)	(2,164,789)	**(2,315,195)**
	751,853	795,742	1,251,388	1,412,961	**1,286,905**
Equity attributable to:					
Equity holders of the parent	749,131	794,266	1,251,045	1,412,611	**1,286,555**
Minority interests	2,722	1,476	343	350	**350**
	751,853	795,742	1,251,388	1,412,961	**1,286,905**

Particulars of Properties

PROPERTIES HELD FOR DEVELOPMENT/SALE

Location	Stage of completion	Expected date of completion	Usage	Total estimated site area (square metres)	Total estimated gross floor area (square metres)	Group's interest
A parcel of land located at southern side of Jiunan Road, Huankeyuan, Yixing, Jiangsu Province, The People's Republic of China	Foundation work completed	June 2010	Commercial and carpark	22,417	26,651	100%
A parcel of land located between northern side of He Ping Road and southern side of Guang Hua Road Shijiazhuang, Hebei Province, The People's Republic of China	Phase 1: Completed Phase 2: Foundation in progress Phase 3: Planning	— June 2011 —	Residential, commercial and carpark	111,554	302,621 (Phase 1: Unsold units and Phase 2 & 3)	100%
A parcel of land located at the western side of Yangzijiang Road Central, Yangzhou, Jiangsu Province, The People's Republic of China	Completed	—	Residential, commercial and carpark	17,505	8,614 (unsold units)	100%
A parcel of land located at the northern side of Longzhu Reservoir, Xujing Village, Taihua Town, Yixing City, Jiangsu Province, The People's Republic of China	Planning	—	Hotel and villas	20,226	10,083	100%
Plot No. S5-C35 at Shams Abu Dhabi, Al Reem Island, Abu Dhabi, United Arab Emirates	Planning	—	Residential	2,425	22,715	100%
Plot No. S6-C05 at Shams Abu Dhabi, Al Reem Island, Abu Dhabi, United Arab Emirates	Planning	—	Residential	1,646	5,644	100%
Plot No. RRA-02, Marjan Island, Ras Al Khaimah, United Arab Emirates	Planning	—	Residential	14,673	40,351	100%

PROPERTIES HELD FOR INVESTMENT

Location	Usage	Lease term
Commercial Shops and Carparks Inland Lot No. 6179 Clear Water Bay Road Kowloon Hong Kong	Commercial and carpark	Medium
Commercial Shops Grandeur Terrace 88 Tin Shui Road, Yuen Long New Territories Hong Kong	Commercial	Medium
Level 23 Wing Kin Square No. 31 Jiansheliu Road Dongshan District, Guangzhou City The People's Republic of China	Commercial	Medium
Unit B, Level 11, Tower 1 Onward Science & Trade Centre No. 2 Dong Huan South Road Chao Yang District, Beijing The People's Republic of China	Commercial	Medium